EVERGREEN SENIOR HOMES INITIATIVE

Elections Code 9212 Report on Proposed Initiative

Prepared for: City of San Jose
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Table of Contents

List of Tables

List of Figures

Appendices

1. Notice of Intent to Circulate Petition
2. Text of Proposed Initiative (entire 361 pages): http://www.sanjoseca.gov/DocumentCenter/View/73836
3. California Elections Code, Section 9212
4. Applied Development Economics Fiscal Analysis
5. David J. Powers Environmental Analysis
6. Hexagon Transportation Analysis
7. Analysis of the proposed Evergreen Senior Homes Specific Plan's consistency with the Adopted General Plan

8. Analysis of the proposed Citywide Senior Housing Overlay's consistency with the Adopted General Plan
9. Cushman and Wakefield Third Quarter 2017 Industrial, R&D, and Office Silicon Valley
10. CoStar Real Estate Retail Citywide Data Search for City of San Jose
11. CoStar Real Estate Industrial and Multifamily Development Data Search for City of San Jose

List of Terminologies & Abbreviations

- **Adopted General Plan:** the existing Envision San José 2040 General Plan, without the proposed changes from the Initiative
- **Average Median Income (AMI):** the annual median income for Santa Clara County, adjusted for household size, as published periodically in the California Code of Regulations (as referenced in the San Jose Municipal Code 5.08.130)
- **California Environmental Quality Act (CEQA):** Public Resources Code section 21000 et seq., which is a statute adopted in 1970 that requires state and local agencies within California to identify the significant environmental impacts of their actions and to avoid or mitigate those impacts, if feasible. CEQA Guidelines are administrative guidelines to the interpretation and implementation of CEQA at 14 Cal. Code of Regs Section 15000 et seq.
- **Citywide Senior Housing Overlay (CSHO):** the proposed Senior Housing Overlay land use designation that could be applied to all underutilized employment lands within San José if the Initiative is approved
- **Employment Lands:** This term is used but not defined by the Initiative. This report defines this term as lands with a General Plan land use designation that supports job development.
- **Evergreen Campus Industrial (ECI) Employment Area:** the 370-acre Growth Area in the Envision San José 2040 General Plan that encompasses the ESHO site including the industrial area adjacent to the south. This Growth Area plans for 10,000 new jobs and 0 new dwelling units
- **Evergreen-East Hills Development Policy (EEHDP):** A City policy adopted in 2008 to specifically allow a limited increase in new residential, commercial, and office development in the Evergreen-East Hills area. The EEHDP sets a capacity for 500 new residential units, 75,000 square feet of office, and 500,000 square feet of retail.
- **Evergreen Senior Homes Initiative** or **"Initiative":** the proposed Evergreen Senior Homes Initiative
- **Evergreen Senior Homes Specific Plan (ESHSP):** proposed specific plan to authorize 910 dwelling units on the ESHO site proposed by the Initiative
- **Evergreen Senior Homes Specific Plan Permit (ESP Permit):** upon adoption of the Initiative, this permit which is established and defined in the Initiative, would be the exclusive development and use permit required for development within the ESHO site.
- **Evergreen Senior Housing Overlay (ESHO) site:** the approximately 200-acre site affected by the Evergreen Senior Housing Overlay and the Evergreen Senior Homes Specific Plan proposed by the Initiative
- **General Plan with Initiative:** the Envision San José 2040 General Plan as would be amended by the Initiative.
- **Growth Area:** defined by the Adopted General Plan as specific areas of San José which are planned to accommodate the majority of the City's job and housing growth.
- **Horizon** or **Plan Horizon:** a tool in the General Plan for phasing residential development within Growth Areas. The General Plan includes three Horizons over the lifetime of the plan; the City is currently in the first Horizon.
- **Jobs to Housing Ratio:** the ratio of jobs to housing units. For example, a 1.5 jobs to housing ratio means there are 1.5 jobs per every housing unit.
- **Original Evergreen Development Policy (OEDP):** A City policy adopted in 1976 to address issues of flood protection and traffic capacity in the Evergreen area. Established the policy framework for dealing with the buildout of the Evergreen area and identified specific programs for correcting service deficiencies.

- **Regional Housing Needs Allocation (RHNA):** the number of housing units (by affordability level) that each jurisdiction must accommodate in its Housing Element of the General Plan. San José's RHNA number is 35,080 housing units up to the year 2023.
- **Underutilized Employment Lands:** This term is used but not defined by the Initiative. This report defines this term as vacant lands with a General Plan land use designation that supports job development. This report evaluates 3,247 acres of vacant lands with General Plan land use designations that could potentially be subject to conversion to senior housing through the application of the CSHO.
- **Urban Village:** areas designated by the General Plan which provide active, walkable, bicycle-friendly, transit-oriented, mixed-use urban settings for new housing and job growth. Each Urban Village plans for a specific number of new jobs and housing units over the lifetime of the General Plan.

I Executive Summary

I.A. Summary of the Initiative

The Evergreen Senior Homes Initiative (Initiative) is a voter-sponsored initiative that seeks to alter the City's land use and development policies and decision-making processes to allow residential development in areas currently designated for employment uses. The Initiative is a 367-page document that would, if approved by the voters, make significant changes to the City of San José's General Plan, the Evergreen-East Hills Development Policy, and the San José Municipal Code. The Initiative would also approve a Specific Plan, entitled the "Evergreen Senior Homes Specific Plan," for a 910 senior residential development on a 200-acre site in the Evergreen area. The Initiative also includes a new Citywide Senior Housing Overlay land use designation that would allow senior residential development in areas it terms, but does not define, as "underutilized employment lands" within San Jose's urban growth boundary. The stated purpose of the Initiative is to address the growing need for senior housing in the City of San José. The Initiative's response to the city's housing shortage is to find opportunities outside areas designated by the City for residential development by allowing senior housing developments on underutilized employment lands.

I.B. Approach to the Analysis

As outlined in section I.D. below, the Initiative would amend a number of San Jose planning and housing policies and ordinances. The report also addresses major fiscal, economic, and environmental topics as authorized by California Elections Code section 9212 and the San Jose City Council. This analysis focuses on the following two main categories of changes that would affect development in San José if the Initiative were approved by the voters:

1) Adoption of the Evergreen Senior Housing Overlay (ESHO) and Evergreen Senior Homes Specific Plan (ESHSP) on a 200-acre site, referred to as the Evergreen Senior Housing Overlay (ESHO) site, within the Evergreen-East Hills Development Policy Area, permitting development of up to 910 senior homes with an estimated population of 2,160 persons in place of 2 million sq. ft. of Campus Industrial development that would support an estimated 5,000 jobs.

The Evergreen area is located in the southeastern part of San José and is within the City's Urban Growth Boundary and Urban Service Area. The Evergreen area is bound by Story Road to the north, U.S. Highway 101 to the west, U.S. Highway 101 and Hellyer Avenue to the south, and the Urban Growth Boundary to the east. A map of the Evergreen boundary and the ESHO site is located in Section II.B.1. on page 23 of this report; and

2) Creation of a Senior Housing Overlay land use designation, referred to as the Citywide Senior Housing Overlay (CSHO) in this report that would allow development of senior housing on underutilized employment lands within the City's urban growth boundary. For the purposes of analysis, this report defines underutilized employment lands as vacant lands with General Plan designations that support employment uses. This equates to 3,247 acres of lands currently planned for employment that could be converted to senior housing. It is possible that ""underutilized employment lands" could be interpreted more broadly to include lands that are not fully realizing there theoretical employment potential, in which case the Initiative's impacts would be far greater. This is discussed in greater detail in Section IV.A.1. of this report.

The Initiative states that any actual or potential jobs lost from land subject to the CSHO would be shifted to other employment lands within the city. The Initiative does not state or evaluate where that could occur and rather defers to the City to locate replacement employment land. However, the analysis in this report indicates that market and environmental constraints make it unlikely that the loss of employment lands and the job development potential of those lands through conversion to residential use through the proposed CSHO could be made up in other locations. Therefore, the environmental, infrastructure, and fiscal analyses assume these jobs would be lost to San Jose.

The Initiative allows modifications by the City Council 10 years after the Initiative's adoption; however modifications are not certain as this is dependent on the actions the City Council at that time takes. For the purposes of the 9212 analysis it assumes the Initiative has the same time horizon as the General Plan.

I.C. Summary of Effects

The analysis in the 9212 Report evaluates the differences between the Adopted General at buildout and the Initiative's development potential, first evaluating the effects of the ESHSP and then of the CSHO. In this way, the analysis, where possible, calculates and evaluates the impacts of the Initiative. Table 1 below indicates the subject matters that would be affected by the Initiative. The summary discussion focuses on the subject matters with the most significant effects.

1. Evergreen Senior Housing Specific Plan

As discussed in Chapter III of the report, the Initiative's proposed Evergreen Senior Housing Specific Plan has several effects, the most substantial of which are listed below:

Changes to Land Use Policy

The Initiative proposes over 60 amendments to the City's Adopted General Plan in order to facilitate the proposed Evergreen Senior Homes Specific Plan. The proposed Evergreen Senior Homes Specific Plan is fundamentally inconsistent with the Adopted General Plan and associated elements including the Planned Growth Areas Diagram, the Land Use/Transportation Diagram, and Major Strategies, goals, and policies. The proposed Evergreen Senior Homes Specific Plan is inconsistent with strategies that seek to effectively engage the community, focus new job and housing growth within designated Growth Areas, preserve and enhance the City's limited employment lands, substantially increase the number of jobs in San José, place new housing growth within Urban Villages, and make land use decisions that promote the City's fiscal health. The Initiative proposes amendments to address these inconsistencies, essentially by exempting the ESHO site from the strategies, goals, and policies in the Adopted General Plan with which it conflicts. As detailed below, these numerous amendments do not change the fact that the ESHO is fundamentally inconsistent with the Adopted General Plan. Moreover, as a legal matter, it appears to be an open question, whether such fundamental inconsistencies can be resolved in this manner.

The proposed Evergreen Senior Homes Specific Plan also affects the Evergreen-East Hills Development Policy by allowing housing to move forward in excess of the 500 unit residential capacity. Additionally, the Initiative would not be require the senior homes to pay the Traffic Impact Fee.

The proposed Evergreen Senior Homes Specific Plan also does not meet the criteria set forth in the City's Municipal Code that establishes procedures for the creation and administration of specific plans, nor is it consistent with the existing Planned Development Zoning on the site that entitled up to two million square feet of campus industrial development.

Fiscal Impacts

Similar to most cities in California, San Jose relies on its non-residential land uses to generate the net tax revenues needed to support City services for its residential population. By shifting land currently planned for employment development into housing, the Initiative would significantly reduce the ongoing, future ability of the City to fund municipal services. The existing Campus Industrial zoning entitlements on the ESHO site is projected to create annual City revenues of $4.62 million and increase City costs for services by $3.50 million. If developed as currently planned, the City would expect to realize a net revenue gain of $1.11 million per year. The proposed 910 senior housing units would generate City revenues of $1.92 million and increase City costs by $1.96 million, for a net deficit of $31,100 per year. In other words, the City would have a shortfall of $31,100 per year to deliver services to the senior housing development in the ESHSP based on the revenue it receives from that development, which is $1.14 million less than from the Campus Industrial development.

Moreover, while the proposed ESHSP would generate only a small cost deficit for the City when it is newly constructed, much of the added revenue from the project is from property taxes. Growth in property taxes is limited by Proposition 13 and is further limited in age-restricted housing developments by additional legislation that allows person 55+ to buy a new home but maintain their prior assessed value, which may be much less than the price of the new home. In addition, the right of parents to bequeath real property to their children at the existing assessed value further dampens the growth potential of property taxes in age-restricted housing development. Over time, the escalating cost of City services will exceed the growth of property tax revenues alone, creating a larger deficit in service costs for the Evergreen Senior Homes Specific Plan over the long term.

Economic Development Impacts

The conversion of the 200 acre site from an employment land use to a senior housing development will generate substantially fewer jobs than the build out of the campus industrial uses zoned for on the site. While the ESHSP generates more jobs during the five year construction period than the campus industrial project, after construction, the campus industrial project will generate billions more in labor income and business output than the ESHSP's senior residential development.

Economic activity, including housing, creates not only direct jobs in businesses on the site, but also supports other jobs and business revenues through buyer/supplier transactions and employee spending in retail and services outlets. These additional business effects are referred to as economic multipliers. These multipliers can be applied to the construction phase projects as well as the on-going operations of projects. As described in greater detail in the Fiscal Analysis Technical Report prepared by ADE (Appendix 4), the construction of senior housing project will yield 273 more construction jobs onsite as well as more indirect and induced jobs for a total of 776 more jobs citywide for the 5 year life of the construction phase, than the campus industrial construction project. The senior housing project would result in $48.6 million more in payroll for the construction phase than the campus industrial project.

After construction, during the operations phase of both projects, the campus industrial project will yield 5,000 jobs on site and 11,875 indirect and induced jobs elsewhere in the city, which is 4,778 more jobs onsite and 11,574 more total jobs citywide through indirect and direct impacts than the ESHSP's senior housing project. The campus industrial project will yield during the life of the project after construction, $1.266 billion in labor income and $3,279 billion in business output, which is $1.245 billion more in annual wages than the senior housing project and $3.45 billion more in business output than the senior housing project.

The 200-acre ESHO site is a portion of the larger, contiguous 370-acre Evergreen Campus Industrial (ECI) Employment Area, which is an Employment Growth Area in the Adopted General Plan. The ECI Employment Area includes the former Hitachi

campus, which recently sold to an internationally-based technology business and is immediately south of the ESHO site. The proposed conversion of the ESHO site to senior housing will increase the proximity and presence of sensitive receptors (senior residents) to the former Hitachi campus and the remaining 170 acres of ECI Employment Area.

The ESHSP includes the placement of detached units along the southern boundary, so residential units would share property lines with the former Hitachi campus. Industrial operations and activities, such as noise, hours of operation, delivery and trucking operations, and industrial processes, can create nuisances and hazards to the proposed nearby residents. While additional controls on industrial operations can attempt to reduce these impacts on nearby residential development, these additional controls can impact the operations of industrial uses and reduce the desirability of the former Hitachi campus as well as the larger ECI Employment Area.

The potential job loss on the remaining 170 acres in the ECI Employment Area is 5,000 jobs. Combined with the jobs lost on the ESHO site, this could result in a total of 10,000 jobs lost in the ECI Employment Area. Based on the analysis by ADE, the removal of 10,000 jobs on the ECI Employment Area could result in the total lost potential of 23,800 jobs. This would translate into a total of $2.5 billion lost in annual labor income and $6.5 billion per year in lost economic output.

Housing Affordability, Veterans Preference, & Senior Restrictions

Although the Initiative states that the ESHSP will offer affordable housing, The ESHSP does not adhere to the City's current Inclusionary Housing Ordinance, which would be required of such a project in the City that is not the subject of a voter initiative. The ESHSP falls short from meeting the standards of the Inclusionary Housing Ordinance in that the ESHSP does not include the sufficient number of affordable units and affordability levels applicable for rental projects and the affordable for-sale homes that are currently proposed in the Specific Plan do not include resale controls as required through the Inclusionary Housing Ordinance, to collect revenue from sale proceeds, and thus the affordable units would be lost over time, when resold.

The proposed ESHSP also proposes changes to key components of the Inclusionary Housing Ordinance, including but not limited to: the timing of construction, requirements of location, amenities, and square footage and bedroom count requirements. Unlike the current Inclusionary Housing Ordinance, which requires that affordable units be constructed at the same time as market-rate units, the Initiative amends the Inclusionary Ordinance to remove that requirement. As a result, if the Initiative is adopted by the voters, affordable units may be constructed last after all market rate units are completed. With no concurrent construction requirement of when the affordable units must be completed there is no guarantee that the affordable units will be built. Therefore, the affordable units may not be timely constructed because the land may remain vacant indeterminately.

Initiative provides no information about how it will provide a preference for housing veterans, other than that the preference will implemented to the extent allowed by law. There are several legal considerations for why offering preference for veterans may not be lawful or viable as explained in Chapter III Section A.1.iv and the Initiative does not clarify how it will legally implement this preference.

To ensure that housing is restricted for seniors (either affordable or market rate), the City would need to establish a condition of approval for subsequent permits and require recordation of senior housing conditions on the site and each affected parcel or unit.

Transportation Impacts

For the past 37 years, the City of San Jose has historically adopted the most stringent transportation policy for development in Evergreen, recognizing that daily traffic congestion, access into and out of the area, and residents' need to travel outside of Evergreen to jobs all combined to create immitigable transportation impacts. The Evergreen Development Policy considers these factors and has specific impact criteria to evaluate development generated traffic in the area.

Trip generation for the approved campus industrial entitlements was estimated using the City of San Jose's R&D trip generation rate, to be consistent with previous traffic studies for the Evergreen area. The approved two million sq. ft. of Campus Industrial space would generate 16,000 daily trips, with 2,560 trips (2,048 inbound and 512 outbound) occurring during the AM peak hour and 2,240 trips (224 inbound and 2,240 outbound) occurring during the PM peak hour, well above the projected trips for the ESHSP 's 3,886 daily trips, with 218 trips (72 inbound and 146 outbound) occurring during the AM peak hour and 273 trips (167 inbound and 106 outbound) occurring during the PM peak hour.

The ITE standards used to calculate trips generated from the ESHSP's senior housing units are based on nationwide survey data on senior developments. San Jose stands out from other communities across the country in that it has among the highest costs for housing in the nation. Should more seniors work or have other behaviors that impact traffic in the ESHSP than assumed, this analysis will be an underestimation of the ESHSP's traffic impacts.

As studied, replacing the two million sq. ft. of Campus Industrial with the ESHSP's 910 senior units is projected to generate less traffic in Evergreen and result in fewer impacts. However, the ESHSP will also create level of service impacts. The senior residential development will primarily add vehicles to the direction of congestion during peak times, thus the ESHSP would result in unacceptable level of service at four intersections.

The Initiative proposes to exempt itself from the Traffic Impact Fee applicable to all development in Evergreen. The Initiative identifies improvement of several intersections within the Evergreen area, referred to as Environmental Design Features (EDFs) in the initiative. The basis for the identification of the specific improvements is unknown, as there is not a traffic analysis available for the proposed Initiative that identifies potential impacts that the identified EDFs would mitigate. The identification of the operational benefit of each EDF would require a complete traffic analysis.

2. Citywide Senior Housing Overlay

As discussed in Chapter IV the report, the Initiative's proposed Citywide Senior Housing Overlay has several effects, the most substantial of which are listed below:

If converted to senior housing development, this land could support 86,010 new housing units and add 168,160 people to the San José population. The Initiative specifies that units that utilize the CSHO would not contribute to the Adopted General Plan's residential capacity of 120,000 units through 2040. Thus the senior units utilizing the CSHO would be in addition to the City's planned residential capacity.

Land Use Policy

The proposed Citywide Senior Housing Overlay is fundamentally inconsistent with the City's Adopted General Plan and associated elements including the Planned Growth Areas Diagram, the Land Use/Transportation Diagram, and Major Strategies, goals, and policies. The proposed Citywide Senior Housing Overlay is inconsistent with Major Strategies, goals, and policies that seek to focus job and housing growth in identified Growth Areas, preserve and enhance the City's limited employment lands, location housing growth in Urban Villages, implement adopted Urban Village Plans, and make land use

decisions that promote the City's fiscal health. The Initiative proposes amendments to address these inconsistencies, largely by exempting the CSHO sites from the strategies, goals, and policies in the Adopted General Plan with which it conflicts.

Fiscal Impact

On a Citywide basis, the amount of new housing allowed by the Initiative in urban zones impacted by the CSHO would create an immediate and ongoing negative fiscal impact. If applied to the CSHO, the 3,247 acres of lost employment lands will result in an annual net revenue loss of $17.1 million. This is due to the fact that on a citywide basis, senior housing would develop at higher densities with lower assessed values than is proposed in the Evergreen Senior Homes Specific Plan. In contrast, the Adopted General Plan's future growth of business and 129,500 jobs is projected to create a net revenue surplus of $89.5 million per year at full build out. Combining the Initiative's effects of removing of 3,247 acres of employment lands with the revenue shortfall expected from the development of senior housing, the Initiative results in an opportunity cost to San Jose of $106.6 million in lost revenues per year compared to the build out of the Adopted General Plan.

Economic Development

For the CSHO, this report's analysis assumes that, at a minimum, all currently vacant land designated in the Adopted General Plan for employment uses could potentially be subject to conversion to senior housing. The 3,247 vacant acres would be expected to support 129,500 new jobs. These jobs comprise 35% of planned job growth capacity in the Adopted General Plan. It is possible that the City's analysis of 129,500 lost jobs is underestimated. The Initiative does not define "underutilized employment lands." Although a broad interpretation of the term "underutilized" could be defined as any employment land not built to maximum floor area ratio (FAR) the City adopts a more reasonable and restrictive interpretation of this Initiative term for the purpose of this Report.

San José's jobs-to-employed-resident (J/ER) ratio measures the number of jobs per worker in a city. A ratio greater than 1.0 implies that there are more jobs than workers resulting in people commuting into that city for work, while a ratio less than 1.0 implies that a city lacks jobs for its residents forcing workers to commute to other cities for work. The City's current J/ER ratio is 0.80, meaning there are 0.80 jobs per every employed resident. Under full buildout of the Adopted General Plan, the City's J/ER ratio will be 1.1. The proposed CSHO, however, will eliminate 129,500 jobs and add 86,010 senior housing units (102,522 employed residents) within San José, substantially reducing the City's Adopted General Plan J/ER ratio to 0.8.

The Initiative states that jobs lost from the implementation of the proposed CSHO would be moved to other areas of the city. Relocating up to 129,500 jobs is not a practical assumption given the potential magnitude of traffic impacts, infrastructure needs, and land-use compatibility conflicts. It is also doubtful that low-margin industrial businesses could compete for land with senior housing developers or businesses that normally occupy higher-density (and more expensive) environments.

Residential land has a higher dollar value than employment land. Based on an analysis of CoStar data, residential multifamily development has an average sales price of $6,536,884 per acre of land and industrial land has an average sales price of

$1,515,924 per acre of land.[1] Introducing the possibility of senior housing to industrial employment sites could likely escalate land values on these locations and price out certain employers. Furthermore, property owners of employment land could intentionally blight and/or underutilize their property in order to apply for the proposed CSHO and increase their property value. One example of this behavior includes turning away prospective developers who are interested in redeveloping or utilizing a site for employment uses.

Housing

The Initiative proposes its own Partial Exemption for For-Sale Residential Developments for senior projects utilizing the Citywide Senior Housing Overlay on the ESHSP site and elsewhere in the city. If passed the Initiative creates its own alternative Inclusionary Housing requirement and changes the San Jose Municipal Code under Chapter 5.08. As stated in the section regarding the ESHSP analysis, if the residential development is rented out, the levels of affordability proposed by the Initiative do not need to meet the levels of affordability required by the current San Jose Inclusionary Housing Ordinance. If the development is for-sale, the Initiative then allows the residential development to specify all of its own Inclusionary guidelines as it relates to: i) the timing of construction, and ii) requirements with respect to (a) geographic location, (b) parking, (c) amenities, and (d) square footage and bedroom count. As such, the Initiative and will not create the same levels of affordability for rental projects nor the controls for preservation of affordable units for sale projects as required by the current San Jose Inclusionary Ordinance.

Transportation Impacts

ITE rates for senior housing attribute fewer trips during the peak hour per unit than employment uses. Sites that are located in heavily congested areas, such as Evergreen, that are converted to senior housing may reduce the amount of commute trips added to the roadway system in the proximate area, and therefore improve traffic during the commute peak hours. However, by removing planned employment lands, employed residents in those areas, without the opportunity to work nearby, will be forced to make longer trips. Removing planned employment lands may mean employed residents need to travel outside of the city for employment. This may increase vehicle miles traveled (VMT) not only in the project areas but in the city overall.

The land use conversions would result in an adverse effect on the citywide transportation system when considered cumulatively along with the balance of housing and employment citywide. The City historically has had an imbalance in jobs to employed resident ratio that resulted in more employed residents than jobs within San Jose. The imbalance results in San Jose residents commuting longer distances to employment located outside of the City limits. The Adopted General Plan provides for employment opportunities to provide more jobs within the City limits for its residents. By providing more jobs within San Jose, the Adopted General Plan seeks to ensure that not as many residents will need to travel outside the city to work.

Among the 3,247 acres vacant employment lands analyzed as potentially affected by the Senior Housing Overlay, 58 percent are located both in the City's Planned Growth Area and within ½ mile of an existing major transit stop or an existing stop along a high-quality transit corridor (or "High-Quality Transit"). In other words, most of the underutilized, high-Employment-VMT parcels are located in areas that would support the General Plan's focused and balanced growth strategy by bringing jobs to the areas and bringing people close to the places they need to go. Converting these employment lands to senior housing

[1] CoStar Real Estate Industrial and Multifamily Development Data Search for City of San Jose (see Appendix 11)

would result in an imbalance of jobs and housing in the Planned Growth Areas and diverge from the City's focused and balanced growth strategy.

Parks Impacts

According to the 2040 General Plan FEIR, build out of the Adopted General Plan would result in the need for an additional 1,327 acres of neighborhood/community-serving parkland and additional 72,000 square feet of community center space to meet service level objectives. Generally, most recreational service demand comes from the resident population. For the purposes of this report, it is assumed there is a 90 percent/10 percent split between residential and non-residential populations using city recreational facilities. Based on the City parkland dedication standard of 3 acres per 1,000 population, the 168,160 new senior residents would generate the need for 504.5 new acres of park land. PRNS has analyzed the location of vacant employment lands in relation to existing parks and identified a number of areas where the level of park need would be very high as shown in the maps in Figures 11 and 12 in Chapter IV of the report. Council District 1 and several areas to the north and east would have the greatest park impact if residential uses were allowed on employment lands. These areas currently do not have sufficient parks to serve an increased residential population. The proposed Initiative would generate additional residents and, therefore, would result in a greater impact and need for parks and open space facilities than build out of the Adopted General Plan.

Table 1 below indicates the subject matters that would be affected by the Initiative. In the summary discussion below, the subject matters with the most significant effects are presented first.

Table 1: Summary of Potential Effects or Impacts of Initiative

Major Changes Proposed by Initiative	Potential Effects According to Analysis*					
	Land Use and Housing Policy	Develop-ment Patterns	Economic Develop-ment	Environ-mental	Infra-structure Funding	Fiscal
Evergreen Senior Housing Specific Plan						
Adopt a specific plan allowing 910 senior housing units on a site currently entitled for 2 million sq. ft. of Campus Industrial development.	■	■	■	■		■
Envision San José 2040 General Plan (General Plan)						
Amend the General Plan to create a Senior Housing Overlay that allows the development of senior housing on underutilized employment lands.	■	■	■	■	■	■
Amend the Major Strategies, goals, and policies of the 2040 General Plan to: • Allow senior housing outside of identified Growth Areas; and • Allow residential units subject to the Senior Housing Overlay to move forward outside of Plan Horizons and in excess of the General Plan's planned housing yield of 120,000 units.	■	■	■			■
Evergreen-East Hills Development Policy						
Amend the Evergreen-East Hills Development Policy to exempt senior housing from the development allocation or paying the Traffic Impact Fee.	■				■	■
Eliminate the requirement that residential Large Projects are required to adhere to specific design guidelines for mixed-use development.	■					
San José Municipal Code						
Amend the San José Municipal Code to: • Exempt for-sale residential development within a Senior Housing Overlay from the City's Inclusionary Housing requirements.(Chapter 5.08, Section 5.08.320.A);	■					

• Eliminating the building requirement that affordable units must be constructed concurrent with market rate units (Chapter 5.08, Section 5.08.460); • Exempt specific plans adopted by citizen's initiative from the City's specific plan siting, initiation, and adoption requirements (Chapter 18.20, Section 18.20.010,A); • Create a new Specific Plan Zoning District (Chapter 20.10, Section 20.10.075; Chapter 20.65, Sections 20.65.010 to 20.65.040; Chapter 20.120, Section 20.120.600); and • Create a new Specific Plan Permit (Chapter 20.100, Section 20.100.990).						
Voter Approval for Changes						
Require voter approval for changes to the Senior Housing Overlay, Evergreen Senior Homes Specific Plan, or other legislation adopted by the Initiative, prior to 10 years after the effective date of the Initiative.	■					

* Chapters III and IV of this report analyze the potential effects from the Initiative according to Elections Code section 9212.

■ Indicates potential effect from the Initiative according to this analysis.

I.D. Initiative's Land Use and Housing Policy and Ordinance Changes

The Initiative makes the following primary changes to land use and housing regulations in San Jose, which are more fully described and evaluated in the following chapters of this report:

- Amends the Envision San José 2040 General Plan to create a Senior Housing Overlay land use designation that allows the development of market rate and affordable senior housing on underutilized employment lands.
- Amends the Major Strategies, goals, and policies of the Envision San José 2040 General Plan to:
  - Authorize conversion of underutilized employment lands to residential use to allow senior housing;
  - Further emphasize support of senior and veteran housing;
  - Authorize senior housing outside of identified Growth Areas; and
  - Allow residential units subject to the Senior Housing Overlay to move forward outside of Adopted General Plan Horizons and in excess of the General Plan's planned housing yield of 120,000 units through 2040.
- Amends the following sections of the San José Municipal Code to:
  - Exempt for-sale residential development within a Senior Housing Overlay from the City's Inclusionary Housing requirements providing such development includes either 14% of units for rent at an affordable housing cost to Moderate Income Households and 6% of units for rent at an affordable housing cost to Very

Low Income Households, or 20% of units at an affordable housing cost to households earning no more than 110% of the area median income (Chapter 5.08, Section 5.08.320.A);
    - Other amendments to the Inclusionary Housing Ordinance that this initiative would make include eliminating the concurrent building requirement of when the affordable units must be constructed. Under the current Inclusionary Housing Ordinance, all required Inclusionary Units shall be made available for occupancy concurrently with the Market Rate Units. The initiative eliminates this requirement and thus results in no guarantee that affordable units will be complete concurrently with market rate units (Chapter 5.08, Section 5.08.460);
    - Exempt specific plans adopted by citizen's initiative from the City's specific plan siting, initiation, and adoption requirements (Chapter 18.20, Section 18.20.010.A);
    - Create a new Specific Plan Zoning District to apply to territory that is subject to a specific plan (Chapter 20.10, Section 20.10.075; Chapter 20.65, Sections 20.65.010 to 20.65.040; Chapter 20.120, Section 20.120.600); and
    - Create a new Specific Plan Permit to implement development within Specific Plan zoning districts (Chapter 20.100, Section 20.100.990).
- Amends the Evergreen-East Hills Development Policy to:
    - Authorize residential development in excess of the 500 residential unit capacity;
    - Create an exception for senior housing projects within a Senior Housing Overlay that allows such projects to move forward without requiring new residential development allocations from the Evergreen-East Hills Development Policy residential capacity or paying the Traffic Impact Fee; and
    - Eliminate the requirement that residential Large Projects are required to adhere to specific design guidelines for mixed-use development.
- Adopts the proposed Senior Housing Overlay land use designation and the Evergreen Senior Homes Specific Plan (ESHSP) to facilitate up to 910 residential units for senior housing, with a preference for military veterans to the extent permitted by law, in the Evergreen area.
- Requires voter approval for changes to the Senior Housing Overlay, Evergreen Senior Homes Specific Plan, or other legislation adopted by the Initiative, prior to 10 years after the effective date of the Initiative. The Initiative can be modified by the City Council ten years after its adoption.

II. Introduction and Report Background

This California Elections Code 9212 report evaluates the potential impacts of the proposed Evergreen Senior Homes Initiative, submitted to the City of San Jose in September 2017.[2] The purpose of the report is to provide independent information to voter and City officials regarding the potential land use, economic, and environmental effects of the proposed Initiative.[3] The report will be considered by the San Jose City Council on February 13, 2018. The Council is required by law to consider whether to adopt the Initiative with no changes or place the Initiative on a future ballot for a vote.

II.A Report Organization

The report has three main sections, following the in Chapter I. This chapter describes the Initiative and its effects on the process to implement the proposed Senior Housing Overlay land use designation and the Evergreen Senior Homes Specific Plan. This chapter also addresses the Initiative's effect on the scope of potential future environmental review, and discusses the Initiative's requirement that the voters must approve any changes to the Specific Plan or other legislation adopted by the Initiative.

Chapter III and IV present the analysis of effects of the two major components of the Initiative. Chapter III discusses the potential development project described in the Evergreen Senior Homes Specific Plan ("ESHSP") that would be adopted as part of the Initiative. The ESHSP covers a 200-acre site in the Evergreen area which are currently planned for Industrial Park uses in the Envision San José 2040 General Plan. The ESHSP would instead authorize up to 910 senior homes on this property. Chapter III discusses the land use, economic and environmental impacts of this land use change on this 200 acre site.

The Initiative would also amend the Adopted General Plan to allow any "underutilized employment land" to be subject to the proposed Senior Housing Overlay (CSHO) land use designation. This land use designation would permit senior housing developments to occur on land currently designated for employment uses. Chapter IV discusses the land use, economic and environmental impacts of the proposed Senior Housing Overlay on a citywide basis.

The Appendices to this report include a number of background documents, including the text of the Initiative, the relevant state Elections Code, and technical studies completed for the report on the topics of fiscal impacts, environmental impacts and traffic impacts.

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[2] State law requires the City Attorney to prepare an official title that gives a "true and impartial statement of the purpose of the proposed measure." As is often the case, the official title for this Initiative differs from the short title proposed by the initiative proponents, which refers to the Initiative as the "Evergreen Senior Homes Initiative." The full text of the City Attorney's official title and summary is reproduced in Appendix 1.

[3] California Elections Code section 9212 authorizes city councils to request a report evaluating the potential effects or impacts from the Initiative, and Chapters III and IV provide the specific analysis authorized by section 9212 and requested by the City Council.

II.B. Description of Initiative

The Initiative is a 376-page document that would, if approved by the voters, make significant changes to the City of San José's General Plan, the Evergreen-East Hills Development Policy, and the San José Municipal Code, and would also approve a Specific Plan, entitled the "Evergreen Senior Homes Specific Plan," for a 200-acre site in the Evergreen area. The stated purpose of the Initiative is to address the significant and growing need for senior housing in San José. The Initiative's response to the city's housing shortage is to find opportunities on underutilized employment lands for the provision of senior housing.

To accomplish this purpose, the Initiative makes the following primary changes, which are more fully described and evaluated in the following chapters this report:

- Amends the Envision San José 2040 General Plan to create a Senior Housing Overlay land use designation that allows the development of market rate and affordable senior housing on underutilized employment lands4 (see Exhibits A, B, C, D, and E of the Initiative for the specific proposed amendments to General Plan maps and diagrams).
- Amends the Major Strategies, goals, and policies of the Envision San José 2040 General Plan to:
    - Authorize conversion of underutilized employment lands to residential use to allow senior housing;
    - Further emphasize support of senior and veteran housing;
    - Authorize senior housing outside of identified Growth Areas; and
    - Allow residential units subject to the Senior Housing Overlay to move forward outside of Adopted General Plan Horizons and in excess of the General Plan's planned housing yield of 120,000 units through 2040.
- Amends the San José Municipal Code to:
    - Exempt for-sale residential development within a Senior Housing Overlay from the City's Inclusionary Housing requirements providing such development includes either 14% of units for rent at an affordable housing cost to Moderate Income Households and 6% of units for rent at an affordable housing cost to Very Low Income Households, or 20% of units at an affordable housing cost to households earning no more than 110% of the area median income;
    - Exempt specific plans adopted by citizen's initiative from the City's specific plan siting, initiation, and adoption requirements;
    - Create a new Specific Plan Zoning District to apply to territory that is subject to a specific plan; and
    - Create a new Specific Plan Permit to implement development within Specific Plan zoning districts.
- Amends the Evergreen-East Hills Development Policy to:
    - Authorize residential development in excess of the current 500 residential unit capacity with no review under CEQA;
    - Create an exception for senior housing projects within a Senior Housing Overlay that allows such projects to move forward without requiring new residential development allocations from the Evergreen-East Hills Development Policy residential capacity or paying the Traffic Impact Fee; and
    - Eliminate the requirement that residential Large Projects are required to adhere to specific design guidelines for mixed use development.

[4] See Section IV.A.1 for definition of underutilized employment lands.

- Adopts the Evergreen Senior Homes Specific Plan facilitating up to 910 residential units for senior housing, with a preference for military veterans to the extent permitted by law.
- Requires voter approval for changes to the Senior Housing Overlay, Evergreen Senior Homes Specific Plan, or other legislation adopted by the Initiative, prior to 10 years after the effective date of the Initiative.

1. Areas Subject to the Initiative

The Initiative's proposed ESHSP would affect a 200-acre site (ESHO site) in San José, in the Evergreen area. The Evergreen area is located in the southeastern part of San José and is within the City's Urban Growth Boundary and Urban Service Area. The Evergreen area is bound by Story Road to the north, U.S, Highway 101 to the west, U.S. Highway 101 and Hellyer Avenue to the south, and the Urban Growth Boundary to the east (see Figure 1 below). The ESHO site is located in the southeastern section of the Evergreen Area, and is generally bound by Aborn Road to the north, Yerba Buena Road to the west, the Urban Growth Boundary to the east, and the old Hitachi building to the south.

The Initiative would also affect underutilized employment lands within San José, as they would be eligible to utilize the proposed Senior Housing Overlay land use designation. Underutilized employment lands and employment lands are defined in Section IV.A.1. of this report.

II.B. Land Use Approval Process and Voter Approval Requirement

This section of the report addresses the Initiative's effect on the City Council and the Director of Planning, Building, and Code Enforcement's (Director) discretion to approve, disapprove or modify development proposals to designate properties with a Senior Housing Overlay, approve specific plans under the Senior Housing Overlay, and approve development permits implementing such specific plans. It also evaluates the Initiative's effect on the scope of potential future environmental review, and discusses the Initiative's requirement that the voters must approve any changes to the Specific Plan or other legislation adopted by the Initiative.

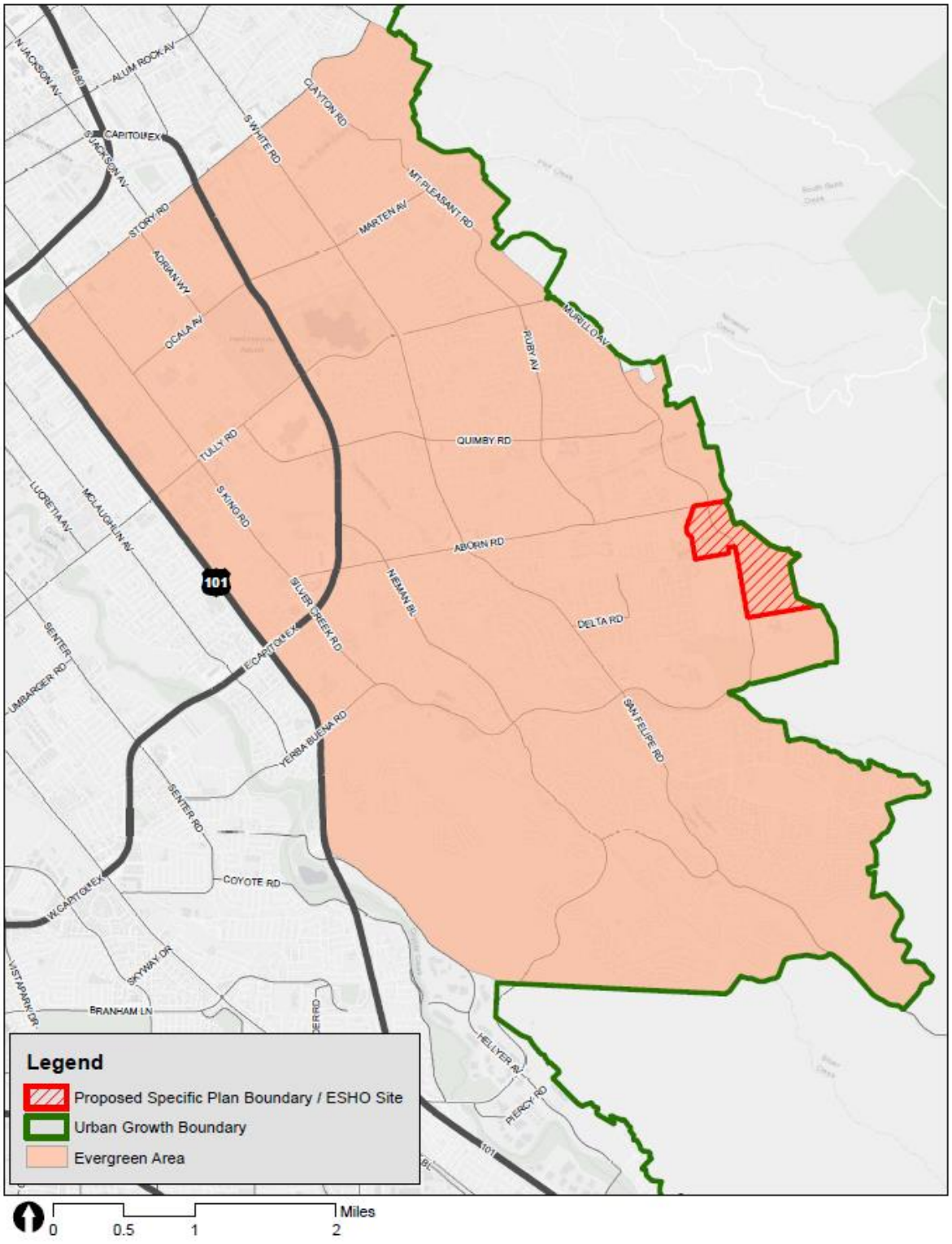
1. Senior Housing Overlay Land Use Designation

The Initiative proposes to create a Senior Housing Overlay (CSHO) land use designation in the Envision 2040 General Plan. This overlay "allows senior residential development on appropriate underutilized employment lands in addition to or as an alternative to uses consistent with the underlying *Envision San Jose 2040 General Plan land use designations.*"[5] However, the Initiative allows private applicants to apply for a General Plan Amendment to utilize the CSHO on any and all underutilized employment lands within San Jose.

General Plan Amendment applications are reviewed for consistency with the Adopted General Plan's Major Strategies, goals, and policies. If a proposed General Plan Amendment is found to be consistent with the Adopted General Plan and does not have significant environmental impacts, City staff recommend approval to City Council. If found to be inconsistent with the Adopted General Plan, City staff recommend denial to City Council. Some General Plan Amendments, however, may be both consistent and inconsistent with the Adopted General Plan's goals and policies. In these scenarios, City staff prioritize

[5] Evergreen Senior Homes Initiative, page 15

Figure 1: Evergreen Area and ESHO Site



conformance to Major Strategies above conformance to individual goals and policies. Upon adoption of the Initiative, if a private application were to apply for a General Plan Amendment to utilize the proposed CSHP, the City would evaluate the proposal for consistency with the Initiative.

The Adopted General Plan currently includes Major Strategies, goals, and policies that seek to preserve, maintain, and expand employment land in San José and would not support the approval of the proposed CSHO. The Initiative, however, modifies all such policies to allow the proposed CSHO on employment lands as an exception to such policies. Thus, the Initiative would potentially support the adoption of the proposed CSHO on any and all underutilized employment lands, potentially leading staff to make a recommendation for approval for any General Plan Amendment proposing to apply the CSHO. The City Council is the hearing body for General Plan Amendments, and would make the final decision to adopt any newly proposed Senior Housing Overlays in San José. While the City Council has the discretion to approve or deny any such application, the Initiative could support a General Plan Amendment seeking to adopt the CSHO that is clearly inconsistent with the current Adopted General Plan.

2. Specific Plan Adoption

San José Municipal Code (Municipal Code) Chapter 18.20 and City Council Policy 6-22 (Process and Criteria for Developing Specific Plans) establish procedures for the creation and administration of specific plans as well as the process and criteria for developing specific plans. Both the ordinance and policy identify who may initiate a specific plan, the types of properties or areas that might be suitable for a specific plan, and criteria that warrant development of a specific plan.

Per Municipal Code Chapter 18.20 and City Council Policy 6-22, the City Councilmembers, the City Administration, or area property owners may request that the City prepare a specific plan; however, only the City Council may authorize the initiation of a specific plan process. Site criteria for the area or boundaries of a proposed specific plan includes the following:

1. The area represents a substantial development potential;

2. The City seeks to encourage such development;

3. There are existing obstacles to development which make it infeasible for individual properties to proceed with uncoordinated development;

4. The area consists of at least fifty net acres of development; and

5. The area consists of multiple parcels under different ownership.

The proposed Evergreen Senior Homes Specific Plan does not meet all of the criteria listed above; thus, under the City's land use approval processes for siting and initiating a specific plan, the proposed Evergreen Senior Homes Specific Plan would not be able to move forward. The Initiative, however, proposes to substantially change the City's land use approval process to consider and approve specific plans. The Initiative amends Municipal Code Chapter 18.20 to state that the City's specific plan requirements do not apply to any specific plans adopted by citizens' initiative that implements a Senior Housing Overlay:

"Notwithstanding anything to the contrary in this chapter, the requirements of this chapter shall not apply to any specific plan adopted by citizen's initiative that implements a Senior Housing Overlay pursuant to the General Plan."[6]

The proposed amendment to the Municipal Code would eliminate the City's criteria used to initiate the specific plan process for the proposed Evergreen Senior Homes Specific Plan (ESHSP) and for any future specific plan applications that implement the proposed Senior Housing Overlay on "underutilized employment lands." However, absent a citizen's initiative, specific plans implementing the proposed Senior Housing Overlay would be subject to the criteria set forth in Municipal Code Chapter 18.20 and City Council Policy 6-22. City Council would have the discretion to approve or deny any future specific plans under a proposed Senior Housing Overlay.

Amendments to specific plans are currently permitted in accordance with Section 18.20.100 of the Municipal Code. Per the Municipal Code, the City Council or any person may apply for an amendment to a specific plan. The proposed Initiative proposes a change in this criterion for the Evergreen Senior Homes Specific Plan. Under the proposed Initiative, within the first 10 years after the effective date of the Initiative, the ESHSP may only be amended by a majority vote of the voters of San José. After 10 years, the ESHSP could be amended subject to current State and City law.

3. Development Permit Process

This section discusses the development permit process for the proposed Evergreen Senior Homes Specific Plan and for future specific plans within the proposed Senior Housing Overlay should the Initiative be approved. Table 2 summarizes the discussion.

Evergreen Senior Homes Specific Plan

In order to move forward with development under the proposed ESHSP, state law requires subdivision approval, through the submittal of a tentative or vesting subdivision map. Additionally, the Initiative creates and requires an Evergreen Senior Homes Specific Plan (ESP) Permit as an alternative to the City's current permit process.[7] Additional approvals may be needed, including tree removal permits, demolition permits, grading permits, on- and off-site utilities permits, easement and right-of-way abandonment and/or vacation permits, geological hazard clearance, building permits, water connection permits, haul route permits, sidewalk or street encroachment permits, sewer connection and/or sewer lateral permits, sign permits, and certificates of occupancy.

The proposed ESHSP states that the Director is the primary administrator of the Specific Plan and shall review all approvals within the Specific Plan area for conformance. However, the process set forth in the Initiative for reviewing subsequent development approvals limits the City's discretion and differs considerably from the City's current development process.

The City, under current processes, retains broad discretion to modify and condition development permits to address a wide variety of concerns and ensure consistency with the City's General Plan and any applicable specific plan, such as requiring the interrelationship between the orientation, location, and elevations of proposed buildings and structures are compatible and

[6] Evergreen Senior Homes Initiative, page 23
[7] Evergreen Senior Homes Specific Plan, page 8-2, Section 8.3

aesthetically harmonious with each other, the surrounding development, and character of the neighborhood; requiring the environmental impacts of the project will not have an unacceptable negative affect on adjacent properties; and ensuring traffic access, pedestrian access, and parking are adequate. The Initiative, however, prohibits the Director's discretion to deny any subsequent development permit for the ESHSP unless it is does not substantially conform to the General Plan (as amended by the Initiative) and proposed ESHSP:

"The City shall not use its authority in considering any applications of discretionary subsequent approvals ('Approvals') to change the policy decisions reflected by this Specific Plan or otherwise to prevent or delay development of a project as set forth in this Specific Plan. Instead, the Approvals are tools to implement those final legislative policy decisions reflected in this Specific Plan. The scope of the review of applications for Approvals shall be limited to a review of consistency with the General Plan and substantial conformity with the Specific Plan, as provided in Sections 8.3.2 and 8.3.3, and compliance with applicable law. Where such consistency/substantial conformity/compliance exists, the City shall not deny an application for an Approval for the Evergreen Senior Homes project. Further, conditions imposed on Approvals shall be limited to those necessary to achieve consistency with the General Plan, substantial conformity to this Specific Plan, and compliance with applicable law."[8]

The proposed ESHSP defines "substantially conform" as "conforms with all of the requirements in Chapter 2: Zoning and Development Standards [of the Initiative] and does not materially conflict with the guidance in Chapter 5: Architectural Design Guidelines, Chapter 6: Landscape Guidelines, and Chapter 7: Infrastructure and Public Services [of the Initiative]."[9] Thus, the Initiative limits the discretion of the Director over subsequent development permits within the proposed ESHSP area. . The Director's findings for approval for a permit's current development process and the proposed ESP permit process are summarized in the table below.

Additionally, while the proposed ESHSP contains general development regulations, the applications for a tentative or vesting tentative map and an ESP Permit will be the first time the City and public are able to review the actual proposed number of buildings and their location, unit type distribution, access and circulation design, placement and size of private recreation areas, and configuration of public facilities. This is due to the conceptual nature of Chapters 3 and 4 of the proposed ESHSP. While the proposed ESHSP contains several diagrams regarding land use and circulation, development within the ESHSP area may ultimately be developed in any pattern or form as long as it is consistent with Chapters 2, 5, and 6 of the proposed ESHSP.[10]

"Some features of the Conceptual Land Plan are fixed by the zoning. These features include the passive open space along Fowler Creek, the location of Entry Road access points into the Specific Plan Area, and the dimensions of the roadway cross-sections as shown in Appendix A: Roadway Cross-sections. Other aspects of the Conceptual Land Plan, including without limitation the alignment of internal roadways, the number and configuration of lots, the residential subdistrict boundaries, the location and orientation of the active open space areas and recreation centers, are conceptual and subject to variation within the parameters of this Specific Plan."[11]

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[8] Evergreen Senior Homes Specific Plan, page 8-2, Section 8.2.2
[9] Evergreen Senior Homes Specific Plan, page 8-2, Section 8.3.3
[10] Evergreen Senior Homes Specific Plan, Chapter 3 description
[11] Evergreen Senior Homes Specific Plan, Chapter 3, Section 3.1, page 3-1.

Table 2: Findings for Permit Approval

City's Current Findings for a Planned Development (PD) Permit[12]	Proposed Findings for an ESP Permit[13]
• The PD permit, as issued, is consistent with and further the policies of the general plan. • The PD permit, as issued, conforms in all respects to the planned development zoning of the property. • The PD permit, as approved, is consistent with the applicable city council policies, or counterbalancing considerations justify the inconsistency. • The interrelationship between the orientation, location, mass and scale of building volumes, and elevations of proposed buildings, structures and other uses on-site are appropriate, compatible and aesthetically harmonious. • The environmental impacts of the project, including, but not limited to noise, vibration, dust, drainage, erosion, storm water runoff, and odor, which even if insignificant for the purposes of CEQA, will not have an unacceptable negative effect on adjacent property or properties.	• The ESP Permit, if issued, is consistent with the general plan. • The ESP Permit, if issued, substantially conforms to the applicable requirements of Chapter 2, and does not conflict with the guidance of Chapters 5, 6, or 7 of the proposed ESHSP. • The ESP Permit, if issued, is consistent with applicable law.

Evergreen East-Hills Development Policy

The proposed ESHSP is also subject to the Evergreen East-Hills Development Policy (EEHDP), as is all development within the EEHDP boundary.[14] The EEHDP was adopted in 2008 and provides the policy framework for a limited amount of new residential, commercial, and office development within the boundary area. The EEHDP sets capacity for 500 new residential units, 75,000 square feet of office, and 500,000 square feet of commercial uses over the lifetime of the EEHDP.

The Initiative proposes modifications to the EEHDP (EEHDP with the Initiative) that would have a substantial impact to the City's land use process associated with implementation of the EEHDP. The proposed modifications include the following:

[12] San José Municipal Code, Chapter 20.100, Section 20.100.940

[13] Evergreen Senior Homes Specific Plan, Chapter 8, Section 8.5.5.

[14] For the EEHDP boundary, please see the City's website: http://www.sanJoséca.gov/DocumentCenter/Home/View/660

- Allowing residential development in excess of the 500 residential unit capacity;[15]
- Creating an exception for senior housing projects within a Senior Housing Overlay that allows such projects to move forward without requiring new allocations from the EEHDP capacity or paying the Traffic Impact Fee.[16]
- Eliminating the requirement that residential Large Projects are required to adhere to specific design guidelines for mixed use development.[17]
- The proposed ESHSP would not be able to move forward under the current EEHDP because the proposed 910 dwelling units would exceed the 35 unit capacity for large residential projects and the total 500 residential unit capacity.[18] However, the Initiative's changes to the EEHDP would allow the proposed ESHSP to move forward in its entirety, as well as any other senior housing project pursuant to a Senior Housing Overlay within the EEHDP boundary.

Development Permit Process for Future Specific Plans pursuant to the Senior Housing Overlay

The Initiative does not provide clear guidance or instructions for the implementation of future specific plans within a proposed Senior Housing Overlay. Because of this ambiguity, a private applicant would be able to choose from multiple processes to move forward with a senior housing project within a specific plan pursuant to a Senior Housing Overlay. The City Council has the discretion to approve or deny a proposed specific plan regardless of which process is chosen. After approval of a General Plan Amendment to adopt a Senior Housing Overlay for an eligible site, the options to move forward with a specific plan are outlined below:

1. The City or private applicant applies to rezone the specific plan area to the proposed Specific Plan (SP) Zoning District. Upon approval of the SP Zoning District, the City or private applicant would apply for a proposed tentative map, Specific Plan Permit, and all other necessary approvals. This process is identical to the process proposed for the implementation of the proposed ESHSP.
2. The City or private applicant applies to rezone the specific plan area to one or multiple of the City's conventional zoning districts. Upon approval of the zoning districts, the City or private applicant would apply for a tentative map, Site Development Permit, and all other necessary approvals.
3. The City or private applicant applies to rezone the specific plan area to the PD Planned Development Zoning District. Upon approval of the PD Zoning District, the City or private applicant would apply for a tentative map, Planned Development Permit, and all other necessary approvals.

4. Implication for Environmental Review under California Environmental Quality Act (CEQA)

Pursuant to state law, the City would ordinarily be required to comply with CEQA and analyze the environmental effects of amending the General Plan, Municipal Code, Evergreen-East Hills Development Policy, or adopting a specific plan. The Guidelines to CEQA incorporate a decision by the California Supreme Court that voter-sponsored initiatives, which include initiatives that amend the General Plan, Municipal Code, Evergreen-East Hills Development Policy, or adopt a specific plan

[15] Evergreen Senior Homes Initiative, page 30 the maximum residential allocation possible on the proposed ESHO site is 43 units as long as the development meets the EEHDP's Large Project requirements. If the Large Project requirements are not met, a maximum of 35 units would be available.

[16] Evergreen Senior Homes Initiative, page 27

[17] Evergreen Senior Homes Initiative, page 26

[18] At the time of this report's final draft, the EEHDP's remaining capacity includes 206 residential units (43 Large Project units, 163 Small Project units).

are exempt from compliance with CEQA.[19] Thus, no CEQA review is required or has been prepared for this Initiative.

California Elections Code 9212 section provides that the 9212 report may review environmental impacts of the proposed Initiative, making this report the exclusive means for assessing the Initiative's potential environmental impacts. Pursuant to Elections Code section 9212 and the City Council's direction to understand the Initiative's potential effects, the City has undertaken a high-level, qualitative review of the following:

§ Proposed Evergreen Senior Homes Specific Plan (ESHSP) as compared to the existing site-specific development permit approvals and applicable CEQA reviews under the Draft EIR for the Evergreen-East Hills Vision Strategy Project SCH#2005102007 and the Supplemental Environmental Impact Report for the Revision of the Evergreen Development Policy (2008).

§ Proposed Citywide Senior Housing Overlay (CSHO) as compared to the Envision San José 2040 General Plan, the Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan (Resolution No. 76041) and Supplemental program EIR to the Envision San José General Plan EIR (Resolution No. 77617), and all subsequent addenda.

Implication for Environmental Review for Future Implementation of the Initiative

ESHO: Chapter 8, Implementation, Administration, and Financing within the Evergreen Homes Specific Plan addresses procedural and subsequent approval processes for the Specific Plan. If the Initiative is adopted, the City will need to comply with CEQA prior to issuing subsequent discretionary development approvals required or anticipated in the Specific Plan. Section 8.5.4 of the Specific Plan appears to recognize as much, and refers to mitigation measures that could be required pursuant to an environmental impact report prepared for any ESP Permit.

Other provisions of the Specific Plan, however, appear to seek to limit the application of CEQA to subsequent discretionary approvals. For instance, section 8.2 states that the City has no ability "to deny an application for an Approval for the Evergreen Senior Homes Project," and that the City's ability to impose any conditions on such subsequent project approvals "shall be limited to those necessary to achieve consistency with the General Plan, substantial with this Specific Plan, and compliance with applicable law."

To the extent that these provisions seek to compel the City to issue a statement of overriding considerations under CEQA notwithstanding any significant and unmitigated impacts, or to reject feasible measures to mitigate such impacts, these provisions could conflict with CEQA.

CSHO: The Citywide Senior Homes Overlay (CSHO) will require future General Plan Amendments and approval of future specific plans for site-specific senior housing projects. The implementation of these future specific plans will also require subsequent discretionary approvals. Therefore, these General Plan Amendments, specific plans, and all related discretionary approvals will be subject to environmental review under CEQA. In other words, the City will require site-specific environmental review for all actions, including legislative actions on all sites subject to the Citywide Senior Homes Overlay.

[19] Tuolumne Jobs & Small Business Alliance v. Superior Court (2014) 59 Cal.4th 1029

5. Requirements for Voter Approval

Under state law, an initiative adopted by the voters cannot be amended without voter approval, unless the initiative so authorizes. The Evergreen Senior Homes Initiative prohibits any amendment to the proposed ESHSP for 10 years after the effective date of the Initiative, unless amended by a majority of the voters of San José.[20] After the 10 year mark, amendments may be made to the ESHSP by the City Council in the manner generally authorized by state and local law, making it easier to amend its provisions after the 10 year mark than would otherwise be allowed by state law.

Prior to the 10-year mark, any amendment of the Initiative – including the provisions added to the General Plan, the Municipal Code, and the entire Specific Plan – would require voter approval. Under state law, there would be two primary ways governed by the Elections Code to obtain voter approval to amend the proposed Evergreen Senior Homes Initiative:

- "Voter-sponsored" measures, which, like the Initiative itself, are placed on the ballot pursuant to the Initiative power described in the California constitution.
- "Council-sponsored measures," which are placed on the ballot by the City Council.

For a voter-sponsored measure to be placed on the ballot, the "proponents" of the measure must do the following:

1. Submit a notice of intent to circulate the proposed initiative petition.
2. Request and obtain the official title and summary from the City Attorney.
3. Gather and file with the City the requisite number of valid signatures within 180 days of receiving the official title and summary, after complying with various other requirements.

The initiative petition was found to be sufficient with a total of 22,364 signatures which is 5.02% of the Registered Voters in the City of San Jose in the last report filed by the Registrar of Voters with the Secretary of State in effect at the time the notice of intent to circulate the petition was published.. Voter-sponsored measures are not subject to CEQA. However, the City Council could direct preparation of an Elections Code section 9212 report to evaluate the impacts of the initiative including evaluation of the environmental effects of a proposed initiative to the extent possible, if it so choses. In addition, the City Council may submit a proposal to the voters if it chooses.21 Unlike voter-sponsored initiatives, Council-sponsored measures are subject to CEQA and, accordingly, the Council would need to comply with CEQA prior to placing a measure on the ballot.

If an election were requested in order to amend the proposed Initiative, the City would be required to pay for the costs of any such election. The estimated costs for holding an election depend on whether the City places the measure(s) on the ballot under one of the two allowable types of elections:

- Stand-alone election, which is an election on a date that the County is not already conducting an election.
- Consolidated election, which is an election where some other matter is already on the ballot (e.g., a statewide primary or general election).

Based on the most recent information available from the County Registrar of Voters, a consolidated primary election would have a "base-charge" of $270,988 plus an additional $126,000 for an average length ballot measure, resulting in a total cost

[20] Evergreen Senior Homes Specific Plan, page 8-6, Section 8.6

[21] Elections Code section §9222

of approximately $397,000. If there is no run-off during the election, the base charge would be $865,000, plus the additional $126,000 for an average length ballot measure, resulting in a total cost of $991,000. The Country Registrar of Voters was not able to provide an estimate for a stand-alone election in time for publishing of this report. These costs are estimates only and are subject to change. The County Registrar of Voters is in the process of reviewing their fee schedule, so the final costs may be higher than the current fees due to various changed in the election mandates. The final costs would depend on the actual full costs for the County to conduct the election. These estimates do not include any staff time or other expenses that the City might incur. For instance, the City Council could decide – as it has with the present Initiative – to prepare a report under Elections Code section 9212. The precise cost of a 9212 report depends on the nature of the initiative; however, for context, the budget for the subject 9212 report on the Evergreen Senior Homes Initiative is this and similar land use related initiatives is generally in the hundreds of thousands of dollars.

III. Proposed Development Project

The Evergreen Senior Homes Initiative includes the proposed Evergreen Senior Home Specific Plan (ESHSP) for a 200-acre site in the Evergreen area. This Chapter of the 9212 report evaluates the consistency of the proposed ESHSP with existing City planning policies and compares the economic and environmental effects, including impacts to public facilities and services, of the proposed senior housing development to the Campus Industrial use currently planned for the site.

III.A. Summary of Scenarios Analyzed in Chapter III

Chapter III of this report evaluates the effects and impacts of the proposed ESHSP by comparing what would occur under the **Adopted General Plan** and what would occur under the proposed **Initiative** at the 200-acre Evergreen Senior Housing Overlay (ESHO) site. Table 3 summarizes the land use and development assumptions that are associated with each scenario.

Adopted General Plan: Development in the City of San José occurs as envisioned by the City's currently adopted General Plan, entitled *Envision San José 2040.*

Proposed Initiative: Development in the City of San José occurs as envisioned by the Initiative and assumes the City's General Plan is amended by the Initiative as proposed.

Table 3: Comparison of Development Site Build Out

ESHO Site (approximately 200 acres in size)			
	Adopted General Plan	**Proposed Initiative**	**Net Change with Initiative**
Industrial (square footage)	2.0 million	0	-2.0 million
Jobs	5,000	0	-5,000
Senior Housing (units)	0	910	+910
Population (residents)	0	2,160	+2,160
Source: ADE. Evergreen Senior Homes Initiative 9212 Fiscal Analysis. January 29, 2018.			

Chapter III also discusses the development potential of the proposed ESHO site based on the site's approved entitlements, where relevant. As discussed in the Zoning section of Chapter III, the site is currently entitled for two million square feet of Campus Industrial uses.

III.A. Analysis

Chapter III presents the analysis of the proposed ESHSP's potential effects and impacts. The analysis is presented in six sections that together cover all of the subjects that the City Council directed staff to analyze, as follows:

- **Land Use and Housing:** Effect on the internal consistency of the City's General Plan, including the Housing Element, consistency between planning and zoning, and any limitations on city actions[22], as well as its effect on the use of land, the impact on the availability and location of housing, and the ability of the city to meet its regional housing needs, pursuant to section 9212 (a)(2 & 3)
- **Agriculture and Revitalization:** Impact on agricultural lands and developed areas designated for revitalization, pursuant to section 9212 (a)(7).
- **Economic Development:** Impact on the community's ability to attract and retain business and employment, pursuant to section 9212 (a)(5), and the City's jobs/housing balance.
- **Infrastructure and Environmental:** Impact on transportation (traffic congestion), schools, parks and open space, other public services, and utility infrastructure, pursuant to section 9212 (a)(4 &7), as well as other environmental effects.
- **Infrastructure Funding:** Impact on funding for infrastructure of all types, including, but not limited to, transportation, schools, parks, open space, and affordable housing, pursuant to section 9212 (a)(4).
- **Fiscal:** Impact on the City's fiscal conditions, pursuant to section 9212 (a)(1).

Each section begins with a brief overview of the key components of the analysis and describes the potential effect and/or impacts of the proposed ESHSP.

1. Land Use and Housing

This section discusses the proposed ESHSP's impacts on land use and housing, specifically its consistency with the City's General Plan including its Housing Element, the Evergreen-East Hills Development Policy, Zoning Code, and availability and location of housing. This section also briefly discusses the history of land use planning in the Evergreen area as it applies to the proposed ESHSP.

Contextual History of Land Use in Evergreen

The purpose of the proposed Evergreen Senior Housing Overlay (ESHO) and the proposed ESHSP is to facilitate development of up to 910 detached and attached residential units for senior housing located within the Evergreen area. The proposed ESHO site, however, has been designated for employment uses since the early 1980s. To understand the Land Use Impacts section of this report and the City's existing land use policies related to the proposed ESHO site, it is necessary to understand the history of development and land use regulations within Evergreen.

[22] Elections Code section 9212 specifically authorizes reports to address limitations on city actions under Section 65008 of the Government Code and Chapter 4.2 (commencing with Section 65913) and 4.3 (commencing with Section 65915) of Division 1 of Title 7 of the Government Code.

i. Evergreen Development Policy (1976)

Development within the Evergreen area has historically been limited by a street network that has been unable to meet the additional traffic demands made by incremental development in the area. To address this capacity problem, the City adopted the Evergreen Development Policy in 1976. This policy limited additional residential growth in the area so that the area's traffic circulation system remained at an acceptable level of service. Development in Evergreen was allowed in an incremental, controlled process so that existing transportation facilities maintained a level of service of at least "D" throughout the study area.[23]

ii. Berryessa Evergreen Swap (1980s)

In an effort to address traffic congestion regionally and in the Evergreen area, the City adopted a series of General Plan Amendments in 1980 known as the "Berryessa Evergreen Swap." The Amendments modified the General Plan in two ways:

1. Changed approximately 300 acres in the Berryessa area from industrial park uses to residential uses (as shown by the Berryessa Planned Residential area in Figure 2), and
2. Changed approximately 375 acres of land in Evergreen from low-density residential to campus industrial uses (as shown by the Evergreen Campus Industrial area in Figure 2).

The ESHO site and the adjacent area to the south were designated as Campus Industrial as a result. Because employment uses are disproportionally located in the northern regions of Santa Clara County, the placement of housing in closer proximity to employment uses – and vice versa – was intended to reduce the distance between residents and employers and balance commute traffic patterns.

Since approval of the Berryessa Evergreen Swap, the Berryessa Planned Residential area has been built-out, while minimal industrial development has been constructed in the Evergreen Campus Industrial area. The City has approved, however, several million square feet of industrial entitlements in the Evergreen Campus Industrial area, as described in the Zoning section in the following pages below.

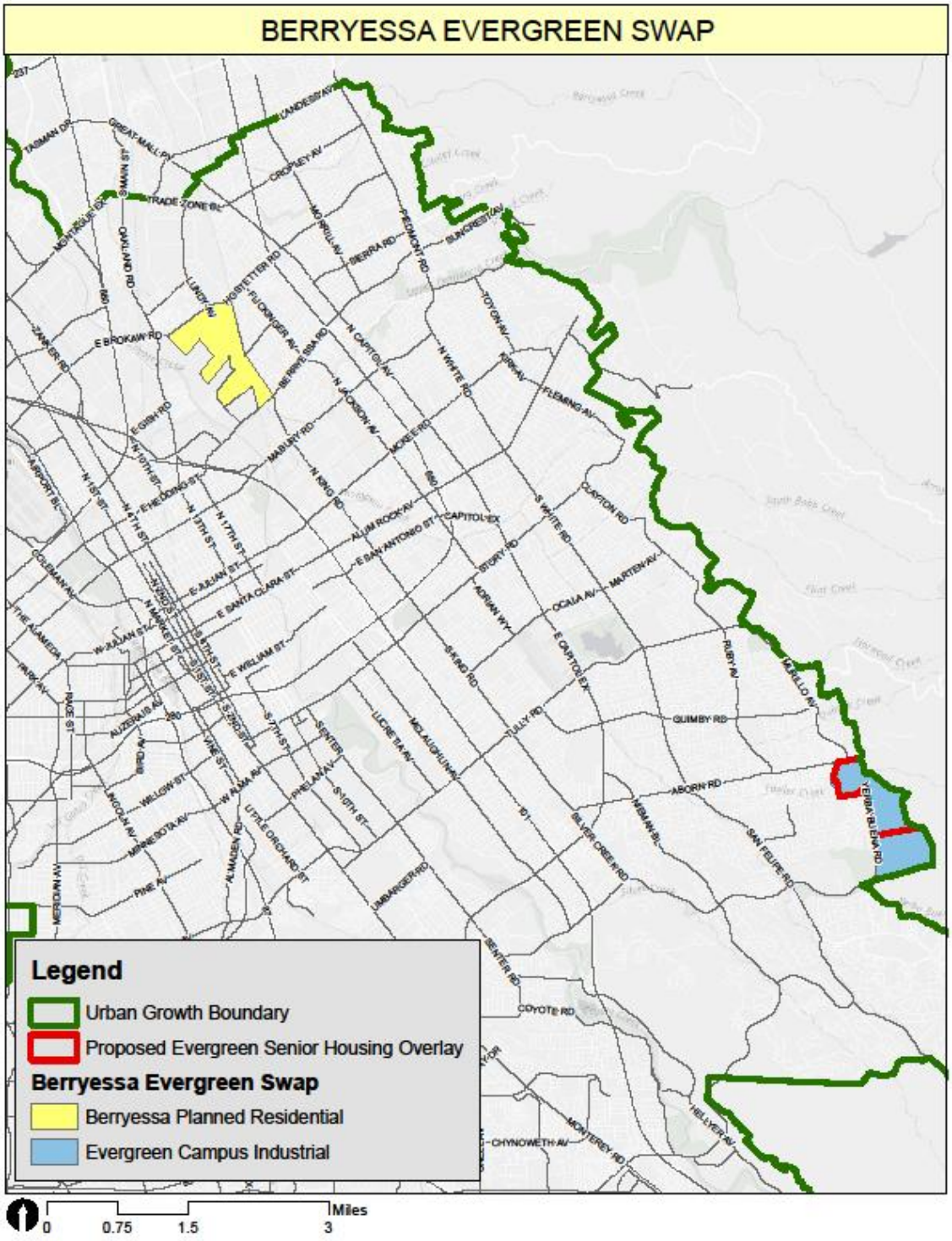
iii. Evergreen Specific Plan (1991)*[24]*

In 1989, City Council adopted an amendment to the City's General Plan which designated 865 acres in the Evergreen area as the "Evergreen Planned Residential Community." With this recommendation came the requirement that a specific plan be prepared and adopted prior to the approval of any development in the area. The Evergreen Specific Plan was adopted in 1991 and planned for the development of 865 acres in Evergreen. This Plan included a Village Center consisting of 150,000 square feet of retail and service space, an on-going vineyard operations center at Mirrassou Vineyards, 2,996 residential units, and

[23] The City's transportation level of service addresses automobile traffic flow and provides mitigation, typically in the form of expanded roadways and intersections, as necessary to accommodate increases in vehicular traffic associated with new development. Roadways with level of service "D" are defined by the City's Level of Service Council Policy as roadways with "significant congestion on some approaches, but intersection is functional. Vehicles required to wait through more than one cycle during short peaks."

[24] For information related to the Evergreen Specific Plan, see the City's website: https://www.sanJoséca.gov/DocumentCenter/Home/View/457

Figure 2: Berryessa Evergreen Swap



various community amenities including two elementary schools, construction of Fowler Creek Park, a new fire station, the preservation of Quimby and Fowler Creeks, improvement of trails systems, and infrastructure improvements. The Evergreen Specific Plan does not include the proposed ESHO site, but is located directly adjacent to the west of the proposed boundary.

iv. Evergreen-East Hills Vision Strategy (2003-2008)

The Evergreen-East Hills Vision Strategy was initiated in 2003 as a comprehensive land use and transportation planning project, including consideration of potential amendments to the Evergreen Development Policy and the General Plan Land Use Diagram. The Evergreen Development Policy was created to address development constraints for the Evergreen area, including unique traffic issues that have strictly limited the area's capacity for residential development. The Evergreen-East Hills Vision Strategy was intended to be a community based planning process to consider the potential for adding residential development capacity within the Evergreen Development Policy area by linking new development to the construction of transportation improvements and community amenities. A key issue for the Evergreen-East Hills Vision Strategy was the consideration of possible conversion of industrial properties within the Evergreen Development Policy area to residential use, which included the proposed ESHO site. The Evergreen-East Hills Vision Strategy process was concluded in 2008 when the City Council updated the Evergreen Development Policy to include a small increment of new housing (500 units) and commercial growth and referred further consideration of land uses within the Evergreen Development Policy area to the Envision San José 2040 General Plan update. The update to the Evergreen Development Policy involved the creation of the Evergreen-East Hills Development Policy, which is described in the Land Use Impacts section below.

v. General Plan Update Process (2008-2011)

During the General Plan update process in 2008, the City Council referred consideration of potential land use changes to the proposed ESHO site, which is within the Evergreen Campus Industrial (ECI) Employment Area, to the General Plan Task Force. The task force discussed the potential conversion of the site to residential uses, as it had been requested by the property owners. The Task Force determined that the Adopted General Plan should maintain these properties for employment use, maintaining the previous General Plan's land use designation for the site. The Task Force emphasized the need for employment lands to accommodate the General Plan's planned job growth and to provide land to accommodate the projected demand for industrial, low-rise office and R&D employment land uses. The Task Force also stressed that adding housing growth to the ECI Employment Area would not further the General Plan's goals because the site lacks access to transit facilities, is an inappropriate setting for mixed-use or more walkable intensified development, and is not a feasible location for new neighborhood-supporting commercial uses.

Land Use Impacts

i. General Plan

California law (Government Code 65300 et seq.) requires every county and city in the state to develop a general plan with policies and objectives to guide land use and development. State law requires that the general plan be comprehensive and long-term, and that all specific plans, zoning ordinances, and other city plans be consistent with the general plan, with some exceptions for Charter Cities.

The City of San José's current general plan, *Envision San José 2040* (Adopted General Plan), was adopted on November 1, 2011. Creation of the Adopted General Plan involved four years of community input and engagement, including the establishment of a thirty-member task force, eight community workshops, multilingual outreach and discussions, stakeholder

meetings, two online surveys, video presentations, activities focused on under-represented youth, a guided task force bus tour, and an overall engagement of thousands of San José residents. This outreach resulted in a document that widely supports the vision of the City and its residents and employees. The Adopted General Plan includes a vision for San José, Major Strategies that build on this vision, and goals and policies to implement the Major Strategies.

San José has progressively used its general plan and associated policies to establish guiding principles for the City's land use decisions and the provision of City services. It embodies the City's identity and economic role, demonstrates environmental leadership and fiscal sustainability, and uses best practices in land use planning to provide opportunities for the City's growth consistent with its other goals. The Adopted General Plan is also intended to be used by all City departments and staff, commissions, and City Council in decision making. The plan serves as a valuable community resource because it provides a guide to developers, property owners, the public, and decision makers about what is important to the people of San José, and where and when development should occur.

One of the items to be analyzed pursuant to Elections Code section 9212 and directed by City Council is the Initiative's effects on the internal consistency of the General Plan. This section discusses whether the proposed ESHSP is consistent with the City's Adopted General Plan. For analysis related to the proposed Citywide Senior Housing Overlay's consistency to the Adopted General Plan, refer to Chapter IV of this report.

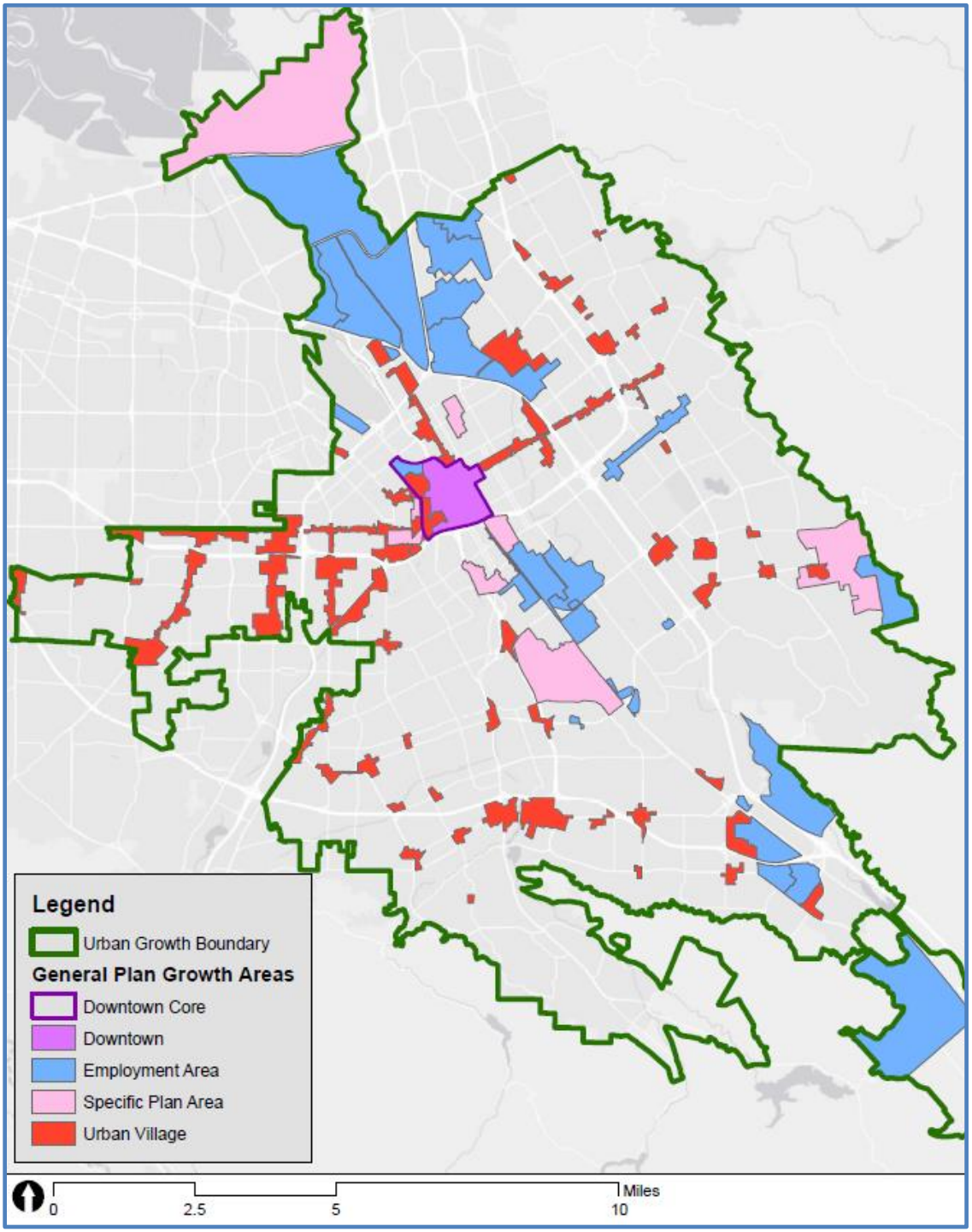
Exhibit H of the Initiative, entitled "General Plan Consistency Chart," provides an analysis, from the proponents of the ballot measure, of how Initiative conforms to the General Plan with Initiative. The 58-page exhibit contains numerous goals and policies of the General Plan as amended by the Initiative and then provides a rationale for why, in the proponent's view, the proposed Initiative is consistent with those goals and policies as amended by the Initiative. There is no discussion and evaluation of how the Initiative changes Major Strategies, goals, and policies of the Adopted General Plan in a manner that is inconsistent with the current Plan. The rationale set forth in Exhibit H of the Initiative is not the opinion of the City or the preparers of this report.

Exhibit H of the Initiative concludes that the proposed ESHSP "is consistent with the General Plan, as amended by the Initiative." The exhibit, however, does not consider how the proposed Initiative conforms to the Adopted General Plan, so it fails to adequately describe major policy changes to and inconsistencies with the Adopted General Plan. When the proposed ESHSP is analyzed for conformance with the General Plan with Initiative, the proposed ESHSP is found to be fundamentally inconsistent with the Adopted General Plan and associated elements including the Planned Growth Areas Diagram, the Land Use/Transportation Diagram, and the General Plan's Major Strategies, goals, and policies.

Planned Growth Areas Diagram

A key strategy of the Adopted General Plan is to focus new growth capacity in specifically identified Growth Areas, while the majority of the City is not planned for additional growth or intensification. This is shown by the General Plan's Planned Growth Areas in Figure 3. This approach reflects the built out nature of San José, the limited availability of "infill" development sites, and the emphasis in the General Plan's vision and goals to reduce environmental impacts while fostering transit use and walkability. In order to accommodate San José's projected population and job growth goals, and better balance its jobs to housing ratio, the Adopted General Plan plans for 120,000 new dwelling units and 382,000 new jobs within Growth Areas.

Figure 3: Adopted General Plan Planned Growth Areas



The ESHO site is located within the Evergreen Campus Industrial (ECI) Employment Growth Area. Generally speaking, Employment Areas are planned to accommodate a wide variety of industry types and forms, including high-rise/mid-rise office or research and development uses, heavy and light industrial uses, and supporting commercial uses. The Adopted General Plan does not support conversion of industrial designated lands to residential uses, and only includes a limited amount of housing growth capacity in Employment Growth Areas. The ECI Employment Area is approximately 370 acres and encompasses the entirety of the 200-acre ESHO site and the industrial lands to the south. The ECI Employment Area plans for 10,000 new jobs and no new dwelling units to the year 2040. The types of jobs envisioned within this area include industrial park uses such as office and research and development.

The proposed ESHSP is inconsistent with the Adopted General Plan's Planned Growth Areas Diagram because it facilitates residential development within a Growth Area that is not designated for residential uses. The ECI Employment Area is planned to help facilitate the development of 3% of the City's planned job capacity to the year 2040; the proposed ESHSP would significantly limit the ECI Employment Area's viability as an employment Growth Area because it would result in development of over half the Growth Area with residential uses. The proposed 910 dwelling units in the ESHSP would be better suited in Growth Areas that are planned for residential growth, such as in the Downtown, already existing Specific Plan areas, and Urban Villages.

Furthermore, the proposed ESHSP would allow 910 residential units in excess of the Adopted General Plan's planned housing yield of 120,000 dwelling units. Residential development in excess of the Adopted General Plan's planned housing yield could affect the City's goal, and associated local and regional benefits, of attaining a jobs-to-employed-resident (J/ER) ratio of 1.1/1 and would result in a reduction of the City's planned J/ER ratio.

Land Use/Transportation Diagram

Another key element of the Adopted General Plan is the Land Use/Transportation Diagram. This diagram provides geographic reference and spatial context to the General Plan's Major Strategies, goals, and policies. The Land Use/Transportation Diagram assigns land use designations to San José properties and illustrates the strong link between the City's land use and the transportation network.[25]

The Land Use/Transportation Diagram land use designation for the ESHO site is Industrial Park. The Industrial Park land use designation is intended for a wide variety of industrial uses such as research and development, manufacturing, assembly, testing, and offices. Areas identified exclusively for Industrial Park uses may contain a very limited number of supportive and compatible commercial uses, when those uses are of scale and design providing support only to the needs of businesses and their employees in the immediate industrial area. The Industrial Park designation supports a floor area ratio (FAR) of 10 and residential uses are not permitted.

The proposed ESHSP is inconsistent with the site's Industrial Park land use designation because the designation does not support residential development. Under the City's typical development review process, a General Plan Amendment would be required on the ESHO site to a land use designation that supports residential uses. Because the Initiative, however, proposes to create a Senior Housing Overlay on the proposed ESHO site, a General Plan Amendment would not be required and the

[25] Refer to the City's website for the Envision 2040 Land Use/Transportation Diagram: http://www.sanJoséca.gov/DocumentCenter/View/7461

proposed ESHSP would be able to move forward.

Major Strategies, Goals, and Policies

The Adopted General Plan includes 12 Major Strategies that directly inform the Land Use/Transportation Diagram, goals, policies, and action items to guide the physical development of San José and the evolving delivery of City services. The 12 interrelated and mutually supportive strategies are considered fundamental to the achievement of the City's vision and together promote the continuing evolution of San José. The Adopted General Plan furthers the Major Strategies through the realization of its goals and policies. The Adopted General Plan prioritizes conformance to Major Strategies above conformance to individual goals and policies; as such, the Initiative is analyzed for conformance in this manner.

Appendix 7 of this report provides a comprehensive analysis of the proposed ESHSP's consistency with the Adopted General Plan's Major Strategies, goals, and policies. As shown by Appendix 7, the proposed ESHSP is fundamentally inconsistent with the Adopted General Plan's Major Strategies and numerous goals and policies. While the proposed ESHSP is consistent with a limited number of goals and policies, this conformance does not outweigh the substantial inconsistencies with the Major Strategies, goals, and policies of the Adopted General Plan.

The proposed ESHSP is inconsistent with five Major Strategies, and both inconsistent and consistent with the Measureable Sustainability/Environmental Stewardship Major Strategy; the remaining six strategies are not relevant to the proposal. The proposed ESHSP is inconsistent with strategies that seek to effectively engage the community; focus new job and housing growth within designated Growth Areas; preserve and enhance the City's limited employment lands; substantially increase the number of jobs in San José; place new housing growth within mixed-use, pedestrian-oriented, and transit integrated Urban Villages; and make land use decisions that promote the City's fiscal health.

The goals and policies that the proposed ESHSP is consistent with relate to project-level policies that focus on the design of the development including green building, sustainable and attractive development, quality architectural design, provision of adequate parking, and the facilitation of housing. The concept, however, of placing 910 residential units within a designated Employment Growth Area is substantially inconsistent with the City's broader long-range vision and policies, and heavily outweighs the benefits of providing attractive and sustainable design.

The Initiative proposes amendments to address these inconsistencies, essentially by exempting the ESHO site from the strategies, goals, and policies in the Adopted General Plan with which it conflicts. As detailed below, these numerous amendments do not change the fact that the ESHO is fundamentally inconsistent with the Adopted General Plan. Moreover, as a legal matter, it appears to be an open question, whether such fundamental inconsistencies can be resolved in this manner. *Sierra Club v. Kern County* discusses that the carte blanche exemption approach to resolving inconsistencies as unlawful "precedence clauses."

i. Area Development Policies

Area development policies are used by the City to establish special traffic level of service standards for a specific geographic area and identify transportation impacts and mitigation measures and/or off-setting improvements. Area development policies are designed for areas that are envisioned and planned by the City for intensive development growth, and are designed to mitigate or off-set associated development impacts.

The proposed Evergreen Senior Homes Specific Plan (ESHSP) is located within the Evergreen-East Hills Development Policy

(EEHDP) area. Due to heavily congested roadways within the Evergreen area, the City Council adopted the EEHDP in 2008 to specifically allow a limited increase in new residential, commercial, and office development in the Evergreen-East Hills area. The EEHDP intends to promote the long-term vitality of the Evergreen-East Hills Area by linking together limited new development with supporting transportation infrastructure. In exchange for enabling more development capacity, the EEHDP provides a mechanism to require proportionate traffic impact fees in order to construct transportation system investments.

The EEHDP sets a capacity for 500 new residential units, 75,000 square feet of office, and 500,000 square feet of retail. The residential capacity is held in a "pool" that may be allocated to any property within the EEHDP boundary, and is split into two categories: Small Projects and Large Projects. Small Projects are residential developments that are 35 units or fewer in size, and are allowed a minimum of 70 percent (350 units) of the total residential capacity; Large Projects are residential developments more than 35 units in size, and are allowed a maximum of 30 percent (150 units) of the total residential capacity. Residential development seeking to qualify as a Large Project must also meet the affordable housing or mixed-use requirements set forth by the EEHDP.[26] The EEHDP does not allow additional residential development beyond the 500 unit capacity. At the time of this report's final draft, the EEHDP's remaining capacity included 206 residential units (43 Large Project units, 163 Small Project units), 24,611 square feet of office, and 84,369 square feet of retail. The City, however, is reviewing several development proposals that would utilize the remaining commercial and office capacities upon their approval.

From a land use perspective, the proposed ESHSP does not conform to the current EEHDP (without the Initiative changes) because the proposed 910 dwelling units exceed the maximum residential capacity set forth by the EEHDP. Under the existing EEHDP, the maximum residential allocation possible on the proposed ESHO site is 43 units as long as the development meets the Large Projects requirements. If the Large Project requirements are not met, a maximum of 35 units would be available.

It should also be noted that the Initiative proposes to amend the EEHDP to exempt senior housing pursuant to the Senior Housing Overlay from paying the City's traffic impact fee for improvements in the Evergreen area.

ii. Zoning

Current Zoning

The proposed 200-acre ESHO site currently consists of two zoning districts that entitle a total of two million sq. ft. of campus industrial uses. The portion of the proposed ESHO site north of Fowler Road is zoned A(PD) [27], and was rezoned in 1981 (File No. PDC81-017) to allow the construction of two million sq. ft. of campus industrial park uses with a four to five acre public park over 200 acres (see Figure 4). The proposed primary uses include corporate administrative and business offices, research and development and assembly facilities for electronic products. Secondary uses would include conference, recreational, dining, and training and lodging facilities for the use of employees and business invitees of the project. On March 2, 1982, City Council approved a Planned Development Rezoning (File No. PDC82-006) for the same site that altered the park size from four to five acres to three acres, with "all other respects identical with Rezoning File No. PDC81-017." File No. PDC82-006 established development standards that out of the total 200 acres, 38 acres are dedicated for building coverage

[26] For information related to Large Project requirements, see page 27 of the EEHDP: http://www.sanJoséca.gov/DocumentCenter/Home/View/661

[27] A(PD) is one of the City's Planned Development Zoning Districts

with the remaining acreage dedicated for open space, parking and circulation, public streets, and the three acre park site.

The portion of the proposed ESHO site south of Fowler Road is zoned PD Planned Development, approved by File No. PDC98-035 in 1999 (see Figure 4). This Planned Development Zoning rezoned File No. PDC82-006 for the portion south of Fowler Road to allow for 1,532,606 sq. ft. of campus industrial uses on 107 acres. Primary uses permitted under this zoning district include corporate, administrative, and business offices; research and development facilities; and product manufacturing and assembly facilities, including indoor storage of raw materials and finished products. Secondary uses permitted include recreational facilities for the exclusive use of employees or visitors, conference and training facilities including overnight lodging, and restaurants, cafeterias and other eating facilities for the use of employees and visitors. Building heights are limited to 45 feet with a floor area ratio (FAR) of 0.4 (net acreage).

Figure 4: Evergreen Senior Housing Overlay Zoning Districts

At the time of approval of the original rezoning (File No. PDC82-006), City staff stated that implementation of the Planned Development zoning districts would benefit the City in the following ways:

1. Help to redress the jobs-housing imbalance both by adding jobs and removing 200 acres from the potential supply of residential land
2. Help to alleviate both citywide and Evergreen transportation problems by:
    a. Providing jobs close to housing
    b. Allowing reverse commutes
    c. Providing improvements to the Evergreen transportation network
3. Generate substantial tax revenue for the City
4. Reduce the load on city facilities by providing recreation facilities for its employees
5. Make a positive contribution to the City's image
6. Provide a new public park

Initiative Zoning

The Initiative proposes to rezone the proposed ESHO site to the Specific Plan Zoning District to allow development of up to 910 residential units for senior citizens. The Specific Plan Zoning District permits uses as defined in the applicable specific plan; for the proposed ESHO site, permitted uses are defined by the proposed ESHSP. The proposed ESHSP would permit the following uses:

- One-family, two-family, and multiple family dwellings;
- Residential care facilities, six or fewer persons;
- Residential accessory uses;
- Private clubs and lodges, swim and tennis clubs;
- Public/quasi-public and assembly uses;
- Farmers markets, neighborhood agriculture, and outdoor vending;
- Transportation and utility uses;
- Electrical power generating uses; and
- Passive open space uses.

The proposed ESHSP does not conform to the existing Planned Development zoning districts as the existing zoning districts do not allow residential development, and many of the other proposed uses. While the proposed ESHSP and associated rezoning propose to provide up to 910 residential units for seniors, most benefits identified by staff during rezoning of the site in 1999 would not be achieved.

Impacts to Housing Capacity and Affordability

The City's housing policies and ordinances address the supply of housing and the affordability of housing for specific income groups. In addition, the City's housing plans and policies are part of the regional planning framework concerning the balance between housing and job opportunities as it relates to regional transportation, air quality and climate change planning.

i. Consistency with the Housing Element

Housing Capacity

The Housing Element is one of the seven State-required components of local General Plans. The State requires that all cities'

Housing Elements must be updated on a regular basis and reviewed by the Department of Housing and Community Development (HCD) for compliance with State law. San José's Housing Element (Chapter 7 of the City's General Plan) was last updated and approved by HCD on April 30, 2015.

The Housing Element requires jurisdictions to plan for their share of regional Housing needs across all income levels. This "fair share" is calculated by the State and assigned to each City and County in California and is also known as the Regional Housing Needs Allocation or RHNA. San Jose's current RHNA goal calls for the construction of 35,080 affordable and market rate residential units between 2014-2023. The Housing Element must demonstrate the City has zoned sufficient sites to accommodate the RHNA goals. The Adopted General Plan supports the development of up to 120,000 new dwelling units through 2040, which meets and exceeds the residential growth called for under the City's current and projected RHNA goals for the same period. A list of adequate housing sites to accommodate the 35,080 units in the current RHNA cycle can be found in Appendix A of the Housing Element.

Housing Affordability

Many seniors are not housing cost burdened, meaning they do not pay more than 30% of their income on housing. In 2010, approximately 72% of senior (65+) householders in San José owned their own home, and two thirds of those householders spent less than 30% of their household income for housing.[28] In contrast, seniors who rented were much more likely to spend more than 30% of their income toward housing. The proposed ESHSP proposes to create mostly market rate rental senior housing which may be challenging to afford for seniors who rent in San José.

Seniors who are able to afford market-rate housing are relatively well served through the City's current progress in market-rate housing development. Table 4 below shows the City of San José's housing production over the past five years. The amount of market rate housing production has consistently exceeded the annual RHNA-housing goals during this period. The production of affordable deed-restricted housing has fallen significantly below the amount needed to reach the RHNA goal. There is a great need to build deed restricted affordable housing for residents with annual household incomes below $84,900 (the income needed to afford the average one-bedroom apartment in San José in Q3 of 2017).

Table 4: City Of San José Housing Production vs. Annual RHNA Goals

Income Category	2012 Actual	% of Goal	2013 Actual	% of Goal	2014 Actual	% of Goal	2015 Actual	% of Goal	2016 Actual	% of Goal
Affordable Housing *	495	18%	494	18%	506	21%	70	3%	314	13%
Market Rate	3,097	140%	3,211	145%	3,954	245%	1,950	121%	1,774	110%
All Housing	3,592	72%	3,705	75%	4,460	112%	2,020	51%	2,088	52%

** Affordable to annual household incomes below $84,900, the income needed to afford the average one-bedroom apartment in San José in Q3 of 2017.*

[28] City of San José Housing Element (III-22)

Special Needs Housing

The Housing Element recognizes seniors as one of several special needs housing groups including persons with disabilities, large families, female-headed households, and unsheltered individuals. Seniors and young adults represent the first and second largest projected growth segments in San José over the next 20 years.[29] The Housing Element also found that seniors are not a monolithic group and that their housing needs are likely diverse. Some seniors wish to "age in place" while others need specialized care via assisted living.

While the Initiative emphasizes the importance of accommodating the housing needs of seniors, it is not clear how the Initiative would ensure that the proposed ESHSP would actually house seniors or for how long. The Initiative mentions that Homeowners Associations could establish Covenants, Conditions, and Restrictions (CC&Rs) to enforce senior restrictions, but it is not clear that such CC&Rs would be mandated under the Initiative. The City would need to monitor housing built under this initiative to make certain it is senior owned and occupied. City staffing to monitor and enforce the senior restriction would require additional funding.

ii. State and Regional Land Use and Transportation Plans

The location of housing is important because it impacts commute patterns, traffic congestion, and the level of greenhouse gases that are emitted. The 2014-22 Regional Housing Needs Assessment (RHNA) incorporates a comprehensive approach towards the integration of land use and transportation to meet environmental sustainability goals set by The Global Warming Solutions Act of 2006, or Assembly Bill 32 (AB 32)[30], and the Sustainable Communities and Climate Protection Act, or Senate Bill 375 (SB 375)[31]. Under SB 375, housing allocations must be consistent with regional plans that direct growth into infill areas near transit to reduce traffic and vehicle miles traveled. The adopted General Plan's Growth Areas are largely consistent with Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) "Priority Development Areas," thus the proposed ESHSP is inconsistent with Plan Bay Area because it would build housing outside of adopted "Priority Development Areas."

iii. Senior Housing

Nearly half of seniors in San Jose are not housing cost burdened, meaning they do not pay more than 30% of their gross income on housing and do not have a financial hardship caused by housing cost. The City has produced enough housing to meet the need of seniors who are able to afford market rate housing. Seniors with the greatest housing need are those who rent and are much more likely to spend more than 30% of their income toward housing,[32] yet the Initiative proposes to create mostly market rate for sale senior housing on the ESHO site. There is a great need to build deed restricted affordable housing for residents with annual household incomes below $84,900 for a family of four (the household income to afford the average one-bedroom apartment in San José in Q3 of 2017). The Initiative also states that it will include affordable housing, but it affordable units are proposed to charge higher rents than what is currently required by the City's existing Inclusionary Housing Ordinance. Moreover, it is not clear what, if any, deed restrictions will be used to ensure the housing stays affordable forever, or at least long-term (fifty-five years is the standard term for most affordable housing in San José according to the Health and

[29]City of San José Housing Element (Chapter II-6).

[30] Assembly Bill 32: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=200520060AB32

[31] Senate Bill 375: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=200720080SB375

[32] City of San Jose 2014-2023 Housing Element, Chp III-22, Table III-17, Housing Affordability for the Elderly/Seniors, 2010

Safety Code). The City will also need to adopt policies to enforce the senior housing overlay and require deed restrictions as a condition of approval of the project to ensure projects house seniors and produce affordable housing. Without this agreement, the Initiative by itself will not ensure that its proposed project or any future project developed under the senior housing overlay will house seniors and veterans or produce affordable housing.

iv. Veterans Housing Preference

The Initiative purports that it will provide a preference for housing for veterans to the extent authorized by law, but includes no plan or rules regarding the Initiative's veterans' housing preference.

The Unruh Civil Rights Act (California Civil Code sections 51 et seq.) prohibits discrimination in "all business establishments," including housing operated by both for-profit and non-profit housing providers. The Act prohibits discrimination on the basis of sex, race, color, religion, ancestry, national origin, and disability. California Courts have interpreted this law broadly to prohibit all arbitrary discrimination, regardless of whether the discrimination is one of the listed categories in the statute, to include students, persons in particular occupations, and children. The Unruh Act provides an exception for senior housing meeting very specific requirements. There is no such exception in the Unruh Act for a veteran housing preference

If an individual housing provider gives veterans preferential treatment in housing opportunities, that preference may result in an unlawful disparate impact if it operates to exclude women or certain racial or ethnic groups. The housing provider will have to demonstrate that (1) it has a business necessity for the preference, and (2) the preference effectively carries out the purpose it is intended to serve. A housing preference for veterans may withstand a disparate impact claim if the veterans preference program is based upon and advances strong public policy goals, such as reintegrating military families into the community or providing homes for homeless veterans given the high rates of homelessness among veterans. According to a 2002 Housing and Urban Development publication, 23% of homeless men are veterans while veterans comprise only 9-10% of the general population.

Housing providers who establish a veterans housing preference should link the preference to significant policy goals and to their organization's purpose, and should provide access to services and supports that further these goals in order to overcome potential claims of disparate impact under the Unruh Act.

The Initiative provides no information – other than the veterans housing preference will be to the extent allowed by law -- about how it will provide veteran housing in order to assess whether the veterans housing preference is lawful and viable. With regard to the Evergreen site, there is no information in the Initiative about the veterans preference on that site. Instead, if the Initiative were adopted by the voters, the Specific Plan for the Evergreen site approves primarily market-rate dwellings with a fraction of affordable units that are unlikely to serve the homeless veteran population or unemployed or under-employed veterans who are unable to afford even the income restricted units. Absent any information in the Initiative regarding veterans housing preference requirements and goals, including how the veterans preference is to be implemented and by whom, it is unclear how this broad provision in the Initiative would be translated into a requirement upon private developers of senior housing under the Initiative.

v. Inclusionary Housing Ordinance

San José's Inclusionary Housing Program

On January 12, 2010, the San José City Council adopted a Citywide inclusionary housing program via Ordinance No. 28689 (the Ordinance), to enhance the public welfare by establishing policies which require market-rate developments to provide

housing affordable to households of very low, lower, and moderate incomes. In order to meet the City's regional share of housing needs and implement the housing element's goals and objectives, developers of market rate residential developments may satisfy the requirements of the ordinance through eight options. The Initiative states that 20% of the housing units developed on the proposed site will be affordable. Although these affordable units are proposed, the level of affordability required is not fulfilled through the affordable units the Initiative proposes. For example if the project is rental, it would need to provide affordable units at a deeper level of affordability according to the current San Jose Inclusionary Housing Ordinance. For the purposes of this analysis, it is assumed for the sake of comparison between the current Inclusionary Housing requirements and the Initiative that the proposed Specific Plan would construct affordable housing off-site. The reason for assuming the ESHSP is pursuing only an off-site option to providing affordable housing is because the number of units proposed in the ESHSP resembles the number of units required under the San Jose Inclusionary Housing Ordinance. The ESHSP does not specify where these affordable units will be located or if they will be integrated within the same buildings as the market rate units, so this is another set of reasons why off-site is more likely the option the ESHSP is proposing. As the following analysis shows (in more detail on page 49 of this report) although these units are being proposed as affordable, the ESHSP does not satisfy the requirements under San Jose's current Inclusionary Housing Ordinance:

For the purposes of background and the analysis to follow, it is assumed the proposed ESHSP is referring to the following build off-site option:

20% Build Off-Site – Developers who select to build off-site to satisfy the requirements of the Ordinance must build and transfer or lease a number of homes/apartments built at an alternate location within San José.

a. **For Sale** – At least 20% of the homes built within a project as affordable to those households earning no more than 110% of the Area Median Income (AMI) determined by family size. Such homes may be sold to households earning no more than 120% of the AMI.
b. **Rental** – Developers who elect to build off-site must build and rent at least 20% of the apartments built within their Residential Development. 12% of the apartments in the Residential Development shall be made available for rent at an Affordable Housing Cost to Low Income Households (60% of the Area Median Income), and 8% of the apartments in the Residential Development shall be made available for rent at an Affordable Housing Cost to Very Low Income Households (50% of the Area Median Income).

Application of Inclusionary Housing Ordinance to the Proposed ESHSP

The City's goal is to ensure that the Inclusionary Housing Ordinance's requirements are considered early in the planning process. Prior to the approval of any final or parcel map, or the issuance of any building permit for a project subject to the Ordinance, the City and Developer will execute an Inclusionary Housing Agreement (also referred to as an Affordable Housing Agreement). The Inclusionary Housing Agreement will then be recorded against the entire Residential Development and any other property used to meet the requirements of the Ordinance. The Inclusionary Housing Agreement is a covenant running with the land, requiring the affordable units, and describing how the project's inclusionary housing obligation will be satisfied. If affordable units are proposed to satisfy the inclusionary housing obligations, this would also be recorded on the deed to the property. While the Initiative aims to impose an inclusionary housing requirement, the proposed project does not specify how it will satisfy the City of San José's Inclusionary Housing Ordinance or comply with Housing's development review process, including executing an Inclusionary Housing Agreement.

Calculation of Affordable Housing Units

If approved, the proposed ESHSP will allow up to 910 detached and attached senior residential units in a variety of configurations to be built. When trying to determine which type of affordable units need to be provided to satisfy its

Inclusionary Housing obligations, it is important to look at the tenure and type of the market-rate development. The Tenure of housing refers to whether the units are rental or for-sale and the type of affordable housing refers to level of affordability. The proposed ESHSP suggests that residential units may include both rental units and for-sale units. At the time of submitting their planning applications, the development applicant may elect which units will be rental or for-sale and their selected option to comply with the Inclusionary Housing Ordinance.

The level of affordability required of the inclusionary units provided varies depending on the tenure. As a result, the following analysis is also broken up by tenure, assuming the project in its entirety is one tenure, all Rental or all For-Sale. If the developer proposes a split of Rental and For-Sale, then the calculations of inclusionary units will be done independently upon its tenure since there is a variation of percentage and levels of affordability required under each. To calculate the level of affordability, the Area Median Income or AMI, must be taken into account, meaning an evaluation of the annual median income for Santa Clara County, adjusted for household size. Table 5 shows the relevant income levels by unit size.

Table 5: Santa Clara County Income Limits Based on State HCD Hold Harmless Limits, 2017

% of AMI Income Level	HCD Income Limits				
	Efficiency	1BR	2BR	3BR	4BR
120%	$95,150	$108,750	$122,350	$135,950	$146,850
110%	$87,230	$99,715	$112,145	$124,630	$134,585
100%	$79,300	$90,650	$101,950	$113,300	$122,350
80%	$59,400	$67,900	$76,400	$84,900	$91,650
60%	$50,160	$57,360	$64,500	$71,640	$77,400
55%	$45,980	$52,580	$59,125	$65,670	$70,950
50%	$41,800	$47,800	$53,750	$59,700	$64,500

Source: City of San Jose Housing Department

According to San José's Inclusionary Ordinance, if the project is rental and is proposing to build the 182 affordable units, 91 of those affordable units need to be made available for rent at an Affordable Housing Cost, consisting of twelve percent (12%) available for rent at an Affordable Housing Cost to Low Income (60% AMI) Households and 61 of those affordable units or eight percent (8%) need to be made available for rent at an Affordable Housing Cost to Very Low Income (50% AMI) Households.

However, the proposed Initiative states instead that if the project tenure is Rental, then twenty percent (20%) of the total Dwelling Units in the Residential Development shall be made available for rent at an Affordable Housing Cost, consisting of fourteen percent (14%) available for rent at an Affordable Housing Cost to Moderate Income Households (80% AMI - affordable to those households earning no more than 50 percent of AMI) and six percent (6%) available for rent at an Affordable Housing Cost to Very Low Income Households. (See upper part of Table 6 for each rental scenario).

Although the Initiative is proposing more affordable units in the Moderate AMI category, the Initiative is not providing the Low Income affordable units as required by the San José's Inclusionary Housing Ordinance or providing sufficient units in the Very Low Income category. The proposed amendments to the City of San José Municipal Code would undermine and lessen the impact of the Inclusionary Housing Ordinance and would provide housing at shallower levels of affordability then the current Inclusionary Housing Ordinance requires.

If the project tenure is For-sale, the Evergreen Senior Homes Initiative proposes twenty percent (20%) of the total Dwelling Units in the Residential Development shall be made available for purchase at an Affordable Housing Cost to households earning no more than one hundred twenty percent (120%) of the area median income (see lower part of Table 6). Under the procedures stipulated by the City Inclusionary Ordinance, the affordable units would be calculated as a percent of the market rate units, not the entire development. This results in a lower affordable unit count of 152 units.

Table 6: City Inclusionary Housing Requirements for ESHSP Rental Housing Scenarios

Income Category	ESHSP Proposed Changes		San Jose Program Requirements		Affordable Units not built if the Proposed Specific Plan is Approved
Rental Scenario (910 Total Units)					
Moderate (80% AMI)	14%	127	-	-	-
Low (60% AMI)	-	-	12%	91	91
Very Low (50% AMI)	6%	55	8%	61	6
For Sale Scenario (910 Total Units)					
Market Rate Units	80%	728	80%	758	-
Affordable Units (Moderate - 120% AMI)	20%	182	20%	152	-

Source: City of San Jose

Process Requirements of the Inclusionary Housing Ordinance

The City's goal is to ensure that the Inclusionary Housing Ordinance's requirements are considered early in the planning process. Prior to the approval of any final or parcel map, or the issuance of any building permit for a project subject to the Ordinance, the City and Developer will execute an Inclusionary Housing Agreement (also referred to as an Affordable Housing Agreement). The Inclusionary Housing Agreement will then be recorded against the entire Residential Development and any other property used to meet the requirements of the Ordinance. The Inclusionary Housing Agreement shall be a covenant running with the land, requiring the affordable units, and describing how the project's inclusionary housing obligation will be satisfied. If affordable units are proposed to satisfy the inclusionary housing obligations, this would also be recorded on the deed of the property.

Proposed Initiative

The Initiative proposes to adopt its ESHSP, which would authorize up to 910 residential units on the 200-acre site. The ESHP states that 20% of the housing units developed on the proposed site will be affordable. The Initiative seeks to achieve this by creating an alternative Inclusionary Housing requirement for housing built under the proposed Citywide Senior Housing Overlay. As discussed above, the ESHP and the Initiative's amendments to the Municipal Code would allow for less affordable units than what is currently required by the City's existing Inclusionary Housing Ordinance.

Although the proposed ESH states that development on the ESHO site will include affordable housing, it is not clear that deed restrictions will be used to ensure the housing is affordable for at least fifty-five years (the standard term for most affordable housing in San José according to the Health and Safety Code). The absence of a long term affordability mechanism in the proposal may result in housing primarily for seniors with incomes above $84,080 or with sufficient assets to purchase a

market-rate home in cash.

An important related issue stems from the future resale of affordable homes. Under the Inclusionary Housing Ordinance, the City receives a portion of the sales proceeds when an inclusionary home is resold. The City collects these funds and reinvests them into new affordable housing developments in San José, thereby mitigating the loss of the resold affordable home through new development. Since the proposed Initiative would not be subject to the Inclusionary Housing Ordinance, the For-Sale affordable homes that are currently proposed would be lost over time, when resold. Without the Inclusionary Housing Ordinance, no resale controls will be in place to collect revenue from the sale proceeds, therefore resulting in a net loss of affordable housing units.

While the Initiative aims to impose an inclusionary housing requirement, the proposed project does not specify how it will satisfy the City of San José's Inclusionary Housing Ordinance or follow the regular development approval process, including executing an Inclusionary Housing Agreement. The Initiative also proposes that the Specific Plan for the Residential Development may specify its own standards for the development of the affordable units, including the timing of construction, requirements of location, amenities, and square footage and bedroom count. As proposed in ESHSP (page 2-18), the proposed Inclusionary Units in the Specific Plan do not need to be constructed concurrently with the Market Rate units. This poses a great challenge to implementation of San Jose's Inclusionary Housing Ordinance because this would eliminate the requirement to concurrently build affordable units with market rate units. Under the current San Jose Inclusionary Housing Ordinance, all required Inclusionary Units shall be made available for occupancy concurrently with the Market Rate Units. The initiative eliminates this requirement and thus results in no guarantee that affordable units will be complete concurrently with market rate units (Chapter 5.08, Section 5.08.460).

Additionally, San José's Inclusionary Housing Ordinance requires that the multifamily Inclusionary Units shall be located throughout a site so as not to create a geographic concentration of Inclusionary Units within the Residential Development. The Inclusionary Units shall have the same amenities as the Market Rate Units, including the same access to and enjoyment of common open space and facilities in the Residential Development. The Inclusionary Units shall also have a comparable square footage and the same bedroom count ratio as the Market Rate Units. By allowing the proposed Specific Plan to specify its own standards for the Inclusionary Units, this initiative would alter the existing requirements of the Inclusionary Housing Ordinance and it would be difficult for the City to ensure that these standards would be followed because the development project under this proposed Specific Plan would be operating outside of the current San José Inclusionary Housing Ordinance.

In conclusion, the impacts of the Initiative and ESHSP are summarized below:

1) As mentioned in an earlier section on Senior Housing and also reinforced through this Inclusionary Housing section, to ensure that housing is restricted for seniors (either affordable or market rate), the City would need to establish a condition of approval for subsequent permits. The condition would require an agreement with the City to implement the proposed Senior Housing Overlay land use designation and Evergreen Senior Homes Specific Plan in the manner contemplated by the Initiative
2) As mentioned in an earlier section on Veterans Housing and also reinforced through this Inclusionary Housing section, the Initiative provides no information – other than the veterans housing preference will be to the extent allowed by law -- about how it will provide veteran housing in order to assess whether the veterans housing preference is lawful and viable.
3) As described in the Inclusionary analysis mentioned in this chapter, if the proposed project is Rental, the proposed number of affordable units and affordability levels are not consistent with San José's Inclusionary Housing

Ordinance. Also in order to meet the affordability obligations of the current San José Inclusionary Housing Ordinance, if the proposed project is rental, it would also need to provide units at a deeper level of affordability.

4) As described in the Process Requirements of the Inclusionary Housing Ordinance section of this chapter, this proposed specific plan and project does not follow the development review process within the Department of Housing. To fully satisfy the San Jose Inclusionary Housing Ordinance, housing deemed as affordable needs to be deed restricted and codified through an Inclusionary Housing Agreement which is recorded on the property.
5) Since the proposed Initiative would not be subject to the Inclusionary Housing Ordinance, if the proposed development project is For-Sale, the affordable homes that are currently proposed in the Specific Plan would be lost over time, when resold. Without the Inclusionary Housing Ordinance and recorded agreements to codify the Inclusionary obligations, no resale controls will be in place to collect revenue from the sale proceeds, therefore resulting in a net loss of affordable housing units. Also if For-Sale, this would require annual monitoring, reports on compliance from the developer/owner or Homeowners' Association, and would run with the land for as long as the project remains a senior housing project per the approved specific plan.

The proposed Evergreen Senior Homes Specific Plan changes key components of the Inclusionary Housing Ordinance, including but not limited to: the timing of construction, requirements of location, amenities, and square footage and bedroom count requirements. Unlike the current Inclusionary Housing Ordinance, which requires that affordable units be constructed at the same time as market-rate units, the Initiative amends the Inclusionary Ordinance to remove that requirement. As a result, if the Initiative is adopted by the voters, affordable units may be constructed last after all market rate units are completed, with no concurrent construction requirement of when the affordable units must be completed there is no guarantee that the affordable units will be built. Therefore, the affordable units may not be timely constructed because the land may remain vacant indeterminately.

2. Agricultural Lands and Revitalization Areas

This section evaluates the proposed ESHSP's potential impact on agricultural lands and developed areas designated for revitalization.

Agricultural Lands

The ESHO site is not designated nor used for agricultural uses, nor are the properties adjacent to the site. Thus, the proposed ESHSP would not have a direct impact on agricultural uses.

Developed Areas Designated for Revitalization

Prior to the state's dissolution of redevelopment agencies in 2011, San José focused revitalization efforts in designated Redevelopment Areas throughout the city. Post 2011, the City focuses redevelopment efforts within the Adopted General Plan's Growth Areas, including Employment Areas and Urban Villages. As stated previously, the proposed ESHSP is located within the ECI Employment Area. The proposed ESHSP would develop up to 910 senior housing units in an area designated for Campus Industrial uses, limiting the ECI Employment Area's ability to attract and retain businesses and employment. The proposed ESHSP would not revitalize the ECI Employment Area as envisioned by the Adopted General Plan.

3. Economic Development

This section of the report discusses the potential impact of the proposed Initiative on job growth and prospects for economic development in San Jose. The discussion begins with a review of market conditions of the types of business uses planned for the Evergreen ECI site and the number of jobs that would be affected by the proposed Initiative. Finally, the section discusses the implications of converting the Evergreen site from jobs to housing on the City's jobs/housing goals and the ability of the City to attract other economic development to the Evergreen area.

Market Analysis

Table 7 below includes current inventory and vacancy information for the South San Jose Industrial, R&D, and Office building stock. The South San Jose market data is derived from a larger geographic area beyond Evergreen and includes data from the Edenvale area as well. The South San Jose market benefits from a reverse commute, a rural landscape, and relatively low rents, making it an attractive location for companies. The Industrial South San Jose market, similar to other areas of the City, is experiencing very low vacancy rates. R&D and Office vacancies have decreased from the previous year. The Industrial market has the same average asking rate compared the San Jose's citywide asking triple net (NNN) rate which is the advertised per square foot lease rate, both at $0.89 per square foot per month. The NNN lease rate is the lease structure where the tenant is responsible for paying all operating expenses associated with a property The other market segments in R&D and Office in South San Jose have lower average asking rates than most areas of San Jose. Additionally, R&D vacancy decreased between the second and third quarter of 2017. This decrease in vacancy is attributed to the recent sale of the former Hitachi campus, site that is developed with a 464,000 square foot building, which shares the proposed Evergreen Senior Homes Specific Plan's southern boundary. The Shanda Group, a Chinese investment company, purchased the site.

Table 7: South San Jose Market Conditions

Building Typology	Inventory Base	Q3-17 Vacancy	Q2-17 Vacancy	Q3-16 Vacancy	Q3-17 Avg Asking Rate (NNN)
Industrial	24,344,144 sq ft	3.60%	4.1%	3.1%	$0.89
R&D	10,693,844 sq ft	14.40%	18.8%	16.2%	$1.41
Office	10,826,940 sq ft	4.30%	3.7%	10.5%	$2.16

Source: Cushman & Wakefield Third Quarter 2017 Market Report`

Employment

The 200-acre ESHO site is currently zoned for two million square feet of industrial park development, which would support approximately 5,000 jobs on-site based on a jobs density of one job per 400 square feet assigned to Campus Industrial jobs in the General Plan.

Jobs Multiplier

Economic activity, including housing, creates not only direct jobs in businesses on the site, but also supports other jobs and

business revenues through buyer/supplier transactions and employee spending in retail and services outlets. These additional business effects are referred to as economic multipliers. These multipliers can be applied to the construction phase projects as well as the on-going operations of projects. As described in greater detail in the Fiscal Analysis Technical Report prepared by ADE (Appendix 4) and shown in Table 8 below, the construction of senior housing project will yield 273 more construction jobs onsite as well as more indirect and induced jobs for a total of 776 more jobs citywide for the 5 year life of the construction phase, than the campus industrial construction project. The senior housing project would result in $48.6 million more in payroll for the construction phase than the campus industrial project.

Table 8: Construction Phase Economic Impacts

	Direct Effect	Indirect Effect	Induced Effect	Total Effect	Multiplier
Campus Industrial Construction					
Employment	2,086.1	275.3	787.3	3,148.7	1.51
Labor Income	$189,068,866	$24,528,921	$54,189,730	$267,787,516	1.42
Output	$307,800,000	$48,830,293	$125,770,934	$482,401,234	1.57
Senior Homes Construction					
Employment	2,359.5	600.7	964.3	3,924.5	1.66
Labor Income	$209,102,053	$40,382,951	$66,931,560	$316,416,565	1.51
Output	$438,414,298	$85,660,681	$153,046,713	$677,121,692	1.54

Source: ADE, Inc.; data from IMPLAN Pro

After construction, during the operations phase of both projects, the campus industrial project will yield 5,000 jobs on site and 11,875 indirect and induced jobs elsewhere in the city, which is 4,778 more jobs onsite and 11,574 more total jobs citywide through indirect and direct impacts (Table 9). The campus industrial project will yield during the life of of the project after construction, $1.266 billion in labor income and $3,279 billion in business output, which is $1.245 billion more in annual wages than the senior housing project and $3.45 billion more in business output than the senior housing project.

Table 9: Operations Phase Annual Economic Impacts

	Direct Effect	Indirect Effect	Induced Effect	Total Effect	Multiplier
Campus Industrial					
Employment	5,000.0	3,087.6	3,787.6	11,875.2	2.38
Labor Income	$686,152,749	$315,849,302	$264,048,061	$1,266,050,113	1.85
Output	$1,928,291,067	$746,496,699	$604,587,253	$3,279,375,019	1.70
Senior Homes					
Employment	221.7	22.4	57.3	301.4	1.36
Labor Income	$10,591,605	$1,778,661	$4,067,293	$16,437,558	1.55
Output	$21,436,171	$4,084,752	$8,774,492	$34,295,415	1.60

Source: ADE, Inc.; data from IMPLAN Pro

The senior homes project would also employ some workers onsite for maintenance operations and other jobs would be supported by the households' expenditures in retail and service businesses in San Jose. ADE estimates the direct jobs from

this household spending and maintenance would total about 222, with another 80 jobs supported through indirect and induced multiplier effects. This total employment would produce $16.4 million in annual wages and $34.3 million in business revenue (output).

Comparing the ESHSP to the adopted General Plan, during the construction phase of both projects, the Initiative's proposed ESHSP will yield 13.1% more jobs onsite and 24.6% more total jobs citywide through indirect and direct impacts than the Adopted General Plan. The ESHSP will yield during the construction phase 18.1% more in annual wages than the Adopted General Plan and 40.4% more in business output than the Adopted General Plan.

Comparing the ESHSP to the adopted General Plan, after construction, during the operations phase of both projects, the adopted General Plan will yield 2,150% (or 21 times) the jobs onsite and 3,840% (or 38 times) more total jobs citywide through indirect and direct impacts than the Initiative's proposed ESHSP. The Adopted General Plan will yield during the life of the projects after construction 7,600% (or 76 times) more in annual wages than the senior housing project and 9,460% (or 95 times) more in business output than the ESHSP.

Impacts to Adjacent Employment Lands

As described in the Business Attraction and Retention section below, the location of Senior Housing as proposed in the Initiative (adjacent to the remaining 170 acres of ECI Employment Area, which includes the 464,000 square foot former Hitachi campus) could undermine the viability, marketability, and development of this entire area for Campus Industrial activities. The combined effect of the Initiative on the entire ECI Employment Area results in a potential loss of up to 10,000 jobs. Industrial operations and activities, such as noise, hours of operation, delivery and trucking operations, and industrial processes, can create nuisances and hazards to the proposed nearby residents. While additional controls on industrial operations can attempt to reduce these impacts on nearby residential development, these additional controls can impact the operations of industrial uses and reduce the desirability of the former Hitachi campus as well as the larger ECI Employment Area. The potential job loss on the remaining 170 acres in the ECI Employment Area is 5,000 jobs. Combined with the jobs lost on the ESHO site, this could result in a total of 10,000 jobs lost in the ECI Employment Area.

The Initiative states that any jobs affected by the proposed Senior Housing Overlay land use designation would not be lost, but instead shifted to other areas of the City that can accommodate more growth. The Initiative fails to designate any areas where lost employment sites could be replaced, and such shifts in designation would require legislative action by the City Council as well as environmental review under CEQA and property owner and public participation. Aside from process requirements, however, the other employment lands in San Jose are planned at much higher densities than the ECI Employment Area, and may not be suitable for the industrial jobs lost in ESHO. In other words, while the 10,000 jobs on the ESHO site can be shifted "on paper" to other areas of the City, the specific types of jobs that utilize lower density and larger format buildings, such as R&D, warehouse, and manufacturing, would likely not occur in differing building layouts with higher density levels in other employment areas of the City nor could they be readily shifted to unspecified locations. This vague shift required by the Initiative is likely not possible to accommodate the extent of the displacement of employment lands that may occur under the Initiative. Land in San Jose is finite and most development in the City is infill development which cannot readily accommodate dramatic changes in land uses from employment uses to residential and vice versa.

The Initiative includes the Citywide Senior Housing Overlay (CSHO) which can be applied to all underutilized employment lands. As discussed further in Section IV.C.3 (Citywide Economic Development analysis) of this report, other employment lands throughout the City would also be subject to potential conversion to senior housing, further constricting the supply of sites to support future jobs. With 129,500 jobs potentially lost citywide, it becomes more unlikely that the 10,000 jobs

associated with the ECI Employment Area will be absorbed elsewhere in the City.

The jobs gained in the ECI Employment Area will have a ripple effect of spurring employment growth in supporting business and from employee spending on products and services. Based on a jobs multiplier analysis by Applied Development Economics (see page 10 of fiscal report for analysis), the 10,000 jobs gained in the ECI Employment Area will result in 13,800 indirect and induced jobs elsewhere in the city. Thus, the removal of 10,000 jobs on the ECI Employment Area could result in the total lost potential of 23,800 jobs. This would translate into a total of $2.5 billion lost in annual labor income and $6.5 billion per year in lost economic output.

Industrial Supply Chain

The Adopted General Plan and zoning on the ESHO site supports lower density, large footprint research & development (R&D), warehouse, and manufacturing operations. Recent trends in the high-tech sector have intensified existing industrial parks throughout the Bay Area to more closely resemble office development. As a result, the ECI Employment Area, as well as sites in Alviso, North San Jose, and North Coyote Valley, are the few remaining opportunities for lower density industrial development in San Jose. Research and development and manufacturing operations serve a critical component of the Silicon Valley supply chain and require larger footprints to allow for materials storage, clean rooms, and heavy equipment. Sites greater than five acres in size are typically needed to support these larger foot print uses. There exists 2,761 acres of vacant employment lands that are comprised of sites that are greater than 5 acres in size and represent 18% of the total employment lands in the city. The potential conversion of the ESHO site to senior housing will mean the loss of 200 acres available for larger footprint uses, reducing the remaining availability of the acreage for these opportunity sites by 8%.

Jobs/Housing Balance

The jobs-to-housing ratio of a city is a measure that is commonly used to evaluate how many jobs a city provides in comparison to housing units. The City's current jobs-to-housing ratio is 1.273, meaning there are 1.273 jobs per every residential unit.[33] Upon full build-out of the Adopted General Plan, the jobs-to-housing ratio in San José would be 1.750.[34] If the Initiative were approved, the City's planned jobs-housing balance would decrease to 1.735, due to the additional 910 dwelling units added to the City's planned residential growth and the 5,000 jobs lost from the planned job growth capacity by the proposed Evergreen Senior Homes Specific Plan.

The City, however, uses a different, but similar, metric to evaluate San José's jobs/housing balance: the jobs-to-employed-resident (J/ER) ratio. This ratio is a measure that evaluates the number of jobs per worker in a city. A ratio greater than 1.0 implies that there are more jobs than workers, resulting in people commuting into that city for work, while a ratio less than 1.0 implies that a city lacks jobs for its residents forcing workers to commute to other cities for work. The J/ER ratio provides a

[33] California Department of Finance, 2016 (329,824 housing units, 420,030 jobs).

[34] This ratio is calculated using the General Plan's baseline of existing jobs and housing units in 2008 during the General Plan update (369,450 jobs and 309,350 dwelling units) plus the General Plan's planned job and housing growth (382,000 jobs and 120,000 dwelling units). This data is contained in Appendix 5 of the General Plan.

clearer understanding of a city's jobs/housing balance than the jobs-to-housing ratio because it accounts for the fact that more than one person typically lives in a household and for the diversity of housing types (i.e. studio, 1-bedroom, 2-bedroom, etc.). For example, San José has an average household size of 3.20 people per owner-occupied unit and 3.05 people per renter-occupied unit.[35] Thus, one housing unit is not needed per every one job to have a balanced community. The City's current J/ER ratio is 0.80, meaning there are 0.80 jobs per every employed resident.[36] Upon full buildout of the Adopted General Plan, the City's J/ER ratio will be 1.1. The proposed ESHSP will add 910 senior homes equating to 1,231 employed residents, and will remove 5,000 planned jobs from the ECI Employment Area, resulting in a negligible difference to the City's J/ER ratio. Table 10 below shows the jobs and employed resident numbers used for the City's existing condition, and full buildout of the Adopted General Plan and the Initiative.

Table 10: ESHSP Jobs and Employed Residents Assumptions

Jobs/Employed Residents	Existing	Adopted General Plan Buildout	Initiative Buildout
Jobs	413,794	751,450	746,450
Employed Residents	518,200	689,100	690,331
J/ER Ratio	0.8	1.1	1.1

Source: California Employment Development Department (CEDD) data for Existing data; U.S. Census Bureau, ACE Estimates 1-Year Sample Table S2301 for Adopted General Plan Buildout and General Plan w/Initiative Buildout data.

Business Attraction & Retention

If passed, the Initiative would result in incompatible land uses adjacent to each other. This could marginalize the existing and planned Campus Industrial business operations, making it difficult to attract Campus Industrial development on the site as well as tenant the neighboring 464,000-square-foot former Hitachi campus. Historically, residential intrusion in industrial areas has threatened the retention of adjacent industrial uses. New residents adjacent to industrial uses often consider the industrial operations undesirable. Typical activities are associated with noise and dust from operations, truck and delivery schedules, and late and early operating hours. Additional controls can alleviate some nuisances for residences, but can adversely impact business operations. The City's industrial land base has been diminished over the years due to the addition of proximate residential developments. Since 1980, 2,298 acres have been converted citywide, which resulted in a 16% reduction in employment lands

The 200-acre ESHO site is a portion of the larger, contiguous 370-acre Evergreen Campus Industrial (ECI) Employment Area, which is an Employment Growth Area in the Adopted General Plan. The ECI Employment Area includes the former Hitachi campus, which recently sold to an internationally-based technology business and is immediately south of the ESHO site. The proposed conversion of the ESHO site to senior housing will increase the proximity and presence of sensitive receptors (senior residents) to the former Hitachi campus and the remaining 170 acres of ECI Employment Area. The Evergreen Senior Homes Specific Plan includes the placement of detached units along the southern boundary, so residential units would share property

[35] U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

[36] California Employment Development Division, 2016; U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

lines with the former Hitachi campus. Industrial operations and activities, such as noise, hours of operation, delivery and trucking operations, and industrial processes, can create nuisances and hazards to the proposed nearby residents. While additional controls on industrial operations can attempt to reduce these impacts on nearby residential development, these additional controls can impact the operations of industrial uses and reduce the desirability of the former Hitachi campus as well as the larger ECI Employment Area. The potential job loss on the remaining 170 acres in the ECI Employment Area is 5,000 jobs. Combined with the jobs lost on the ESHO site, this could result in a total of 10,000 jobs lost in the ECI Employment Area.

The Initiative assumes that jobs lost because of the Initiative would shift to another area of the city. Moving the 10,000 job capacity to other areas of the city would require substantial City process and analysis, including input from other property owners on any proposed changes, input from the public, and analysis of compatibility of increased densities with existing development. Shifting employment capacity to other areas of the city would also trigger environmental clearance processes. Environmental review would likely require mitigations be implemented to reduce environmental impacts associated with these changes to the City's Adopted General Plan. The Initiative proposers do not contribute to the City entitlement processing costs of shifting jobs elsewhere, nor any contribution toward infrastructure improvements or other mitigations needed to do so. These unknown but potentially costly expenses would likely be borne by future employment development, thus increasing the development costs for employment uses in San Jose.

4. Infrastructure and Environmental

State law states that a voter -sponsored (petition) initiative are not projects that must comply with the California Environmental Quality Act (CEQA).[37] Nonetheless, this section provides a high-level analysis of the two groups of changes that would be made if the voters approved the Initiative. First, there is a comparison of the current General Plan and Zoning on the Evergreen site with the proposed ESHSP's impact on transportation, schools, parks and open space, other public facilities, and utilities and service systems. This section also examines other environmental issues including aesthetics/community form, air quality, biological resources, cultural resources, geology and soils, greenhouse gas emissions, hazards and hazardous materials, and noise.[38]

The environmental analysis in this report examines the differences between the Adopted General Plan (i.e., without the Initiative) at buildout and the proposed Initiative at build out. In this way, the analysis, where possible, calculates and evaluates what the actual environmental impacts would result from the changes proposed by the Initiative.

Evergreen Site

With regard to the impacts of the Initiative specific to approximately 200-acre Evergreen site, this Report compares the following two scenarios: (a) the current General Plan and zoning for the site, and (b) the Evergreen Senior Housing Overlay (ESHO) site with the Evergreen Senior Homes Specific Plan (ESHSP) as proposed by the Initiative:

a. **Adopted General Plan Scenario:** The ESHO site has a current General Plan land use designation of Industrial Park, which allows for a maximum floor area ratio (FAR) of 10.0 (two to 15 stories in height). The

[37] 14 Cal. Code of Regs. § 15378(b)(3).
[38] Timing and budgetary constraints also prelude a CEQA analysis.

Industrial Park land use designation allows for a maximum development of approximately 87.1 million square feet of campus industrial space on-site. The Adopted General Plan, however, has growth assumptions which assume 5,000 jobs (on approximately 2.00 million square feet of industrial uses) onsite.

The site has existing Planned Development (PD) zonings (PDC82-006 and PDC98-035) for the development of two million square feet of industrial uses with a maximum building height of 45 feet and an approximately three-acre park. The existing entitlements are assumed to represent development of the ESHO site under the Adopted General Plan and are the basis for the analysis for ESHO site.

General Plan with Proposed Initiative Scenario: The Initiative proposes creation of a Senior Housing Overlay land use designation to convert employment lands to senior housing, applying the Senior Housing Overlay and adoption of the ESHSP for the ESHO site. The ESHSP also includes various environmental design features (EDFs) aimed to reduce the Specific Plan's potential impacts or to ensure consistency with the City's guidance regarding environmental leadership. This scenario is referred to as proposed Initiative in the following discussions.

Approach for Analysis

The ESHO site-specific analysis for various environmental topics:

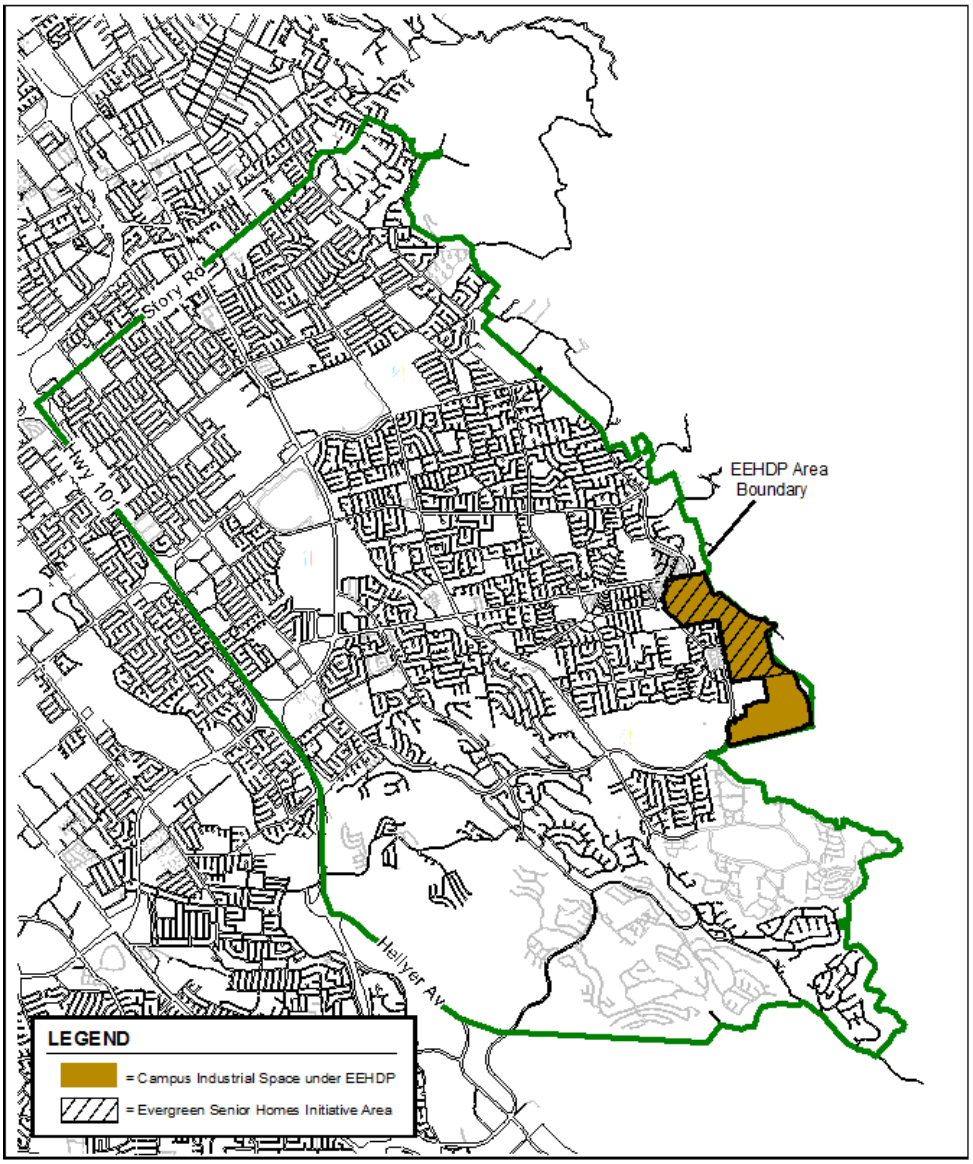
- Identifies and compares the potential environmental impacts or constraints that could result from developing the ESHO site under the Adopted General Plan and proposed Initiative scenarios;
- Discusses the adequacy of the ESHSP's Environmental Design Features (EDFs) to avoid or mitigate environmental impacts compared to mitigation and conditions of approval the City would typically require under the standard development and CEQA review processes; and
- Concludes whether developing the ESHO site under the Initiative results in less, similar, or greater environmental impacts than developing the ESHO site under the Adopted General Plan.

The below discussion of the Initiative's impact on infrastructure and environment is based on the transportation analysis completed by Hexagon Transportation Consultants in Appendix 6 and the environmental analysis completed by David J. Powers & Associates in Appendix 5.

Transportation

Hexagon Transportation Consultants prepared a Transportation Impact Analysis to evaluate the transportation impacts of the proposed Initiative. Evergreen is the area of San Jose's Urban Service Area Boundary south of Story Road, east of U.S. Highway 101, and generally north of the intersection of U.S. Highway 101 and Hellyer Avenue, where the northern boundary of the Edenvale Development Policy Area ends (Figure 5).

Figure 5: Evergreen East Hills Development Policy Area (green outline)



History of Evergreen Transportation Development Policies

Historically, special transportation policies have been adopted in the Evergreen area where the proposed ESHSP is located. The original Evergreen Development Policy (OEDP) was adopted in August 1976 to address the issues of flood protection and traffic capacity in the Evergreen area. The OEDP was based on City analyses, which concluded that transportation and flood

protection deficiencies constituted substantial constraints to development in the Evergreen Area.

The 1976 OEDP established the policy framework for dealing with the buildout of the Evergreen area as identified by the General Plan at that time, and identified specific programs for correcting the service deficiencies. Since the adoption of the OEDP, growth in the Evergreen area has been limited by the availability of urban services, particularly the capacity of the transportation and flood control systems. In particular, the goal of the OEDP was to limit the construction of new residential units so that a traffic Level of Service "D," consistent with the City's General Plan policies, would be maintained at key boundary (screen line) intersections. The screen line intersections also called the gateway intersections provide access into and out of Evergreen. Since the adoption of the Level of Service Policy in 1978, the screen line intersections were already operating at capacity. Because of the congestion and the fact that these intersections were the only way into and out of Evergreen, the City has adopted special transportation policy to maintain capacity and traffic flow through these key intersections. Since then, the Evergreen policy has been updated several times including:

- 1981, the City Council approved a Planned Development Rezoning (PDC81-03-017) for development of 2 million square feet of campus industrial uses at the ESHO site. The entitlement included dedication of right-of-way and construction of Aborn Road between White Road, Murillo and Fowler Roads; and dedication and improvement of the south side of Story Road between Capitol Expressway and McGinness Avenue, extension of the Sanitary Main along Aborn, extension of the water main, and implementation of a trip reduction program with staggered or multiple shifts, car/van pools, transit and pedestrian/bicycle travel.
- 1991 Evergreen Specific Plan (ESP): Under the Original Evergreen Development Policy (OEDP), the screen line intersections reached their maximum traffic capacity in 1989, effectively preventing additional residential development. At that point, however, there was potential for the construction of almost 4,000 new residential units based on existing General Plan land use designations. Of the almost 4,000 potential residential units, 3,000 were within a sub-area of the OEDP, called the Evergreen Planned Residential Community (EPRC). The ESP was the catalyst to revise the OEDP, and through that effort, the City was able to identify additional traffic mitigation measures to support the construction of the new residential units. Traffic analysis performed in conjunction with the preparation of the ESP, quantified the amount of traffic capacity required to allow full development of the remaining vacant lands in Evergreen, and identified potential street improvements which could provide the required capacity. In 1991, the City Council approved the ESP and revised the OEDP to be consistent with the ESP.
- 1995 OEDP Amendment: The OEDP was again revised in 1995 to provide the policy framework for the build-out of the EDP Area consistent with the General Plan at that time. With the goal of maintaining the basic traffic LOS "D" and hundred-year flood protection standards of the 1976 OEDP and 1991 OEDP Amendment, those standards were preserved as prerequisites to project approvals. The 1995 OEDP Amendment identified the remaining watersheds and street system improvements required to allow 4,759 residential units to proceed. A Benefit Assessment District (No. 91-209SJ Aborn/Murillo) was formed to provide a cost-sharing plan to finance and construct the extensive infrastructure network enhancements necessary to facilitate the planned and potential dwelling units identified by the San José 2020 General Plan and the ESP.
- In 1998, the Benefit Assessment District was augmented and updated through the formation of Community Facilities District No. 4 because of changes to the laws governing special districts. Both the Benefit Assessment District and the Community Facilities District remain in effect.
- In August 1998 to refine the traffic analysis methodology to facilitate small-scale, non-residential development, a minor policy amendment was adopted. Following this amendment, traffic analysis methodology was no longer based upon transportation level of service at only the screen line intersections, but based upon traffic measurements at all affected intersections in Evergreen.

- In 2008, the Evergreen-East Hills Development Policy (EEHDP) was adopted. The EEHDP provides traffic capacity for a development pool of 500 residential units, 500,000 sq. ft. of retail and 75,000 sq. ft. of commercial office within the Evergreen area. This policy established stringent transportation impact criteria described as the following:
    - A significant adverse impact on traffic conditions at a signalized intersection in the Development Policy Area if for during peak hours:
        - The level of service at the intersection degrades to a worse letter grade level of service, or
        - For non-residential projects, the level of service at the intersection is an unacceptable Level of Service E or F and the addition of project traffic creates an increase in critical delay value by 2 seconds or more and an increase in critical V/C ratio of 0.005 or more.
        - For residential projects, one or more added trips to an intersection operating at an unacceptable Level of Service E or F

Conformance to the EEHDP

Refer to the Development Permit Process Section C of Chapter II of this report for more information on current Evergreen East Hills Development Policy. The Initiative proposes to exempt the proposed ESHSP from the requirements of the EEHDP. The Initiative proposes to exempt itself from the traffic impact fee required of developments conforming to the EEHDP. Therefore, impacts identified in the EEHDP would not be mitigated by the Initiative.

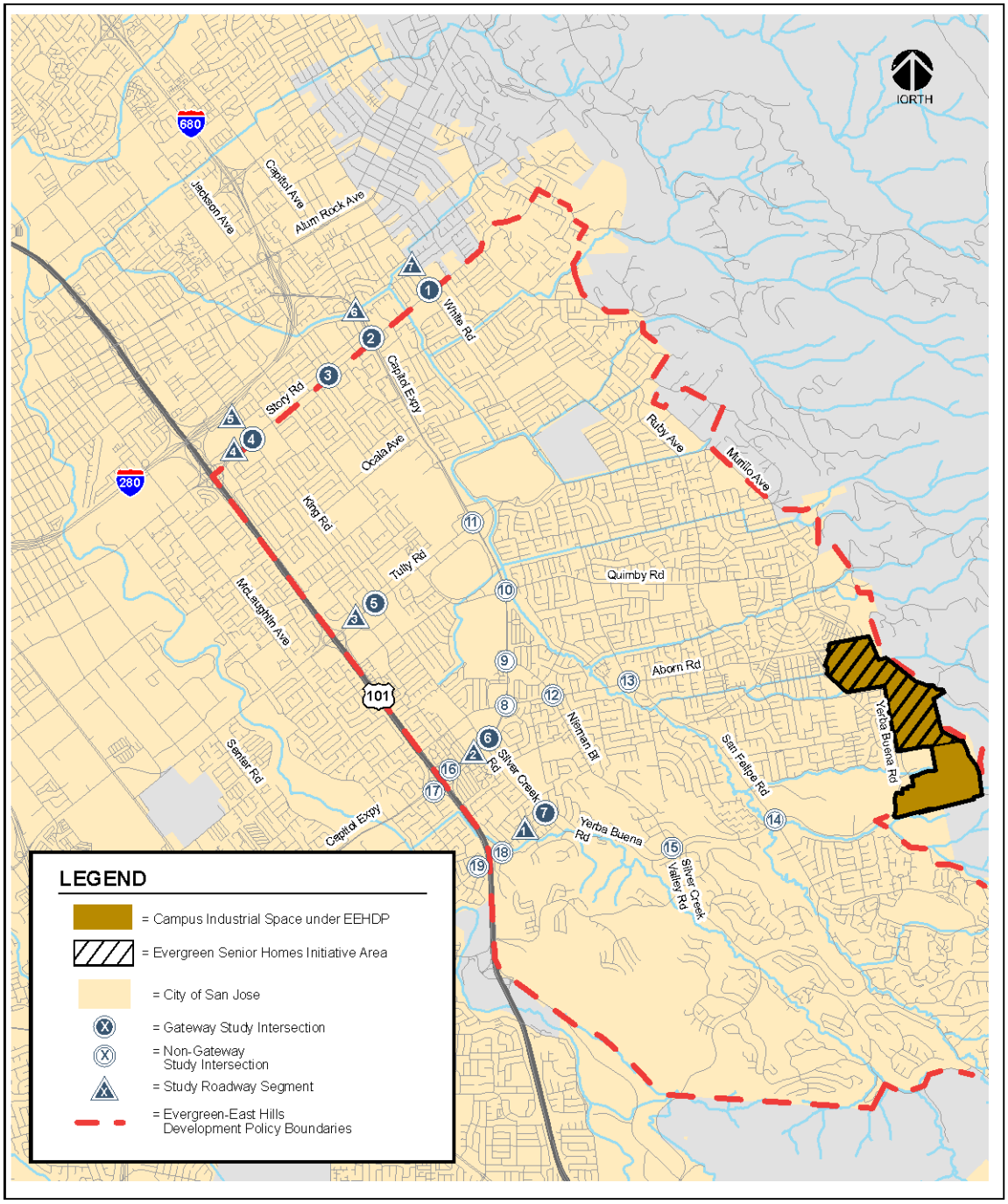
A traffic impact analysis initiated by the City was prepared to identify transportation impacts from development of the proposed ESHSP, including:

- Intersection Level of Service Impacts
- Freeway Ramp Analysis
- Gateway Intersection Peak Period Delay
- Gateway Corridor Average Daily Traffic (ADT) Analysis
- Comparison of transportation impacts between the proposed Senior Housing and the approved 2.0M Campus Industrial
- Qualitative transportation analysis of the proposed Senior Housing Overlay Citywide

Study Intersections

The study intersections include a total of 19 signalized intersections located within the EEHDP area and include the seven Evergreen Gateway intersections (see Figure 6 below). The Gateway intersections, also referred to as “screen line” intersections, are all the intersections on the edge of EEHDP area that provide access to the area. All traffic in and out of the Evergreen area must pass through at least one Gateway intersection. Because of this, the Gateway intersections and the corridors leading to them have the greatest potential for heavy traffic volumes and are of critical importance to the entire Evergreen area. The Gateway intersections currently experience traffic flows that are primarily outbound during the AM peak hour and inbound during the PM peak hour. See Appendix 6 for information about the Gateway and other study intersections, and freeway ramps.

Figure 6: Study Intersections Map



This section of the report presents the results of a traffic study conducted for the City of San Jose regarding the proposed ESHSP.

This study compares the traffic conditions for the following scenarios:

- Existing Conditions. Existing traffic volumes collected (counted) at signalized intersections and measured using TRAFFIX, the software standard for Santa Clara County as established by the Valley Transportation Agency Congestion Management Program, which measures the intersection Level of service based on the volume of traffic, the intersection timing, and the number of lanes at the intersection.
- Existing Plus Project Conditions (approved 2.0 million sq. ft. of campus industrial space): The estimated trips generated by the approved 2.0 million sq. ft. of campus industrial space were added to existing traffic volumes. Although the 2.0 million sq. ft of Campus Industrial has already been approved, this scenario was conducted to compare the traffic impact of constructing the Campus Industrial to the traffic impact of constructing the ESHSP with current traffic volumes.
- Existing Plus Project Conditions (Proposed 910 Senior Housing Units): The estimated trips generated by the ESHSP (910 senior housing units) were added to existing traffic volumes.
- Background Conditions: Build-out of the approved Campus Industrial site (4.25msf). Projected volumes from the City of San Jose Approved Trips Inventory (ATI) database including the approved Campus Industrial were added to existing volumes and a reassignment of existing traffic volumes to account for the internalization of trips within the Evergreen area. The City's ATI is a database of the traffic volumes of approved but not yet constructed developments and is maintained by the City staff
- Background Plus Project Conditions: The estimated trips generated by a portion of the Campus Industrial use (2 million sf) were subtracted from the background traffic volumes, and the estimated trips generated by the 910 senior housing units were added to the background traffic volumes to measure the project conditions.

The study intersections include a total of 19 signalized intersections located within the EEHDP area and include the seven Evergreen gateway intersections. The gateway intersections are all the intersections on the edge of EEHDP area that provide access to the area. All traffic in and out of the Evergreen area must pass through at least one gateway intersection (see Figure 6).

Existing Conditions

Nineteen intersections were evaluated for Level of Service under existing conditions. Seven of the intersections were identified as the Gateways. These intersections provide the primary access into and out of Evergreen. See Appendix 6 for descriptions of the study's intersections.

The Level of Service Summary below in Table 11 indicates that 4 of the intersections are currently operating at unacceptable standard (below LOS D) and 10 of the intersections are operating at the lowest acceptable standard during one or more peak hours (LOS D).

Trip Generation Estimates for Proposed Senior Housing and Approved Campus Industrial Uses

The number of trips generated by the proposed ESHSP was estimated using trip rates recommended by the Institute of Transportation Engineers (ITE) Trip Generation Manual, 10th Edition (2017). This reference publishes the results of 30 surveys of detached senior adult housing around the country (land use category 251). The average rates from the surveys for detached senior housing are 4.27 daily trips per unit with 0.24 and 0.30 trips per unit during the AM and PM peak hours.

Based on the ITE rates, the proposed senior housing units would generate 3,886 daily trips, with 218 trips (72 inbound and 146 outbound) occurring during the AM peak hour and 273 trips (167 inbound and 106 outbound) occurring during the PM peak hour (Table 12).

Trip generation for the approved Campus Industrial use was estimated using the City of San Jose's Research and Development (R&D) trip generation rate, to be consistent with previous traffic studies for the Evergreen area. The approved 2.0 million sq. ft. of Campus Industrial space would generate 16,000 daily trips, with 2,560 trips (2,048 inbound and 512 outbound) occurring during the AM peak hour and 2,240 trips (224 inbound and 2,240 outbound) occurring during the PM peak hour.

As indicated in Table 13 below, although the approved Campus Industrial is projected to generate more traffic than the proposed ESHSP, the ESHSP would still result in unacceptable level of service at four intersections.

Intersection Level of Service Analysis

The impact criteria set forth in the EEHDP, which are much more stringent than the impact criteria used in other parts of San Jose, have been applied to the comparison of existing plus project, background, and background plus project conditions.

Existing Plus Project Scenario

Traffic conditions were evaluated for the Existing Plus Project Conditions for the proposed ESHSP and for the 2 million sq. ft. of Campus Industrial. This analysis adds the project traffic to the existing intersection volumes to measure the level of service of the intersection with the project. Table 13 measures the level of service for both the senior housing project and the two million sq. ft. of Campus Industrial. This scenario represents the near term traffic conditions if the either project was constructed in the next five years.

Although the 2 million sq. ft. is part of the approved 4.25 million sq. ft. Campus Industrial build out, this evaluation compares the transportation impacts of either land use scenario if implement in today's transportation environment.

Table 13 below shows that under existing plus project with the approved campus industrial, four intersections are projected to operate LOS E or F conditions during at least one peak hour, however only two of the intersections would be impacted by the campus industrial. Under existing plus project conditions with the ESHSP four intersections are projected to operate at LOS E or F; however all four of the intersections will be impacted by the ESPSP.

Table 11: Intersection Level of Service Summary: Existing Conditions

Study Number	Intersection	LOS Standard	Existing		
			Peak Hour	Avg. Delay	LOS
1	White Road and Story Road*	D	AM	50.1	D
			PM	48.4	D
2	Capitol Expressway and Story Road *	D	AM	54.4	D
			PM	**59.3**	**E**
3	Jackson Avenue and Story Road*	D	AM	32.2	C
			PM	37.4	D
4	King Road and Story Road*	D	AM	44.9	D
			PM	47.9	D
5	King Road and Tully Road *	D	AM	45.9	D
			PM	47.2	D
6	Capitol Expressway and Silver Creek Road *	D	AM	**61.4**	**E**
			PM	**58.8**	**E**
7	Silver Creek Road and Yerba Buena Road*	D	AM	26.9	C
			PM	22.6	C
8	Capitol Expressway and Aborn Road	D	AM	**65.0**	**E**
			PM	**91.4**	**F**
9	Capitol Expressway and Nieman Boulevard	D	AM	6.8	A
			PM	9.5	A
10	Capitol Expressway and Quimby Road	D	AM	54.5	D
			PM	53.8	D
11	Capitol Expressway and Tully Road	D	AM	**55.4**	**E**
			PM	49.0	D
12	Nieman Boulevard and Aborn Road	D	AM	31.5	C
			PM	39.2	D
13	San Felipe Road/White Road and Aborn Road	D	AM	47.9	D
			PM	43.8	D
14	San Felipe Road and Yerba Buena Road (S)	D	AM	42.2	D
			PM	34.4	C
15	Nieman Blvd/Silver Creek Valley Rd & Yerba Buena Rd	D	AM	39.3	D
			PM	39.8	D
16	US 101 and Capitol Expressway (E)	D	AM	7.7	A
			PM	13.2	B
17	US 101 and Capitol Expressway (W)	D	AM	14.1	B
			PM	18.9	B
18	US 101 and Yerba Buena Road (E)	D	AM	30.8	C
			PM	18.7	B
19	US 101 and Yerba Buena Road (W)	D	AM	22.0	C
			PM	27.0	C
Notes:	** Denotes Gateway Intersection.* ***Bold*** *indicates unacceptable level of service.* ***Bold*** *and boxed indicate significant impact.*		**Total Delay**	**1493.3**	

Table 12a indicates the Campus Industrial is estimated to generate 16,000 daily trips and 2560 am peak hour and 2240 pm peak hour trips. The ESHSP is estimated to generate 3,886 daily trips and 218 am peak hour 273 pm peak hour trips. The Campus Industrial generates mainly inbound traffic during the morning commute and outbound traffic during the pm commute, which is the opposite of the prevailing traffic pattern in Evergreen. However, because the Campus Industrial generates significantly more traffic than the ESHSP, the Campus Industrial still adds more traffic to the peak commute direction than the ESHSP.

There are existing zonings on the Campus Industrial site approved in 1981, 1982 and 1998 included conditions limiting the amount of traffic the projects could generate. The following conditions relate specifically to the amount of traffic the project generates:

> PDC81-03-017/PDC82-006
>
> *The developer and/or project occupant(s) as appropriate shall implement and maintain programs to reduce peak hour trip generation by not less than 30%. Trip reduction programs for each phase of development shall be submitted to the Director of Public Works for review and approval prior to issuance of a PD Permit by the Director of Planning.*
>
> PDC98-05-035
>
> *Submit a trip generation comparison study which compares the anticipated trip generation of the proposed use with the previously approved zoning. The developer may be required to implement a TDM program to reduce pm peak hour trips. This may be accomplished by multiple shifts, car pool/van pool and pedestrian and bicycle facilities.*

Table 12b estimated the trip generation for the Campus Industrial based on the City's Research and Development rates. The 8 trip per 1000 square feet of campus research and development is estimated to generate 16,000 daily trips with 2560 am and 2240 pm peak hour trips without any trip reductions that would be required consistent with the project zonings conditions of approval. The project conditions require a reduction of peak hour trips by not less than 30%. Applying the 30% reduction to the trip generation rate could results in 11,200 daily trips with 1792 am and 1568 pm peak hour trips, approximately 4,800 daily trips, 768 am, 672 pm peak hour trips less than what was analyzed in the report. The resulting reduction in trips would reduce the impacts and the volume of traffic attributed to the Campus Industrial that were identified in this report.

Table 13 compares the traffic conditions of the Campus Industrial to the ESHSP. As indicated in the table, the Campus Industrial impacts only 2 intersections. This may be because the Campus Industrial mainly adds traffic to roadways with available capacity. In other words, non-residential land uses like the Campus Industrial generate traffic in the non peak direction.

Table 13 also indicates the ESHSP results in impacts at four intersections, two during both peak hours of the impacted intersections. This is due to the more stringent transportation standards adopted in the current Evergreen transportation policy (EEHDP, adopted 2008) which was intended to limit development to small infill and small residential development and not exacerbate current traffic conditions.

Table 12: Trip Generation Rate Estimates

Table 12a

Land Use	Trip Rate	Size	Daily Rate	Daily Trips	AM Peak Hour						PM Peak Hour					
					Pk-Hr Factor Rate	Split** In	Split** Out	Project Trips In	Project Trips Out	Project Trips Total	Pk-Hr Factor Rate	Split In	Split Out	Project Trips In	Project Trips Out	Project Trips Total
Approved Campus Industrial																
Campus Industrial	Research & Development	2,000,000 square feet	8.00	16,000	16%	80%	20%	2,048	512	2,560	14%	10%	90%	224	2,016	2,240
Proposed Senior Housing																
Residential	Senior Housing Detached *	910 dwelling units	4.27	3,886	24%	33%	67%	72	146	218	30%	61%	39%	167	106	273
	Net Difference in Trips			**12,114**				**1,976**	**366**	**2,342**				**57**	**1,910**	**1,967**

Table 12b

Land Use	Trip Rate	Size	Daily Rate	Daily Trips	AM Peak Hour						PM Peak Hour					
					Pk-Hr Factor Rate	Split** In	Split** Out	Project Trips In	Project Trips Out	Project Trips Total	Pk-Hr Factor Rate	Split In	Split Out	Project Trips In	Project Trips Out	Project Trips Total
Approved Campus Industrial with 30% trip reduction***																
Campus Industrial	Research & Development	2,000,000 square feet	5.60	11,200	16%	80%	20%	1,435	358	1,792	14%	10%	90%	157	1,411	1,568
Proposed Senior Housing																
Residential	Senior Housing Detached *	910 dwelling units	4.27	3,886	24%	33%	67%	72	146	218	30%	61%	39%	167	106	273
	Net Difference in Trips			**7,314**				**1,363**	212	**1,574**				**-10**	**1,305**	**1,295**

Notes: Based on ITE (Land Use 251) Trip Generation Manual, 10th Edition 2017.
**Based on ITE (Land Use 251) Trip Generation Manual, 10th Edition 2017.*
***"Split" is a term used to describe the percentage of traffic entering and existing a site during peak peak travel.*
****Approved Campus Industrial with 30% trip reduction*

Background plus Project Scenario

The Background scenario measures the level of service if 4.25 million sq. ft. of Campus Industrial was constructed.

The background includes the build out of the entire approved Campus Industrial (4.25 million sq ft), and other approved but not constructed projects including 407 unbuilt units from ESP, and approximately 450,000 sf commercial and 206 residential units from EEHDP. Under background conditions, the scenario that includes development of the Campus Industrial site as approved, eight of the 19 study intersections would operate at LOS E or LOS F.

The background conditions are defined as the conditions (LOS) that would occur if the entire 4.25 million sq ft approved Campus Industrial sit was constructed. The background plus project are the conditions (LOS) that would occur if 910 units were constructed in place of 2 million sq ft. of the Campus industrial.

ESHSP Project Scenario

The Senior Housing Project Scenario measures the level of service if 2.0 million sq. ft. of Campus Industrial was replaced with the 910 senior housing project.

Table 13: Intersection Level of Service Summary: Existing Plus Project

Intersection	LOS Standard	Peak Hour	Existing Plus Project						
			2.0 mil. sq. ft. of Campus Industrial				Senior Housing		
			Avg. Delay	LOS	Incr. In Crit. Delay	Incr. In Crit. V/C	Avg. Delay	LOS	Added Trips
White Road and Story Road*	D	AM	50.1	D	-0.1	-0.001	50.1	D	
		PM	48.2	D	-0.1	-0.004	48.4	D	
Capitol Expressway and Story Road *	D	AM	53.2	D	-2.0	-0.027	54.4	D	
		PM	**59.0**	**E**	**0.1**	**0.003**	**59.3**	**E**	**8**
Jackson Avenue and Story Road*	D	AM	32.2	C	0.0	-0.001	32.2	C	
		PM	37.4	D	-0.1	-0.001	37.4	D	
King Road and Story Road*	D	AM	44.7	D	-0.1	-0.017	44.9	D	
		PM	47.8	D	-0.2	-0.005	47.9	D	
King Road and Tully Road *	D	AM	46.2	D	0.7	-0.027	45.9	D	
		PM	47.9	D	1.7	-0.021	47.2	D	
Capitol Expressway and Silver Creek Road *	D	AM	**59.9**	**E**	**0.4**	**0.035**	**61.9**	**E**	**68**
		PM	**63.0**	**E**	**9.1**	**0.046**	**59.2**	**E**	**52**
Silver Creek Road and Yerba Buena Road*	D	AM	25.3	C	0.5	0.016	26.9	C	
		PM	24.2	C	8.1	0.031	22.5	C	
Capitol Expressway and Aborn Road	D	AM	**59.1**	**E**	**-7.9**	**0.031**	**68.3**	**E**	**91**
		PM	**81.3**	**F**	**-24.6**	**-0.129**	**94.7**	**F**	**91**

Intersection	LOS Standard	Peak Hour	Existing Plus Project						
			2.0 mil. sq. ft. of Campus Industrial				Senior Housing		
			Avg. Delay	LOS	Incr. In Crit. Delay	Incr. In Crit. V/C	Avg. Delay	LOS	Added Trips
Capitol Expressway and Nieman Boulevard	D	AM	7.6	A	1.4	0.033	6.9	A	
		PM	9.2	A	-0.5	-0.012	9.6	A	
Capitol Expressway and Quimby Road	D	AM	52.8	D	-3.0	-0.017	54.5	D	
		PM	53.9	D	0.6	0.016	54.0	D	
Capitol Expressway and Tully Road	D	AM	51.9	D	-17.9	-0.196	**55.4**	**E**	**18**
		PM	49.1	D	0.1	0.001	49.0	D	
Nieman Boulevard and Aborn Road	D	AM	38.3	D	9.5	0.090	31.5	C	
		PM	39.1	D	5.1	0.009	39.6	D	
San Felipe Road/White Road and Aborn Road	D	AM	47.0	D	-3.4	-0.014	48.5	D	
		PM	46.0	D	-4.5	0.021	43.9	D	
San Felipe Road and Yerba Buena Road (S)	D	AM	41.8	D	3.2	0.032	42.8	D	
		PM	41.8	D	9.1	0.129	34.8	C	
Nieman Blvd/Silver Creek Valley Rd & Yerba Buena Rd	D	AM	**55.9**	**E**	**32.9**	**0.269**	39.5	D	
		PM	41.3	D	6.0	0.062	40.1	D	
US 101 and Capitol Expressway (E)	D	AM	7.5	A	-0.1	-0.002	7.7	A	
		PM	12.3	B	7.9	-0.029	13.1	B	
US 101 and Capitol Expressway (W)	D	AM	15.1	B	4.3	0.069	14.2	B	
		PM	18.6	B	-0.7	-0.039	19.0	B	
US 101 and Yerba Buena Road (E)	D	AM	30.4	C	3.7	0.051	34.1	C	
		PM	19.3	B	8.4	0.102	18.9	B	
US 101 and Yerba Buena Road (W)	D	AM	25.1	C	3.9	0.106	22.3	C	
		PM	38.0	D	18.7	0.103	27.8	C	
*Notes: * Denotes Gateway Intersection* ***Bold** indicates unacceptable level of service.* ***Bold** and boxed indicate significant impact.*		**Total Delay**	**1521.5**				**1508.4**		

Table 14: Intersection Level of Service Summary: Background Plus Project

Study Number	Intersection	LOS Standard	Background			Background Plus Project		
			Peak Hour	Avg. Delay	LOS	Avg. Delay	LOS	Net Added Trips
1	White Road and Story Road*	D	AM	51.1	D	51.0	D	
			PM	49.4	D	49.5	D	
2	Capitol Expressway and Story Road *	D	AM	53.6	D	54.7	D	
			PM	**61.1**	**E**	**61.4**	**E**	**134**
3	Jackson Avenue and Story Road*	D	AM	32.2	C	32.2	C	
			PM	37.5	D	37.5	D	
4	King Road and Story Road*	D	AM	45.1	D	45.4	D	
			PM	48.3	D	48.5	D	
5	King Road and Tully Road *	D	AM	46.8	D	46.6	D	
			PM	49.9	D	49.7	D	
6	Capitol Expressway and Silver Creek Road *	D	AM	**60.6**	**E**	**61.6**	**E**	**-34**
			PM	**92.5**	**F**	**72.4**	**E**	**14**
7	Silver Creek Road and Yerba Buena Road*	D	AM	25.4	C	25.7	C	
			PM	25.9	C	24.6	C	
8	Capitol Expressway and Aborn Road	D	AM	**64.6**	**E**	**64.6**	**E**	**-282**
			PM	**115.3**	**F**	**80.3**	**F**	**-205**
9	Capitol Expressway and Nieman Boulevard	D	AM	9.0	A	8.2	A	
			PM	10.4	B	10.9	B	
10	Capitol Expressway and Quimby Road	D	AM	**61.5**	**E**	**63.6**	**E**	**-72**
			PM	**63.7**	**E**	**64.4**	**E**	**24**
11	Capitol Expressway and Tully Road	D	AM	52.0	D	54.9	D	
			PM	51.7	D	51.4	D	
12	Nieman Boulevard and Aborn Road	D	AM	**56.4**	**E**	41.2	D	
			PM	43.8	D	45.5	D	
13	San Felipe Road/White Road and Aborn Road	D	AM	53.1	D	48.1	D	
			PM	68.5	E	50.7	D	
14	San Felipe Road and Yerba Buena Road (S)	D	AM	43.8	D	41.3	D	
			PM	42.9	D	40.0	D	
15	Nieman Blvd/Silver Creek Valley Rd & Yerba Buena Rd	D	AM	**106.7**	**F**	54.9	D	

Study Number	Intersection	LOS Standard	Background			Background Plus Project		
			Peak Hour	Avg. Delay	LOS	Avg. Delay	LOS	Net Added Trips
			PM	41.9	D	39.6	D	
16	US 101 and Capitol Expressway (E)	D	AM	7.7	A	7.8	A	
			PM	11.6	B	12.6	B	
17	US 101 and Capitol Expressway (W)	D	AM	17.1	B	17.0	B	
			PM	18.9	B	18.8	B	
18	US 101 and Yerba Buena Road (E)	D	AM	33.4	C	26.8	C	
			PM	23.0	C	21.7	C	
19	US 101 and Yerba Buena Road (W)	D	AM	35.7	D	27.6	C	
			PM	**63.5**	**E**	45.3	D	
Notes: * Denotes Gateway Intersection **Bold** indicates unacceptable level of service. **Bold** and boxed indicate significant impact.			**Total Delay**	**1775.6**		**1598.0**		

Table 14 indicates the proposed Senior Housing project would result in an improved level of service at four of those intersections. At three of the four intersections that would remain at an unacceptable level of service, the proposed project would add trips. Adding trips is defined as a significant impact under the impact criteria that apply to the Evergreen area.

Recommended Mitigation Measures

Recommended improvements at the three impacted intersections would consist of the following:

- Capitol Expressway and Story Road – The project would add more than one trip to this intersection, which is projected to operate at LOS E during the PM peak hour. There are no feasible improvements that would allow this intersection to operate at an acceptable level of service, defined as LOS D or better.
- Capitol Expressway and Silver Creek Road – The project would add more than one trip to this intersection. However, the LOS would improve from LOS F under background conditions to LOS E with the proposed conversion. It should be noted that there are no feasible improvements that would allow this intersection to operate at an acceptable level of service, LOS D or better.
- Capitol Expressway and Quimby Road – The addition of a second eastbound left-turn lane at the intersection would result in a decrease in delay (better than background conditions); however, the intersection would continue to operate at LOS E.

The level of service results indicates that congestion within the Evergreen area would generally improve with the proposed land use conversion due to the large reduction in peak hour trips when compared to the approved campus industrial uses. However, the analysis also shows that the conversion of the campus industrial uses to senior housing would result in significant impacts at three intersections based on the EEHDP impact criteria. The identified impacts are a result of the loss of jobs and the associated internalization of trips and reduction in trips leaving the EDP area at its gateways. It is important to note that intersection level of service analysis is only one tool by which to evaluate the effects of the proposed land use conversion. The level of service analysis should be considered along with the directionality delay and gateway corridor

analysis discussed below.

Gateway Intersection Peak Direction Delay

The average delay at intersections considers the delay for all turn movements at an intersection. Average delay may not always reflect the experience of motorists at intersections where traffic flow is predominantly in one direction (peak directional flow). In such cases, the addition of traffic to peak directions may have a greater effect on motorists than would be reflected by average delay. Therefore, peak direction delay at each of the gateway intersections also was reviewed (see Table 15).

The review indicates that the approved Campus Industrial development would result in a reduction in peak direction delay at two gateway intersections during the AM peak hour when compared to existing conditions,the current level of service at the intersections, and a decrease of 2.1 seconds for all intersections combined. The proposed senior housing units would result in an increase of 3.5 seconds in peak direction delay during the AM peak hour for all intersections combined.

During the PM peak hour, the approved Campus Industrial development would result in an increase of 2.6 seconds of delay for all intersections combined. The proposed senior housing units would result in an increase of 7.9 seconds in peak direction delay during the PM peak hour for all intersections combined. Thus, the proposed senior housing units would result in more peak direction delay than the Campus Industrial development during the AM and PM peak hours.

Table 15: Gateway Intersection Peak Direction Delay

Study Number	Intersection	AM Peak Hour Delay			PM Peak Hour Delay		
		Existing Conditions	Background Conditions	Background Plus Project Conditions	Existing Conditions	Background Conditions	Background Plus Project Conditions
1	White Road and Story Road	40.3	40.6	40.8	41.7	43.4	43.3
2	Capitol Expressway and Story Road *	50.1	46.5	49.9	51.9	50.1	51.8
3	Jackson Avenue and Story Road	44.5	44.6	44.6	48.2	48.3	48.2
4	King Road and Story Road	102.4	104.6	104.6	92.8	92.0	92.9
5	King Road and Tully Road *	40.6	44.5	42.3	36.2	44.0	41.8
6	Capitol Expressway and Silver Creek Road *	62.8	57.4	61.4	46.7	40.5	44.3
7	Silver Creek Road and Yerba Buena Road	20.6	21.0	21.2	13.4	15.2	16.5
	Total Peak Direction Delay	**361.3**	**359.2**	**364.8**	**330.9**	**333.5**	**338.8**
	Change Compared to Existing		**-2.1**	**3.5**		**2.6**	**7.9**

Improvements Proposed by the Senior Housing Initiative

The Initiative identifies improvement of several intersections within the Evergreen area, referred to as Environmental Design Features (EDFs) in the initiative. The basis for the identification of the specific improvements is unknown, as there is not a traffic analysis available for the proposed Initiative that identifies potential impacts that the identified EDFs would mitigate. The identified improvements would result in the addition of capacity at each of the locations and each improvement appears feasible. However, identification of the operational benefit of each EDF would require a complete traffic analysis. The proposed EDFs do not overlap with any of the improvements that have been identified as mitigation measures for the EEHDP or that were included in the conditions of approval for the Campus Industrial.

The following improvements are proposed as design features as part of the ESHSP:

EDF TRA-1 Capitol Expressway / Aborn Road: Prior to issuance of final occupancy permits for the first phase, and subject to the approval of the agency with authority over the intersection, the project applicant shall implement one of the following options. The LOS would improve from LOS F to E with implementation of the improvement:

(1) Implement dynamic lane utilization for the northbound right-turn movement (i.e., providing a second northbound right-turn movement in the PM peak hour). During the AM peak hour, the dynamic lane will be a conventional HOV lane in the direction of HOV travel demand. This option also includes improving pedestrian and bicycle facilities on the northbound approach by providing a Class 1 trail facility that will accommodate both cyclists and pedestrians, and a shorter crosswalk, or
(2) Install a pedestrian push button at the northbound right-turn slip lane, and code the northbound right-turn movement as free. The northbound right-turn lane has its own receiving lane, sufficient in length to accommodate free flow merge conditions on Aborn Road.

EDF TRA-2 San Felipe Road / Paseo De Arboles: Prior to issuance of final occupancy permits for the first phase, and subject to the approval of the agency with jurisdiction over the intersection, the project applicant shall convert the westbound left-turn lane on Paseo de Arboles to a shared left-right-turn lane.

EDF TRA-3 White Road / Quimby Road: Prior to issuance of final occupancy permits for the first phase, and subject to the approval of the agency with jurisdiction over the intersection, the project applicant shall construct a second northbound left-turn lane on Quimby Road.

EDF TRA-4 Neiman Boulevard / Yerba Buena Road: Prior to issuance of final occupancy permits for the first phase, and subject to the approval of the agency with jurisdiction over the intersection, the project applicant shall construct a second northbound left-turn lane on Yerba Buena Road west of Nieman Boulevard and a second southbound left-turn lane on Yerba Buena Road east of Neiman Boulevard.

EDF TRA-5 Silver Creek Road / Capitol Expressway: Prior to issuance of final occupancy permits for the first phase, and subject to the approval of the agency with jurisdiction over the intersection, the project applicant shall restripe the southbound approach on Capitol Expressway to include a southbound right-turn lane for 450 feet.

EDF TRA-6 Capitol Expressway / Aborn Road: Prior to issuance of final occupancy permits for the first phase, and subject to the approval of the agency with jurisdiction over the intersection, the project applicant shall construct a second northbound left-turn lane on Aborn Road.

EDF TRA-7 Silver Creek Road / Lexann Avenue: Prior to issuance of final occupancy permits for the first phase, and subject to the approval of the agency with jurisdiction over the intersection, the project applicant shall restripe the eastbound approach on Lexann Avenue to include a dedicated eastbound right-turn lane.

Other Transportation Analysis

Freeway Ramp Analysis

An analysis of metered freeway ramps providing access to US 101 from the Evergreen area was performed to identify the effect of the proposed land use conversion on delay at the metered freeway on-ramps. Note that only the proposed ESHSP was evaluated under existing plus project conditions. Thus, the freeway ramp analysis, under current traffic conditions, indicates that the ESHSP would result in increases in delay at the metered U.S. 101 freeway ramps because it would result in more traffic traveling in the peak direction at the ramps.

Gateway Corridor Average Daily Traffic (ADT) Analysis

To measure average daily traffic (ADT), cameras or data collection devices are placed on or near a major roadway for a 24-hour period to measure the total number of vehicles on a particular roadway. This measurement identifies how congested a road way (also called major transportation corridor) is. There are several major corridors affected by development in the Evergreen area.

Using Average Daily Traffic (ADT) data collected in November 2017, the level of service for roadway segments that are part of the seven gateway corridors was calculated. As shown in Table 16, under existing conditions, one of the seven roadway segments currently operate at LOS F, and the other six operate at LOS D. Compared to existing conditions, the proposed senior housing units would not result in any change to the level of service on any of the roadway segments evaluated. Note that only the proposed senior housing was evaluated under existing plus project conditions for the corridor analysis.

Table 16 measures the major transportation corridors in Evergreen that support circulation and mobility (the ability for people to travel in vehicles, buses, bicycles). Under both background conditions (with the Campus Industrial space) and background plus project conditions (with the Senior Housing units), four of the seven roadway segments would operate at an unacceptable level of service. The segment of Tully Road, between Alvin Avenue and Seacliff Way, would deteriorate from LOS E to LOS F with the proposed senior housing initiative.

Table 16: Gateway Corridor ADT Analysis

Segment	Direction	Existing				Existing Plus ESHSP				Difference			Background				Background Plus ESHSP				Difference		
		AM	PM	ADT	LOS	AM	PM	ADT	LOS	AM	PM	ADT	AM	PM	ADT	LOS	AM	PM	ADT	LOS	AM	PM	ADT
Yerba Buena Road, between Whinney Place Way and Gardie Place Way	EB	883	1,469	15,099		906	1,508	15,500		+23	+39	+401	1,869	1,349	13,866		1,446	1,472	15,130		-423	123	+1264
	WB	1,540	1,098	16,878		1,587	1,123	17,262		+47	+25	+384	1,595	2,099	32,265		1,645	1,669	25,655		50	-430	-6610
	Total	2,423	2,567	31,977	D	2,493	2,631	32,762	D	+70	+64	+785	3,464	3,448	46,131	F	3,091	3,141	40,785	F	-373	-307	-5346
Capitol Expressway, between Silver Creek Road and US 101	NB	1,151	1,872	23,371		1,173	1,904	23,771		+22	+32	+400	1,959	1,422	17,753		1,659	1,736	21,673		-300	314	+3920
	SB	1,694	1,582	23,731		1,740	1,602	24,031		+46	+20	+300	1,401	2,480	37,202		1,648	2,147	32,206		247	-333	-4995
	Total	2,845	3,454	47,102	D	2,913	3,506	47,802	D	+68	+52	+700	3,360	3,902	54,955	D	3,307	3,883	53,879	D	-53	-19	-1075
Tully Road, between Alvin Avenue and Seacliff Way	EB	1,103	2,072	26,159		1,105	2,079	26,247		+2	+7	+88	1,230	1,894	23,912		1,268	2,129	26,879		38	235	+2967
	WB	2,006	1,569	26,816		2,010	1,573	26,884		+4	+4	+68	1,846	1,802	30,798		2,069	1,812	30,969		223	10	+171
	Total	3,109	3,641	52,975	D	3,115	3,652	53,132	D	+6	+11	+157	3,076	3,696	54,710	E	3,337	3,941	57,848	F	261	245	+3138
Story Road, between Knox Avenue and King Road	EB	1,198	1,672	20,660		1,198	1,672	20,660		0	0	0	1,341	1,930	23,848		1,341	1,930	23,848		0	0	0
	WB	1,382	1,595	21,137		1,382	1,595	21,137		0	0	0	1,559	1,857	24,609		1,559	1,857	24,609		0	0	0
	Total	2,580	3,267	41,797	D	2,580	3,267	41,797	D	0	0	0	2,900	3,787	48,457	D	2,900	3,787	48,457	D	0	0	0
King Road, between Lido Way and I-680 EB Ramps	NB	2,014	1,370	19,494		2,015	1,371	19,508		+1	+1	+14	1,958	1,500	21,344		2,021	1,506	21,429		63	6	+85
	SB	1,248	1,583	20,943		1,249	1,585	20,969		+1	+2	+26	1,325	1,642	21,724		1,342	1,688	22,332		17	46	+609
	Total	3,262	2,953	40,437	F	3,264	2,956	40,478	F	+2	+3	+41	3,283	3,142	43,067	F	3,363	3,194	43,761	F	80	52	+694
Capitol Expressway, between Story Rd and Capitol Ave	NB	3,117	2,013	36,884		3,123	2,016	36,939		+6	+3	+55	2,919	2,214	40,567		3,116	2,186	40,054		197	-28	-513
	SB	1,368	2,746	32,017		1,371	2,751	32,075		+3	+5	+58	1,502	2,619	30,536		1,507	2,773	32,332		5	154	+1796
	Total	4,485	4,759	68,901	D	4,494	4,767	69,014	D	+9	+8	+113	4,421	4,833	71,103	E	4,623	4,959	72,386	E	202	126	+1283
White Road, between Milford Way and Buckner Dr	NB	1,371	840	12,200		1,372	841	12,215		+1	+1	+15	1,407	956	13,885		1,408	918	13,333		1	-38	-552
	SB	793	1,220	12,175		794	1,222	12,195		+1	+2	+20	904	1,239	12,365		866	1,254	12,514		-38	15	+150
	Total	2,164	2,060	24,375	D	2,166	2,063	24,409	D	+2	+3	+34	2,311	2,195	26,249	D	2,274	2,172	25,847	D	-37	-23	-402

As indicated in Table 13, all the major gateway corridors are currently functioning at LOS D and implementation of the existing Campus Industrial entitlements and the proposed ESHSP will degrade LOS below the LOS D standard for four of the seven roadways in Evergreen. Because these corridors are built to capacity and roadway widening is impossible and undesirable, the City's General Plan provides new direction for transportation that include goals related to focused growth, Urban Villages, and sustainability.

Conclusion

For the past 37 years, the City has adopted the most stringent transportation policy for development in Evergreen recognizing that daily traffic congestion, access into and out of the area, and residents' need to travel outside of Evergreen to jobs all combined to create immitigable transportation impacts.

The EEHDP and the Adopted General Plan identifies the development of Campus Industrial uses within the Evergreen area, including the ESHO site. Providing a job center within the Evergreen area was projected to improve traffic conditions by establishing a reverse commute pattern and internalizing trips within the Evergreen area. Since the greater Evergreen area has been developed primarily as housing, the existing Campus Industrial entitlements would not exacerbate the existing unbalanced transportation issues that currently exist.

The number of trips generated by the proposed ESHSP was estimated using trip rates recommended by the Institute of Transportation Engineers (ITE) Trip Generation Manual, 10th Edition (2017). This reference publishes the results of 30 surveys of detached senior adult housing around the country (land use category 251). The average rates from the surveys for detached senior housing are 4.27 daily trips per unit with 0.24 and 0.30 trips per unit during the AM and PM peak hours.

The ITE rates for Senior Adult Housing (Land use 251) include a wide variety of studies ranging from communities with very active, working residents to communities with older, retired residents. Many factors affect the trip rates for detached senior adult housing such as average age of residents, development location and size, affluence of residents, employment status and vehicular access. Other factors included proximity to medical facilities, restaurants, shopping centers, banks, and recreational activities. Because of the location of the proposed ESHSP in Evergreen and in San Jose, a senior housing site could result in increased vehicular traffic than studied when considering specific factors such as employment status, affluence, access to goods and services, and proximity to medical facilities. However, the study was done based on the adopted ITE rates.

Trip generation for the approved campus industrial entitlements was estimated using the City of San Jose's R&D trip generation rate, to be consistent with previous traffic studies for the Evergreen area. The approved two million sq. ft. of Campus Industrial space would generate 16,000 daily trips, with 2,560 trips (2,048 inbound and 512 outbound) occurring during the AM peak hour and 2,240 trips (224 inbound and 2,240 outbound) occurring during the PM peak hour, well above the projected trips for the ESHSP.

As studied, replacing the two million sq. ft. Campus Industrial with 910 senior housing units is projected to generate less traffic in Evergreen and result in less impacts with the build out of Evergreen. However, the impacts of more housing in Evergreen is evident in the current directional congestion along the major transportation corridors within Evergreen and on US101 and I280 where commuters must travel in the same direction to get to jobs. The Adopted General Plan envisions transportation that is multimodal and environmental sustainable. Communities should be developed to minimize driving and encourage walking to satisfy daily needs.

Schools

The ESHO site is located within the Evergreen Elementary School District and East Side Union High School District. Typically, non-residential land uses do not result in direct impacts to local schools compared to residential uses. Therefore, development of the ESHO site under the Adopted General Plan would not directly impact local schools. Under the proposed Initiative, the ESHO site would be developed with up to 910 senior dwelling units that could generate approximately two students.[39]

While the ESHSP does not include Environmental Design Features (EDFs) pertaining to school facilities, all new development is required to comply with California Education Code 17620 and pay school impact fees based on a development's square footage. Per state law, payment of school impact fees is considered to be the full and complete school facilities mitigation for new development. Refer to Appendix 5 for additional details.

Conclusion: The Initiative's senior housing project on the ESHO site would generate a nominal number of school-aged children and its impacts to school facilities would be negligible. Development of the ESHO site under the proposed Initiative would have slightly greater impacts to schools than Campus Industrial development under the Adopted General Plan and current zoning.

Parks and Open Space

The development of the ESHO site under the Adopted General Plan would include 2.0 million square feet of campus industrial uses and an approximately three acre park. While employees of the campus industrial development could increase demand of the existing park and open space facilities in the area, existing regulations and policies are focused on providing adequate parkland for residents (rather than employees).

The development of the ESHO site under the proposed Initiative would be subject to the Quimby Act, (California Government Code Section 66477-66478), and the City's Municipal Code Section 14.25 Park Impact Requirements Ordinance (PIO) and Section 19.38 Parkland Dedication Ordinance (PDO). These ordinances require residential projects that create new units to dedicate land for park purposes, pay an equivalent parkland fee in lieu of land dedication, or both. Alternatively, a residential development may satisfy the requirements of the PIO or PDO by entering a Parkland Agreement for the construction or improvements to park facilities. Pursuant to these ordinances, a residential project's parkland obligation under the PDO and PIO is equivalent to providing (in value or property) three acres of land for every 1,000 new residents added by the housing development.

The development of up to 910 senior units with 719 single-family detached units and 191 multi-family units (as analyzed in the 9212 Environment Analysis) would have a parkland obligation to provide 8.48 acres of land for public park uses[40], or an

[39] Appendix 5; 9212 Environmental Analysis, DJPA, December, 2017

[40] The parkland obligation is calculated by using the number of housing units multiplied by the projected persons per household (by using U.S. Census data) and multiplying that number by the parkland requirement (three acres to a 1,000 population or 0.003). 719 single-family detached units x 3.31 persons per household equals a population of 2,379.89. 191 multi-family units - five units or more x 2.34 persons per household equals a population of 446.94. 2,379.89 + 446.94 = total new project population of 2,826.83 people. 2,826.83 x 0.003 = 8.48 acres of land or equivalent value. The actual parkland obligation may vary because the exact amount of each housing type is unknown. The ESHO would consist of no more than 910 residential units in both single-family residence detached and attached multi-family five units or more configurations.

equivalent amount of improvements, or payment of in-lieu fees, or a combination of these.

It appears the proposed ESHSP would extend Evergreen's privately maintained trails per Figure 3-5: Conceptual Trail Network of the Initiative. Under the customary development process, the City would seek continuity of trails with full public access for the Initiative's senior housing on the ESHO site. The "City identified Open Trail" shown in the proposed ESHSP is identified but not yet studied, planned or developed (Figure 3-5). Extension of Fowler Creek Trail will require a crossing at Altia Avenue. The City would typically require a traffic safety study with crossing recommendations to ensure safe trail usage.

Conclusion: Development of the ESHO site under the proposed Initiative would generate residents that would use existing park and open space facilities and, therefore, result in greater impacts to parks and open space than development of the ESHO site under the Adopted General Plan and current zoning entitlements for Campus Industrial uses.

Other Public Facilities

Police Protection

The site is located within the existing service area for the San Jose Police Department (SJPD). The SJPD evaluates the need for additional police services based on the Federal Bureau of Investigation's average ratio of 2.6 officers per 1,000 residents. The City has a current population of 1,046,079 residents and 1,109 police officers, which results in a service ratio of 1.060 police officers per 1,000 residents.[41]

Development at the ESHO site under either the Adopted General Plan and current zoning or proposed Initiative would require police protection services. Development of the ESHO site under the proposed Initiative would increase the population of the City by 2,160 residents and, therefore, decrease the City's police officers' per capita ratio from 1.060 to 1.058 police officers per 1,000 residents, a 0.2 percent decrease in the current service level. Development the ESHO site under the proposed Initiative would result in the need for approximately two additional police officers to maintain the existing service ratio than the development under current General Plan and zoning for campus industrial uses of 2.0 million sq.ft. The ESHSP does not propose any Environmental Design Features (EDFs) pertaining to police protection services.

Conclusion: The development of the ESHO site under the proposed Initiative would result in a slightly greater impact and need for police services compared to development under the Adopted General Plan and current zoning entitlements for campus industrial uses. Refer to Appendix 6 for additional details.

Fire Services

The ESHO site is within the existing service area for the San Jose Fire Department (SJFD). Currently, the City's fire department has challenges meeting its response time goals in the ESHO site area. Development of the ESHO site under either the proposed Initiative or the Adopted General Plan could adversely impact the response time of SJFD. The service demand on the SJFD to serve residential uses verses employment uses is similar. While senior housing developments may have more calls to the SJFD for medical emergencies, the volume of calls from senior housing development for other types of

[41] Sources: City population = City of San José. "Population." Accessed: December 5, 2017. Available at: http://www.sanjoseca.gov/index.aspx?NID=2044. Number of police officers = Perez, Lisa. San José Police Department Fiscal and Personnel Division Manager. Personal Communications. December 5, 2017.

emergencies (fire, rescue, structure collapse) would typically be less. In contrast, employment uses may have more calls to the SJFD for fire, rescue, and structure collapse than medical emergencies.

The ESHSP does not propose any EDFs pertaining to fire protection services. Under the standard development review process, new development would be reviewed by SJFD for adequate emergency road access, water volume/pressure, and requirements for fire protection engineered systems. Refer to Appendix 5 for additional details.

Conclusion: Development of the ESHO site under the proposed General Plan or ESHSP would result in a similar impact and need for fire protection services as development under the Adopted General Plan and current zoning entitlements for campus industrial uses.

Library Services

The City's General Plan Policy ES-2.2 identifies providing at least 0.59 square feet of library facilities per capita (i.e., resident). The San José Public Library system has a total of approximately 648,232 square feet of library facilities. City library facilities and the entire Martin Luther King Jr. Main Library (MLK) (which is a jointly owned library by the City and San José State University) total approximately 928,482 square feet.[42] Build out of the adopted General Plan is projected to result in a population of 1,313,811 residents and is estimated to provide approximately 0.707 square feet of library facilities per capita.

Development of 910 senior homes at the ESHO site would generate approximately 2,160 new residents beyond what is anticipated from build out of the adopted General Plan and result in 0.7055 square feet of library facilities per capita citywide (a slight reduction in per capita facilities compared to the adopted General Plan); however, the City's library service goal of at least 0.59 square feet per capita would still be exceeded. The ESHSP does not propose any EDFs pertaining to library facilities. Refer to Appendix 5 for additional details.

Conclusion: The proposed Initiative would result in slightly greater impacts to library services (though the City's library service goal of at least 0.59 square feet per capita would still be exceeded) compared to the Adopted General Plan and current zoning entitlements for campus industrial uses because it would allow for additional residents.

Utilities and Service Systems

Water Supply

The Adopted General Plan EIR[43] concluded that implementation of the Adopted General Plan would increase the demand for water from the Santa Clara Valley Water District and the three water retailers serving the City, and the water demand could exceed water supply during dry years.[44]

Under the adopted General Plan, the ESHO site would be developed with 2.0 million square feet of industrial uses, which

[42] The City owns 41 percent of MLK and San José State University owns the remaining 59 percent.
[43] City of San José. Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan. SCH# 2009072096. September 2011. Certified November 1, 2011.
[44] City of San José. Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan. SCH# 2009072096. September 2011. Certified November 1, 2011. Page 670.

would have a water demand of approximately 700 acre feet per year (AFY).[45] Development of 910 senior homes at the ESHO site would generate a water demand of approximately 277 AFY.[46]

Development under the Adopted General Plan and the proposed senior housing would install recycled water infrastructure for landscape irrigation.[47] The ESHSP does not propose any Environmental Design Features (EDFs) pertaining to water supply. Refer to Appendix 5 for additional details.

Conclusion: Development of the ESHO site under the proposed ESHSP would have approximately 61 percent (or 434 AFY) less water demand and, therefore, lesser impact on water supply than development under the Adopted General Plan and current zoning entitlements for campus industrial uses. Therefore, it would have a lesser impact on water supply than development under the Adopted General Plan.

Wastewater Treatment and Sanitary Sewer System Capacity

Wastewater generated within the City is treated at the San José-Santa Clara Regional Wastewater Facility (RWF) located along the shores of the southern San Francisco Bay in San Jose. The Adopted General Plan EIR concluded that there is sufficient capacity at the RWF to treat sewage generated from build out of the adopted General Plan (estimated to be 100.6 million gallons per day [mgd]).[48] Under the Adopted General Plan, the ESHO site would be developed with two million square feet of industrial uses and generate approximately 875,500 mgd of sewage per day.[49] It is estimated that 910 senior homes per the proposed ESHSP would generate approximately 209,390 mgd of sewage.

The sanitary sewer system near the ESHO site is currently at capacity. Therefore, development of the site under either the Adopted General Plan or proposed Initiative would require the construction of three diversion pipes, which are identified improvements in the City's *Sanitary Sewer Master Plan Capacity Assessment*.

The proposed ESHSP does not propose any EDFs pertaining to the sewer system. However, the ESHSP states that each phase of new development shall provide infrastructure needed to meet the utility and infrastructure demands of that phase. Under the standard CEQA review process, development of the site would be required to construct the necessary improvements to provide adequate sewer capacity prior to occupancy of the site. Refer to Appendix 5 for additional details.

Conclusion: Development of the ESHO site under the proposed Initiative would have approximately 76 percent (or 666,110 mgd) less sewage generation and, therefore, lesser impact on the sewer system than development under the Adopted

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[45] Water generation was based on the following rates: 0.14 acre AFY per industrial job, 0.330 AFY per single-family unit, and 0.206 AFY per multi-family unit (Source: City of San José. *Water Supply Assessment for Envision San José 2040 General Plan Update.* September 2010. Page 5.). It is assumed that the water generation from recreational centers and other ancillary facilities associated with residential developments are reflected in the City's residential water generation rates.

[46] Attachment 5; 9212 Environmental Analysis, DJPA, December 2017.

[47] City of San José EIR for the Evergreen-East Hills Vision Strategy Project. SCH#2005102007, February 2006. Certified December 12, 2006. Page 280; and Initiative Measure to be Submitted Directly to the Voters. Page G-132.

[48] City of San José. Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan. SCH# 2009072096. September 2011. Certified November 1, 2011.

[49] Sewage generation was assumed to be 85 percent of water use onsite. The approximately three acre park that would be developed onsite under the adopted General Plan scenario is not counted towards the sewage generation. Sewage generation was based on the following daily water demand rates: 206 gallons per day (gpd) per industrial employee, 294 gpd per single-family unit, and 183 gpd per multi-family unit (Source: City of San José. *Water Supply Assessment for Envision San José 2040 General Plan Update.* September 2010. Page 5.).

General Plan and zoning entitlements for campus industrial uses.

Solid Waste Disposal

There are five landfills serving the City. The General Plan EIR concluded that, with the implementation and conformance with existing regulation and General Plan policies, there would be sufficient landfill capacity to serve build out of the Adopted General Plan.

Under the Adopted General Plan, the ESHO site would be developed with 2.0 million square feet of industrial uses and generate approximately 5,000 tons of solid waste per year.[50] The development of the ESHO site under the proposed Initiative (910 senior homes) would generate approximately 745 tons of solid waste per year, which is less waste than assumed for the site under the adopted General Plan. The ESHSP does not propose any EDFs pertaining to solid waste facilities. Refer to Appendix 5 for additional details.

Conclusion: Development of the ESHO site under the proposed Initiative would generate approximately 85 percent (or 4,255 tons) less solid waste and, therefore, lesser impact on landfill capacity than development under the Adopted General Plan and zoning entitlements for campus industrial uses.

Other Environmental Issues

Aesthetics

Development of the ESHO site under either the Adopted General Plan or proposed Initiative scenarios would change the visual character of the site and area because: 1) the site is currently undeveloped and vacant except for two single-family houses on one acre, 2) existing trees would be removed and replaced accordingly, and 3) new sources of lighting would be created in the area.

Development under either scenario would have a maximum building height of 45 feet. Campus industrial development, however, is generally larger in mass with less articulation than residential development. Parking is generally provided in several parking lots that would be set back and screened from public streets with berms or mounds and substantial landscaping.[51]

Chapters 5 and 6 of the proposed ESHSP enumerate architectural and landscape design guidelines while Chapter 3 outlines, Development Standards. These guidelines suggest a project are comparable to other master-planned residential communities in the City. Parking for the ESHSP would be provided in surface parking lots and integrated with the residential units and buildings in the form of parking garages. See Appendix 7 for a discussion of the consistency of the ESHSP with the Adopted General Plan.

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[50] Solid waste generation was estimated based on the following rates: 8.93 pounds/employee/day for industrial uses, 31.6 pounds/week/single-family dwelling unit, and 31.1 pounds/week/multi-family unit (Source: City of San José. *Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan.* SCH# 2009072096. September 2011. Certified November 1, 2011. Page 681.)

[51] Sources: 1) PDC82-01-006 Performance Standards. March 1981. 2) PDC98-035 Development Standards. April 23, 1998.

Development of the ESHO site under the Adopted General Plan would have a total of approximately 74 acres of open space (including a three-acre park space)[52] compared to development under the proposed Initiative, which would include approximately 46 acres of passive open space.

Development under either scenario would include setbacks from adjacent land uses and planting of new landscaping to reduce aesthetic impacts. Development under the Adopted General Plan would be required to conform to the City's exterior lighting policies (City Council Policy 4-3 and Interim Lighting Policy Broad Spectrum Lighting (LED) for Private Development) to provide for adequate lighting and reduced light pollution. The proposed ESHSP includes exterior lighting design guidelines that recommend exterior lighting be directed downward and not cause glare, spillover, or light pollution.[53] Development under either scenario would result in new light sources in the area. No EDFs pertaining to aesthetics were proposed.

While development of campus industrial and residential uses are different from each other in terms of visual character and effect, both uses exist in the immediate site vicinity. Development of the ESHO site under the Adopted General Plan would be consistent with the visual character of the existing industrial development directly south of the site. Development of the ESHO site under the proposed Initiative for senior housing would be consistent with the visual character of the existing residential development east of the site. Refer to Appendix 5 for additional details.

Conclusion: Based on the above discussion, the aesthetic impacts of development under either the adopted General Plan or proposed Initiative would be consistent with nearby uses.

Air Quality

Development of the ESHO site under either the Adopted General Plan or proposed Initiative scenarios would result in significant air quality impacts from construction and operation due to the magnitude of development that would occur. The proposed Initiative's ESHSP EDFs AIR-1 through -3 are meant to minimize construction-related dust and pollutant emissions. These EDFs are consistent with what the City would typically require under the standard CEQA review process; however, the City will need to review specific development applications in order to determine specific impacts. Under the standard CEQA review process, the City would also likely require the following measures to further reduce construction-related air quality impacts:

- All exposed surfaces shall be watered at a frequency adequate to maintain minimum soil moisture of 12 percent. Moisture content can be verified by lab samples or moisture probe.
- All excavation, grading, and/or demolition activities shall be suspended when average wind speeds exceed 20 miles per hour.
- Wind breaks (e.g., trees, fences) shall be installed on the windward side(s) of actively disturbed areas of construction. Wind breaks should have at maximum 50 percent air porosity.
- Vegetative ground cover (e.g., fast-germinating native grass seed) shall be planted in disturbed areas as soon as possible and watered appropriately until vegetation is established.

[52] PDC82-01-006. General Development Plan. March 1981.

- The simultaneous occurrence of excavation, grading, and ground-disturbing construction activities on the same area at any one time shall be limited. Activities shall be phased to reduce the amount of disturbed surfaces at any one time.
- All trucks and equipment, including their tires, shall be washed off prior to leaving the site.
- Site accesses to a distance of 100 feet from the paved road shall be treated with a six to 12 inch compacted layer of wood chips, mulch, or gravel.
- Sandbags or other erosion control measures shall be installed to prevent silt runoff to public roadways from sites with a slope greater than one percent.
- Use Low VOC (i.e., reactive organic gases) coatings beyond the local requirements (i.e., Regulation 8, Rule 3: Architectural Coatings).
- All construction equipment, diesel trucks, and generators shall be equipped with Best Available Control Technology for emission reductions of NOx and PM.
- All contractors must use equipment that meets CARB's most recent certification standard for off-road heavy duty diesel engines.

These measures are recommended by the Bay Area Air Quality District (BAAQMD) to reduce significant construction-related emissions.

The proposed ESHSP also specifies Transportation Demand Management (TDM) measures that would be implemented to reduce single-occupancy vehicle trips. These TDMs include constructing transit amenities, providing pedestrian access to transit stops and adjacent development, providing bicycle lanes/sidewalks/paths, providing bicycle parking, providing transit information kiosks, offering transit incentive programs, and providing a website for residents to organize carpools.[54] These TDM measures are consistent with standard City practices.

In addition to TDM measures to reduce operational air pollutant emissions, under the standard CEQA review process, the City would also likely require that all buildings include outdoor electrical outlets to encourage the use of electric landscape maintenance equipment to reduce operation-related air pollutant emissions. Refer to Appendix 5 for additional details.

Conclusion: Development of the ESHO site under either the Adopted General Plan or proposed Initiative would result in significant air quality impacts. Development of industrial uses onsite under the Adopted General Plan is estimated to generate 16,000 daily trips while the development of senior housing onsite under the proposed Initiative is estimated to generate 2,657 daily trips.[55] Because development of senior housing would generate fewer vehicle trips than development of industrial uses onsite, it is concluded that development of the ESHO site under the proposed Initiative would result in lesser air quality impacts than development under the Adopted General Plan and zoning entitlements for campus industrial uses.

Biological Resources

The ESHO site is classified as urban, agriculture and valley floor lands, and ranchlands and natural lands in the adopted Santa Clara Valley Habitat Plan (SCVHP). As such it is subject to land cover fees and the nitrogen deposition fee. It is not likely to be subject to other resource-specific fees (such as the wetland fee, serpentine fee, and burrowing owl fee), but that

[54] Initiative Measure to be Submitted Directly to the Voters. Page G-46.
[55] Hexagon Transportation Consultants, Inc. *Evergreen Senior Homes Initiative Traffic Analysis.* November 28, 2017.

will not be determined until complete development applications are evaluated[56]

Based on prior analysis under EEHVS EIR, it is likely that the ESHO site does not include sensitive habitat. Fowler Creek crosses the northern portion of the site and was considered an ephemeral ditch that contains ruderal grassland vegetation. The loggerhead shrike was known to be present onsite and the northern harrier and white-tailed kite had the potential to use the site from time to time; however, the evaluation in the EEHVS EIR concluded that the ESHO site did not constitute a major wildlife movement corridor. The site includes over 100 trees, including native species, which could provide nesting habitat for birds (including the loggerhead shrike).[57]

The ESHSP's EDFs BIO-1 through -12 are consistent with the standard City requirements to reduce impacts to biological resources. Under the standard CEQA review process, consultation with the California Department of Fish and Wildlife (CDFW) would likely be required to likely clarify the buffer areas for nesting birds and badgers. Future requirements for monitoring for burrowing owls and American badgers would depend on determination of presence of such species during implementation stage (grading and ground disturbance) and provisions and requirements of the SCVHP would apply.

The City's environmental policies in the General Plan, City Council Policy 6-34 Riparian Corridor Protection and Bird-safe Design, San Jose Municipal Code, and the SCVHP as approved and adopted by City Ordinance are applicable to all development projects in addition to the existing state and federal regulations for biological resources. Refer to Appendix 5 for additional details.

Conclusion: Overall, impacts to biological resources from development of the ESHO site would be the same under the Adopted General Plan and proposed Initiative because both scenarios would result in the development of the site and be subject to conformance with applicable regulations and payment of applicable SCVHP fees for the mitigation of impacts to covered species. Future environmental review will be required for discretionary permits and biological resources evaluation will be included in such review.

Cultural Resources

Based on analysis of the ESHO site in the certified EEHVS EIR, the potential exists for the discovery of cultural materials near the easterly margins of the site where there are two known prehistoric/historic sites.[58] In addition, two existing ranch-style residences onsite, constructed in the late 1950s or early 1960s, are over 50 years old and could be considered historic structures.

ESHSP EDFs CUL-1 through -3 are consistent with what the City would typically require to reduce impacts to unknown buried archaeological resources, paleontological resources, and human remains (if present onsite) under the standard CEQA process. Under the standard CEQA process, the City would typically require a historic analysis of structures 50 years or older to determine significance under CEQA. Removal of structures that are considered a historic resource under CEQA would result in a significant impact that requires mitigation to reduce the significant impact. Additionally, under the standard

[56] Santa Clara Valley Habitat Agency. "Habitat Agency Geobrowser." Accessed on: November 17, 2017. Available at: http://www.hcpmaps.com/habitat/.
[57] Santa Clara Valley Habitat Agency. "Habitat Agency Geobrowser." Accessed on: November 17, 2017. Available at: http://www.hcpmaps.com/habitat/.
[58] City of San José. *Draft EIR for the Evergreen-East Hills Vision Strategy Project.* SCH#2005102007. February 2006. Certified December 12, 2006. Pages 192, 196, and 197.

development review and CEQA process the City consults with local Native American tribes in accordance with 815.3 of the Civil Code and Sections 65040.2, 65092, 65351, 65352, 65560, 65352.3, 65352.4, and 65562.5 of the Government Code relating to traditional tribal cultural places and Sections 5097.94, 21073, 21074, 21080.3.1, 21080.3.2, 21082.3, 21083.09, 21084.2, and 21084.3 of the Public Resources Code relating to Native Americans, to confirm whether tribal cultural sites or resources are present onsite and to begin a consultation process to identify measures to mitigate or avoid a significant effect in the event that a significant effect exists to a tribal cultural resource. Refer to Appendix 5 for additional details.

Conclusion: The impacts to cultural resources from development of the ESHO site would be the same under the Adopted General Plan and proposed Initiative's ESHSP, assuming subsequent discretionary approvals for implementation of the ESHSP would be subject to CEQA and complete an historic analysis of the structures onsite and notification process with local tribes.

Geology and Soils

The project site is situated between the San Andreas and Hayward faults, two major active faults in the region. Based on analysis of the ESHO site in the certified EEHVS EIR, there is a landslide mapped in a corner of the ESHO site along its easterly boundary at the location where the south fork of Fowler Creek intersects the property.[59] The Quimby Fault is located along the easterly edge of the site and, therefore, this portion of the site is within the City's fault rupture hazard zone. The soils onsite do not pose a significant geologic constraint (i.e., potential for soil erosion, liquefaction, seismic settlement, and differential compaction) to development onsite.[60]

ESHSP EDF GEO-1 through -4 are consistent with what the City would typically require to reduce geology and soil hazards onsite under the standard permit approval. Any future development will be subject to compliance with Title 17, Chapter 17.10-Geologic Hazards Regulations and conformance with Unified Building Code as adopted by the City. Refer to Appendix 5 for additional details.

Conclusion: The site presents exposure to potential geological hazards irrespective of the type of land use. Therefore, the hazards from geology and soils to development on the ESHO site would be the same under the Adopted General Plan and proposed Initiative and Zoning entitlements for campus industrial uses.

Greenhouse Gas Emissions

A primary source of a development's greenhouse gas emissions is vehicle trips. Development of campus industrial uses on the ESHO site under the Adopted General Plan is estimated to generate 16,000 daily trips and development of senior housing onsite under the proposed Initiative is estimated to generate 2,657 daily trips. Development of senior housing on the ESHO site under the proposed Initiative would generate fewer trips and, therefore, lesser greenhouse gas emissions than development under the Adopted General Plan.

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[59] City of San José. *Draft EIR for the Evergreen-East Hills Vision Strategy Project.* SCH#2005102007. February 2006. Certified December 12, 2006. Pages 231 and 233.
[60] City of San José. *Draft EIR for the Evergreen-East Hills Vision Strategy Project.* SCH#2005102007. February 2006. Certified December 12, 2006. Pages 231 and 233.

No EDFs specifically pertaining to reduction of greenhouse gas emissions were proposed in the Initiative. The Initiative's ESHSP, however, specifies TDM measures that would be implemented to reduce single-occupancy vehicle trips such as constructing transit amenities, providing pedestrian access to transit stops and adjacent development, providing bicycle lanes/sidewalks/paths, providing bicycle parking, providing transit information kiosks, offering transit incentive programs, and providing a website for residents to organize carpools.[61] The examples of TDM measures provided in the ESHSP are consistent with what the City would typically require to reduce greenhouse gas emissions under the standard CEQA review process. In addition, the ESHSP identifies the following green building requirements:

- Tankless water heaters are required for all single-family homes.
- Rooftop solar panels or similar solar technology, such as solar films, solar glass, or solar roof tiles, are required for all single-family homes.
- Cross-linked polyethylene (PEX) or chlorinated polyvinyl chloride (CPVC) plumbing systems are required.
- Appliances and fans shall meet Energy Star® or equivalent energy-efficiency requirements.
- Air conditioning systems shall use non-HCFC refrigerants and thermostatic expansive valves.
- High-efficiency HVAC filters shall be used on all appropriate HVAC equipment.
- Insulation and simulated wood trim products shall be low emitting for formaldehyde and volatile organic compounds.
- All light switches for interior lights in residences for rooms other than hallways, bedrooms, bathrooms, and unfinished spaces, and in non-residential buildings shall operate with dimmer switches or motion sensors.
- Toilets shall be high efficiency with a maximum of 1.28 gallons per flush.
- All construction and buildings shall comply with applicable state and local green building standards, including the standards related to the recycling of construction waste.[62]

Refer to Appendix 5 for additional details.

Conclusion: Development of the ESHO site under the proposed Initiative would result in fewer automobile trips and therefore lesser greenhouse gas emissions than development under the Adopted General Plan and Zoning entitlements for campus industrial uses.

Hazards and Hazardous Materials

According to the analysis in the EEHVS EIR, other than the likely presence of lead-based paint and asbestos containing materials in the two existing residences, no other hazardous material conditions were found onsite that posed a risk to the development of industrial or residential uses.[1] ESHSP EDF HAZ-1 through -4 are consistent with what the City would typically require to reduce hazards and hazardous materials impacts under the standard CEQA review process. Under the standard CEQA review process, a current Phase I Environmental Site Analysis would be required and subsequent investigation, if warranted.

The EEHVS EIR stated that future residential development on the ESHO site would be required to provide appropriate setbacks from industrial uses.[63] The existing buildings formerly occupied by Hitachi adjacent to the south of the site are set

[61] Initiative Measure to be Submitted Directly to the Voters. Page G-46.
[62] Initiative Measure to be Submitted Directly to the Voters. Page G-40.
[63] Ibid. Page 256.

back several hundred feet from the shared property line, which would minimize potential hazards. Refer to Appendix 5 for additional details.

Conclusion: The development of either industrial uses or residential uses on the ESHO site would result in less than significant hazardous materials impacts. The development of residential uses (per the proposed Initiative) would place sensitive receptors near a land use that could utilize hazardous materials user (e.g., the development formerly occupied by Hitachi south of the ESHO site) and be required to provide appropriate setbacks to minimize land use incompatibility impacts.

Noise

The average ambient noise level at the ESHO site ranges from approximately 58-62 decibels (dBA).[64] The noise environment primarily results from local vehicular traffic. At build out of the Adopted General Plan, most of the site would have noise levels of less than 55 dBA from traffic except for the northern portion of the site near Aborn Road, which is estimated to have noise levels of up to 75 dBA.[65]

The development of the ESHO site under the Adopted General Plan would be compatible with the existing and projected ambient noise levels and would be required to comply with General Plan Policy EC-1.3 to ensure the noise generated by the industrial uses onsite at the property line with existing sensitive land uses (e.g., residential, and public/quasi-public uses) is 55 dBA DNL or less.

Based on the projected noise levels in General Plan EIR, the development of residential uses on the ESHO site under the proposed Initiative may be compatible with the existing and estimated ambient noise levels, subject to the conduct of future site-specific review, with the following exceptions:

- Near Aborn Road where ambient noise levels exceed the General Plan Policy EC-1.1 that identifies an exterior noise goal of 60 dBA DNL for residential uses, and
- At the southern property line shared with the former Hitachi campus which could generate noise exceeding 55 dBA DNL at the shared property line.

In addition, the ESHSP identifies recreational centers which could generate noise that would exceed 55 dBA DNL at residential property lines.

Given the amount of development that would be constructed under either the Adopted General Plan or proposed Initiative, it is likely development under either scenario would result in significant construction-related noise impacts.

ESHSP EDFs NOI-1 and -2 (as well as EDFs AIR-2 and -3 limiting equipment idling) are consistent with what the City would typically require to reduce noise/land use compatibility issues within a site under the standard CEQA review process. Under the standard CEQA review process, the City would also likely require the following, as well as other conditions it may deem appropriate upon review of the development application:

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[64] City of San José. *Draft EIR for the Evergreen-East Hills Vision Strategy Project.* SCH#2005102007. February 2006. Certified December 12, 2006. Page 159.
[65] City of San José. *Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan.* SCH# 2009072096. September 2011. Certified November 1, 2011. Figure 3.3-2. Page 328.

- A project-specific noise analysis that evaluates noise levels at new residences in proximity to the existing Hitachi industrial development south of the site and identifies measures to implement (if needed) to ensure noise/land use compatibility; and
- Early and frequent notification and communication with the neighborhood of the construction activities and schedule.

Refer to Appendix 5 for additional details.

Conclusion: Development of the ESHO site under either the Adopted General Plan or proposed Initiative is likely to result in significant construction-related noise impacts. Long-term operational noise impacts of development under either scenario would need to be evaluated to determine design avoidance features or mitigation measures to meet applicable noise goals and standards.

Environmental Resources Not Substantially Affected

Agricultural and Forestry Resources

The ESHO site is not designated nor used for agricultural or forestry uses.[66] Additionally, properties adjacent to the ESHO site are also not designated or used for agricultural or forestry uses.

Conclusion: There will be no impacts to agricultural and forestry resources with development under either the Adopted General Plan or proposed Initiative and Zoning entitlements for campus industrial uses.

Hydrology & Water Quality

Compliance with existing policies and regulations would reduce or avoid impacts to hydrology including the storm drain system, and water quality from development of the ESHO site under the adopted General Plan and proposed Initiative. The proposed storm drain improvements and stormwater management proposed in the ESHSP and the ESHSP EDFs HWQ-1 through -3 are consistent with the Public Works standards for these systems. Refer to Appendix 6 for additional details.

Conclusion: Impacts to hydrology (including the storm drain system) and water quality from development of the ESHO site under either the Adopted General Plan or proposed Initiative would be mitigated and avoided through compliance with existing policies and regulations.

Mineral Resources

The ESHO site does not contain known mineral resources, and it is not designated as a locally important mineral resource recovery site.[67]

Conclusion: There will be no impacts to mineral resources with development under either the Adopted General Plan or proposed Initiative and Zoning entitlements for campus industrial uses.

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[66] California Department of Conservation. *Santa Clara County Important Farmlands 2014.* Map. October 2016.
[67] City of San José. *Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan.* SCH# 2009072096. September 2011. Certified November 1, 2011. Pages 516-517.

Summary of Comparison of Environmental Impacts and EDF Consistency.

Table 17 in this shis section provides a summary comparison of the environmental effects discussed above.

Table 17: Summary of Comparison of Environmental Impacts and EDF Consistency with the City's Typical Mitigation or Conditions of Approval

Environmental Resource	Compared to the Impacts under the Adopted General Plan, Impacts of the Proposed Initiative are:			Compared to the City's Typical Mitigation or Conditions of Approval, the ESHSP EDFs are:		
	Less	Same/ Similar	Greater	Consistent	Inconsistent	Insufficient
ESHO Site Analysis						
Infrastructure						
• School Services			X			
• Other Public Services						
– Police Protection			X			
– Fire Protection		X				
– Library Services			X			
• Utilities and Service Systems						
– Water Supply	X					
– Wastewater Treatment and Sanitary Sewer System Capacity	X					X
– Solid Waste Disposal	X					
Other Environmental Issues						
• Aesthetics/Community Form		X				
• Agricultural and Forestry Resources		X				

Environmental Resource	Compared to the Impacts under the Adopted General Plan, Impacts of the Proposed Initiative are:			Compared to the City's Typical Mitigation or Conditions of Approval, the ESHSP EDFs are:		
	Less	Same/ Similar	Greater	Consistent	Inconsistent	Insufficient
• Air Quality	X			X		X
• Biological Resources		X		X		
• Cultural Resources		X		X		X
• Geology and Soils		X		X		
• Greenhouse Gas Emissions	X					
• Hazards and Hazardous Materials		X		X		
• Hydrology and Water Quality		X		X		
• Mineral Resources		X				
• Noise		X		X		X

Note: Refer to the body of the report for a complete discussion of the environmental impacts and EDF consistency with the City's typical mitigation or conditions of approval.

5. Infrastructure Funding

The 370-acre Evergreen Campus Industrial Employment Area (which includes the 200-acre ESHO site) is projected to generate approximately 10,000 jobs at full buildout. The Environmental Impact Report that was prepared for the EEHDP noted that many of these jobs could be filled by residents of the Evergreen area, thereby reducing out-commuting and congestion on the overcrowded gateway corridors.

When the City approved the Campus Industrial entitlements (PDC81-017, PDC82-006, and PDC98-035), several Conditions of Approval were specified to enhance the transportation capacity of the Evergreen area. These improvements are distinct from the mitigation measures listed below from the current EEHDP, because they were not required as mitigation for significant adverse impacts, and the City is not the responsible party for implementing them. These improvements are required to be implemented/constructed by the developer. The following transportation improvements are required with development of the Campus Industrial:

PDC81-03-017/PDC82-006

Conditions of Zoning Approval

The developer shall dedicate and improve Aborn Road, Murillo Avenue, and Fowler road to the standards required by the Director of Public Works

The developer shall dedicate and improve additional right of way on the south side of Story Road between Capitol Expressway and McGuiness Avenue to accommodate three eastbound lanes as required by the Director of Public Works

Traffic capacity review shall be provided for each phase of development as required by the Director of Public Works

The developer and/or project occupant(s) as appropriate shall implement and maintain programs to reduce peak hour trip generation by not less than 30%. Trip reduction programs for each phase of development shall be submitted to the Director of Public Works for review and approval prior to issuance of a PD Permit by the Director of Planning.

PDC98-05-035

Conditions of Zoning Approval

Submit a trip generation comparison study which compares the anticipated trip generation of the proposed use with the previously approved zoning. The developer may be required to implement a TDM program to reduce pm peak hour trips. This may be accomplished by multiple shifts, car pool/van pool and pedestrian and bicycle facilities.

Construct the traffic signal at the intersection of Yerba Buena and Altia Avenue.

The above conditions have not been constructed to date as they provide direct access and circulation to the development sites and appear to be feasible. The widening of Story Road (#2), an area improvement, would expand the gateway capacity into Evergreen which would be very beneficial to today's traffic conditions. In addition, the above conditions indicate projects were being held to a trip cap, a limitation to the amount of traffic the Campus Industrial sites could generate which would minimize the volume of traffic the Campus Industrial would generate.

Because the City included them in the Conditions of Approval when the Campus Industrial site was entitled, their implementation is only assured if that site is developed as Campus Industrial, as approved. If the proposed ESHSP is approved, then these Conditions of Approval would no longer apply, and the enhancements would not be implemented. The following information is excerpted directly from the Conditions of Approval that were established for the Campus Industrial site years ago in 1981, 1982, and 1998.

> *"Transportation capacity now exists (or will be created by improvements to be provided by this developer) to accommodate the traffic to be generated by the first phase of this development consistent with the Evergreen Development Policy. This capacity is in addition to the capacity allocated to serve the 2,400 units of residential development programmed for Evergreen between now and 1984.*
>
> *This project-serving capacity is derived from three sources:*
>
> 1. *Improvements which the developer will provide at the Story Road/Capitol Expressway intersection which will create additional screen line intersection capacity.*
> 2. *Those trips which will be "internalized" within Evergreen and will not impact the screen line intersections.*
> 3. *Capacity created as a result of programs to be instituted by the developer to reduce peak-hour traffic generation by 30% (Trip Reduction Programs). Program elements may include staggered shifts, "flextime" programs, employer sponsored van pools or other appropriate techniqu*es. Implementation of such programs was identified as a mitigation measure by the Draft EIR and is proposed as part of the project.
>
> *Capacity for future phases of development will be created by the extension of Yerba Buena Road over Route 101 and beyond Evergreen. This improvement will generate additional capacity in two ways:*
>
> 1. *Construction of an additional gateway into the Evergreen area.*
> 2. *Allow for reverse commute as workers enter Evergreen on the way to work and depart on the way home.*
>
> *Street Improvements:*
>
> 1. *Off-site dedication and improvement of Aborn Road between White Road and project site with first phase of development.*
> 2. *Dedication and improvement of Aborn Road, Murillo Avenue, and Fowler Road to include median island on Murillo Avenue.*
> 3. *Dedication and improvement of the south side of Story Road between Capitol Expressway and McGuiness Avenue to accommodate three eastbound travel lanes.*
> 4. *Murillo Avenue and Aborn Road traffic signal*

5. *Altia Avenue - Half-street improvement from Fowler Creek Park Rotary to Cortona*
6. *Aborn Road – Half-street improvement from 48A western boundary to Yerba Buena Road*
7. *Traffic operational improvements at the following intersections:*
    a. *White Road and Aborn Road*
    b. *US 101/Yerba Buena Road (east)*
    c. *Nieman Boulevard and Yerba Buena Road*
    d. *San Felipe Road and Yerba Buena Road"*

Additionally, the revised 1995 Evergreen Development Policy established Benefit Assessment District No. 91-209SJ (Aborn-Murillo) to fund and construct over 9.5 million dollars of transportation improvements to support 4,759 residential units to be constructed and identified specific properties to be assessed for transportation improvements (Table 12).

Table 18: Benefit Assessment District 91-209sj (Aborn - Murillo)

APN	DPN	PROPERTY OWNER	MAIL ADDESS	CITY STATE ZIP	ACRES	1995 INITIAL ASSESSMENT	ENR	2017 PARCEL ASSESSMENT
65902010	48A	Mission West Properties LP	10050 Bandley Drive	Cupertino, CA 95014	87.33	$1,464,833.91	1.7599252	$2,577,998.11
66033001	48B	Ione Enterprises 2 LLC	10050 Bandley Drive	Cupertino, CA 95014	0.50	$8,364.74	1.7599252	$14,721.32
66033002	48C	Ione Enterprises 2 LLC	10050 Bandley Drive	Cupertino, CA 95014	25.00	$418,237.18	1.7599252	$736,066.15
66033027	48D1E6	West Coast Ven Cap LLC	10050 Bandley Drive	Cupertino, CA 95014	12.20	$204,071.86	1.7599252	$359,151.21
66033028	48D2E7	West Coast Ven Cap LLC	10050 Bandley Drive	Cupertino, CA 95014	12.13	$202,900.96	1.7599252	$357,090.51
66033029	48E1 & 48E8	Ione Enterprises 2 LLC	10050 Bandley Drive	Cupertino, CA 95014	17.76	$245,220.77	1.7599252	$431,570.21
66033014	48E2	Ione Enterprises 2 LLC	10050 Bandley Drive	Cupertino, CA 95014	8.50	$142,181.20	1.7599252	$250,228.28
66033026	48E3	Ione Enterprises 2 LLC	10050 Bandley Drive	Cupertino, CA 95014	9.93	$166,101.11	1.7599252	$292,325.53
66033025	48E4	Ione Enterprises 2 LLC	10050 Bandley Drive	Cupertino, CA 95014	5.80	$97,017.75	1.7599252	$170,743.98
66033013	48E5	Ione Enterprises 2 LLC	10050 Bandley Drive	Cupertino, CA 95014	9.95	$166,435.66	1.7599252	$292,914.31
66033011	48F	Ione Enterprises 2 LLC	10050 Bandley Drive	Cupertino, CA 95014	5.83	$97,532.91	1.7599252	$171,650.63
66033020	not in district	Ione Enterprises 2 LLC	10050 Bandley Drive	Cupertino, CA 95014	4.04	not in district	not in district	not in district
Total					198.97	$2,805,925.23		$5,654,460.24

The assessment for the Campus Industrial was programmed to fund the improvements in Table 14 below. Both the Campus Industrial and the ESHSP would be required to pay these assessments or construct the improvements if they have not been constructed. All of the improvements are required to serve the site. The improvements that are 100% of share would either be constructed by the project or be funded by the project if constructed by others. The improvements noted in Table 14 that have been constructed would still require reimbursement by any development on the site. The remaining improvements, Aborn Road half street improvements, Altia half street improvements, instillation of a traffic signal Murillo Avenue and Aborn Road, and utility undergrounding along Aborn Road and Fowler Road, would be required when the site develops.

Table 19: Benefit Assessment District 91-209SJ (Aborn - Murillo)

Improvement*	% Of Share
Aborn Road - half street improvement from 48A western boundary to Yerba Buena Road	100%
Altia - half street improvement from Fowler Creek Park Rotary to Cortona	100%
Evergreen Interceptor**	13%
Murillo Avenue / Aborn Road Traffic Signal	50%
Undergrounding of utilities along frontage on Aborn Road	50%
Undergrounding of utilities along frontage on Fowler Road	50%
18" water main from Aborn Road to Fowler Road along future Yerba Buena Road**	100%
Zone 3-4 Water Reservoir and Pump Station Retrofit**	38%

** Woelffel Industries responsibility for cost share of these improvements was approximately $3,212,898.05*
Source: Engineer's Report - Section IV-A1.

**Indicates Improvements that have been completed

Evergreen East Hill Development Policy

The current EEHDP established a comprehensive transportation program and a traffic impact fee to fund the improvements to mitigate the impacts of 500 residential units, 500,000 square feet of commercial, and 75,000 square feet of office. The traffic impact fee for residential is $15,605 per unit.

The following mitigation measures were identified in the Environmental Impact Report (EIR) prepared for the Evergreen-East Hills Development Policy. They are presented in Appendix F of the EEHDP document and are provided here as context for understanding the transportation infrastructure improvements that are planned for the Evergreen area. Because the EIR has been approved, the City is committed to implementing these mitigation measures, whether the ESHO site is developed as Campus Industrial or as senior housing.

1. Capitol Expressway and Quimby Road: Add exclusive northbound and eastbound right-turn lanes to this intersection.
2. Neiman Boulevard and Yerba Buena Road: Add a second westbound left-turn lane to this intersection.
3. Tully Road and McLaughlin Avenue: Add an exclusive northbound right-turn lane to this intersection.
4. White Road and Aborn Road: Add a second westbound left-turn lane to this intersection.
5. US 101 and Yerba Buena Road (East): Convert a westbound through lane into a shared through/right-turn lane at this intersection.
6. White Road and Quimby Road: Add a second northbound left-turn lane to this intersection.

7. San Felipe Road and Yerba Buena Road (South): Add a second eastbound left-turn lane and a second southbound left-turn lane to this intersection.

New traffic signals or signal modifications are planned for the intersections at:

- Ruby Avenue/Norwood Avenue
- I-680 Ramps (North)/Jackson Avenue
- Ruby Avenue/Tully Road/Murillo Avenue
- Story Road/Clayton Road • Marten Avenue/ Mt. Rushmore Drive Marten Avenue/Flint Avenue
- Quimby Road/Scottsdale Drive
- Nieman Boulevard/Daniel Maloney Drive
- Story Road/Lancelot Drive • Ocala Avenue/Hillmont Avenue
- Ocala Avenue/Adrian Way

Evergreen Senior Homes Specific Plan Intersection Improvements

The proposed ESHSP is not proposing to pay the EEHDP traffic impact fee and is, in fact, proposing to exempt the project from the policy requirements. The proposed ESHSP has identified several intersection improvements within the Evergreen area, referred as Environmental Design Features (EDFs) in the Initiative.

The identified improvements would result in the addition of capacity at each of the locations listed below and each improvement appears feasible. However, identification of the operational benefit of each EDF would require a complete traffic analysis. It is worth noting that the EDFs do not overlap with any of the improvements that have been identified as mitigation measures for the EEHDP or that were included in the Conditions of Approval for the Campus Industrial (as described above).

The following improvements are excerpted directly from the text of the proposed ESHSP. Any claims of magnitude of improvement realized have not been substantiated by the City. Many of the improvements are intended to increase roadway capacity along Capitol Expressway and at various intersections. Because of the State adoption of SB743 which requires California Cities to no longer measure transportation impacts using Level of service and instead, recommend using a metric like Vehicle Miles Traveled(VMT), the City would evaluate the proposed improvements (design enhancements) and may recommend multimodal improvements that facilitate transit, walking, and biking, consistent with the State's guidelines. If the City has adopted a VMT Transportation Policy at the time of approval/implementation of the ESHSP, the improvements may not comply with the VMT Policy or General Plan Policy.

> EDF TRA-1 Capitol Expressway / Aborn Road: Prior to issuance of final occupancy permits for the first phase, and subject to the approval of the agency with jurisdiction over the intersection, the project applicant shall implement one of the following options. The LOS would improve from LOS F to E with implementation of the improvement:
>
> (1) Implement dynamic lane utilization for the northbound right-turn movement (i.e., providing a second northbound right-turn movement in the PM peak hour). During the AM peak hour, the dynamic lane will be a conventional HOV lane in the direction of HOV travel demand. This option also includes improving pedestrian and bicycle facilities on the northbound approach by providing a Class 1 trail facility that will accommodate both cyclists and pedestrians, and a shorter crosswalk, or

(2) Install a pedestrian push button at the northbound right-turn slip lane, and code the northbound right-turn movement as free. The northbound right-turn lane has its own receiving lane, sufficient in length to accommodate free flow merge conditions on Aborn Road.

EDF TRA-2 San Felipe Road / Paseo De Arboles: Prior to issuance of final occupancy permits for the first phase, and subject to the approval of the agency with jurisdiction over the intersection, the project applicant shall convert the westbound left-turn lane on Paseo de Arboles to a shared left-right-turn lane.

EDF TRA-3 White Road / Quimby Road: Prior to issuance of final occupancy permits for the first phase, and subject to the approval of the agency with jurisdiction over the intersection, the project applicant shall construct a second northbound left-turn lane on Quimby Road.

EDF TRA-4 Neiman Boulevard / Yerba Buena Road: Prior to issuance of final occupancy permits for the first phase, and subject to the approval of the agency with jurisdiction over the intersection, the project applicant shall construct a second northbound left-turn lane on Yerba Buena Road west of Nieman Boulevard and a second southbound left-turn lane on Yerba Buena Road east of Neiman Boulevard.

EDF TRA-5 Silver Creek Road / Capitol Expressway: Prior to issuance of final occupancy permits for the first phase, and subject to the approval of the agency with jurisdiction over the intersection, the project applicant shall restripe the SB approach on Capitol Expressway to include a southbound right-turn lane for 450 feet.

EDF TRA-6 Capitol Expressway / Aborn Road: Prior to issuance of final occupancy permits for the first phase, and subject to the approval of the agency with jurisdiction over the intersection, the project applicant shall construct a second northbound left-turn lane on Aborn Road.

EDF TRA-7 Silver Creek Road / Lexann Avenue: Prior to issuance of final occupancy permits for the first phase, and subject to the approval of the agency with jurisdiction over the intersection, the project applicant shall restripe the eastbound approach on Lexann Avenue to include a dedicated eastbound right-turn lane.

The total cost of the above improvements is unknown.

Other Infrastructure

Both the existing Campus Industrial entitlements and the proposed ESHSP would be subject to a number of development impact fees that would contribute toward funding future expansion of City infrastructure and facilities, as shown in Table 20. As shown in the table, the senior homes development under the Initiative would be subject to more fees than would the campus industrial development under the Adopted General Plan. It is important to note that these fees are not discretionary revenue for the City but would offset City expenditures to improve the community center and increase the capacity of the water, sewer, storm drainage and road facilities to mitigate the impact of the development.

Table 20: Evergreen Specific Plan Estimate of Development Impact Fees

FEE CATEGORY	FEE	UNIT	DUS/ACRES	FEE REVENUE
Adopted General Plan—Campus Industrial				
Parks*				N/A
Sewer Treatment Plant Connection				NA
Sanitary Sewer	$1,991	AC	200	$398,200
Storm Drainage	$1,815	AC	200	$363,000
Traffic				NA
Schools	$0.56	Sq. Ft.	2,000,000	$1,120,000
Initiative's Evergreen Senior Homes Specific Plan (ESHSP)				
Parks				$15,113,800
Single Family	$17,700	DU	719	$12,726,300
Multi-Family	$12,500	DU	191	$2,387,500
Sewer Treatment Plant Connection				$644,478
Single Family	$780	DU	719	$560,820
Multi-Family	$438	DU	191	$83,658
Sanitary Sewer	$1,991	AC	199	$396,209
Single Family	$447	DU	719	$321,393
Multi-Family	$1,991	AC	16	$31,856
Storm Drainage	$1,815	AC	199	$361,185
Single Family	$270	DU	719	$194,130
Multi-Family	$1,815	AC	16	$29,040
Traffic** - None per the Initiative	$15,605	DU	910	$14,200,550
Schools	$0.56	Sq. Ft.	1,956,500	$1,095,640

*Source: ADE, Inc., based on fee rates provided by City of San Jose. Notes: *Industrial development is not subject to Parks fees. **The Initiative proposes to amend the EEHDP to exempt senior housing pursuant to the Senior Housing Overlay from paying the City's traffic impact fee.*

6. Fiscal

Land use development in San Jose affects the City's tax base as well as creates demand for municipal services, which increases costs for City government. The balance between revenues and costs is a vital consideration in City planning. This section estimates the effect that the senior housing development that could be constructed under the Initiative on the EHSO site would have on major City tax revenues and service costs, compared to the Adopted General Plan. The analysis calculates these effects based on the currently entitled full build out of the two million sq. ft. of Campus Industrial space currently permitted compared to the 910 senior homes that would be authorized under the proposed ESHSP. The actual impact would occur incrementally over time as the construction of either development scenario would likely occur over a period of years.

Property Tax

The property tax is the largest single source of General Fund revenue for San Jose, representing about 27 percent of annual revenues. Property tax revenues are based on the assessed value of properties, which is equal to fair market value when the

buildings are newly constructed or newly sold on the market. After initial development or sale of the property, Proposition 13 limits the annual increase in assessed value to two percent per year, as long as the property remains in the same ownership. If properties remain in single ownership for many years, their assessed value may be much lower than market value for similar properties. This feature of the property tax means that for older properties the tax revenue often does not keep pace with inflation of City costs to provide municipal services. The property tax rate is one percent of assessed value, which is shared by a number of taxing agencies, including not only the City of San Jose but also Santa Clara County, the local school districts and regional agencies such as the Bay Area Air Quality Management District. On average, the City of San Jose gets about 16.9% of each dollar paid by property owners in base property tax.

Adopted General Plan

Based on current market sales values, the 2 million sq. ft. of campus industrial space permitted under the existing General Plan on the ESHO site would have an average assessed value of $270.00 per sq. ft., for a total of about $540 million. This assessed value would generate $911,800 per year in property tax for the City of San Jose.

Initiative's Evergreen Senior Homes Specific Plan

The 910 homes permitted under the ESHSP would be age-restricted to require that at least one resident of the household is aged 55+ years and others in the household meet criteria in Civil Code section 51.3. This is a specific segment of the housing market similar to the Villages subdivision to the south of the Evergreen site. A review of sales activity in this subdivision over the past two years indicates that single family homes sold for an average price of about $1.06 million and condominiums sold for about $630,000. Assuming the new homes would sell for more than these existing homes, ADE used a value of $1.1 million for a single family homes and $650,000 for multi-family homes to estimate the property tax for the ESHSP development (see Appendix 4, pp. 21-22). In addition to the market rate homes, the ESHSP proposes to provide 15-20 percent of the homes in "affordable" price ranges. The project developers may choose to provide these units as for-sale or rental, as discussed above in Section IIIC 1.c, Housing. For purposes of the property tax calculations, ADE has assumed these units would be for rent and managed by a non-profit entity, which would make the units tax exempt.

Homeowners 55+ also receive a couple potential property tax benefits from state and federal law. Under State propositions 60 and 90, passed in the mid 1980's, home owners 55+ can purchase a new home but retain the existing assessed value of their prior home. This can result in a much lower assessed value on the new home they purchase and a much lower property tax bill. For 55+ home owners who can take advantage of this provision, the local taxing agencies including the City receive lower property tax revenues. In addition to this state law, the federal tax code allows parents to bequeath real property to their children without an increase in tax basis. Therefore, until the children sell the home, it would carry the same Proposition 13 assessed value as their parents had. If the children were 55 years or older they could elect to occupy the home in the age-restricted development with no increase in property tax, as would otherwise occur if the property were sold. This would also be true if the children retain ownership of the home and rent it to qualified residents. In order to evaluate the potential effects of these tax provisions, ADE analyzed the differences between sales vales and assessed values for the homes sales in the Villages development and found that overall assessed values were 15 percent below the sales prices. While the difference can be much greater for individual dwelling units, not all seniors can take advantage of these provisions due to restrictions on the timing of these types of transactions. We assume that the 15 percent discount reflects the average effect throughout a large subdivision such as the proposed ESHSP.

Using the adjusted assessed values of $935,000 for the single family homes and $552,500 for market rate multi-family units, we assume the total assessed value for the ESHSP would be about $677.1 million. This would generate property taxes of about $1,143,500 per year, or 25 percent more than the campus industrial development permitted under the current General Plan.

Sales Tax

The sales tax is the second largest General Fund revenue, with about 21% of total annual revenues in the current fiscal year. The City receives about 1.28% of taxable sales that occur at businesses within the City limits. This includes the state allocated base sales tax, a local sales tax of 0.25 percent approved by local voters for a fifteen year period and a small amount of state allocated Proposition 172 sales taxes for public safety. The City also receives a share of taxable internet sales that are collected by the state and allocated to Santa Clara County jurisdictions. However, past retail market studies conducted for San Jose have concluded at about 30% of San Jose residents' taxable spending occurs at retail centers outside the City, for which the City gets no sales tax.

Adopted General Plan

The Campus Industrial entitlements permitted under the Adopted General Plan on the ESHO site would house a number of different types of businesses ranging from manufacturing and research operations to software developers and service businesses. Fiscal studies conducted for the Adopted General Plan update have demonstrated that Industrial Park types of businesses generate the equivalent of $311 in sales tax per employee per year. These revenues are not from expenditures by the employees but rather sales by the businesses themselves, averaged per worker they employ. Some of these sales are taxable business-to-business transactions and some are direct-to-consumer sales. On this basis, Campus Industrial development at the ESHO site would be expected to generate $1.55 million per year in sales taxes for the City.

Initiative's Evergreen Senior Homes Specific Plan

Residential households generate sales tax for the City through their taxable retail purchases within San Jose. Using typical housing cost factors relative to the price of the homes, assuming monthly housing costs are equal to 32.5% of household income, and factoring in the added income from the age 55+ property tax exclusions discussed above, ADE estimates that the average household income in the single family homes would be $213,700 in the single family units, $139,900 for the market rate multi-family homes and $65,700 in the affordable multi-family units. ADE calculated in detail the typical spending pattern for households at these income levels (see Appendix 4). Lower income households tend to spend a higher percentage of their income on retail goods and services. A portion of retail sales are not taxable, such as groceries and pharmaceuticals, as well as the labor component of most services. For those sales that are taxable, the City receives about 1.28 percent in sales tax revenue. ADE estimates that the single family households would generate $265 per unit annually in local sales tax and the multi-family units would generate $136 to $249. Combined, these figures add up to $216,600 in sales tax annually.

Utility User Tax and Other Revenues

While the property and sales taxes comprise nearly half of the City General Fund budget, in the current fiscal year, the City is also projected to receive $101.3 million in utility users taxes and another $70.8 million in franchise fees, including energy and telephone line taxes. In addition the City receives $64 million in business taxes, nearly $60 million in license and permit fees and $48.5 million in service charges, such as recreation program fees and other direct charges to citizens and businesses directly accessing specific City services.

Adopted General Plan

Businesses in San Jose generate a variety of revenues related to their utility use as well as from business taxes and from fees and charges for City services. Based on per capita estimates from the San Jose fiscal model (see Appendix 4) total other revenues for the Campus Industrial development are estimated at $2.15 million per year.

Evergreen Senior Homes Specific Plan

The proposed ESHSP would also generate other revenues related to their utility and services use and from fees and charges for City services. In addition, the City may expect some increase in revenues from the state and federal governments due to the increased population. Total other revenues for the 910 senior homes are estimated at $565,300 per year.

Summary of Fiscal Impact

Combining the estimate of major revenues and calculations of the City cost to provide municipal services to the two development scenarios, ADE has estimated the net fiscal impact of both the Adopted General Plan and the Initiative's proposed ESHSP.

Adopted General Plan

The Campus Industrial uses would require police and fire department services and would also have minor impacts on parks and library services from the workers onsite, estimated at only 10-15% of the impact of a comparable number of residential occupants. The development would affect City street maintenance costs as well as maintenance and operations of other infrastructure. These costs are estimated to total $3.5 million (Table 21).

Combined with the total annual revenues of $4.6 million discussed above, the Campus Industrial development would generate net surplus revenues of about $1.1 million per year ($4.6 million in revenue less $3.5 million in municipal costs).

Initiative's Evergreen Senior Homes Specific Plan

The Initiative's proposed ESHSP would require police and fire department services and would also have impacts on parks and library services from the residents. The senior housing development would affect City street maintenance costs as well as maintenance and operations of other infrastructure. The discussion of service impacts may be found above in the sections on Environmental effects. More detailed discussion of most City services may be found in the Environmental Analysis of the Initiative prepared by David J. Powers Associates (Appendix 5). Total City service costs, including parks and recreation discussed in more detail below, total about $1.96 million per year. This is lower than the costs for the Industrial Park development as there would be less than half as many residents as in the proposed ESHSP as employees in the business development.

The City Parks, Recreation and Neighborhood Services Department (PRNS) has separately reviewed the proposed ESHSP and indicates that a project with 719 single family detached (SFD) units and 191 multi-family (MF) (five or more) units in Multiple Listing District 3 would have a total parkland obligation of providing 8.48 acres of land (see p. 69). The proponents may elect to pay park in-lieu fees, which are discussed above under infrastructure funding. There are two parks within a three mile radius of the site: Fowler Creek Park and Montgomery Hill Park. It is unlikely PRNS would seek dedication/ development of land as a result of the project because the project site is in a well-served area. However, it would be important to

improve Evergreen Community center as a result of the project. This center needs modernization, extensive remodeling and expansion, and/or the construction of a new hub community center to better serve Council District 8.

Increased use of City parks by project residents would increase maintenance costs. This is estimated at about $114,000 per year at the rate for existing park maintenance of $13,100 per acre. In addition, residents' use of recreation facilities and programs would increase PRNS' operating costs, by an estimated $118,600. A portion of this cost would be offset by recreation fees paid by residents, which are included in the Departmental Charges in the upper part of Table 22.

ADE estimates that this development would generate $1.92 million per year in revenues for the City against $1.96 million in annual costs (Table 22). The net deficit from the senior housing development would be about $31,300 per year, $1.14 million less than from the Campus Industrial development.

Table 21: Estimated Fiscal Impact of Adopted General Plan (including Evergreen Campus Industrial Development)

Budget Category	Industrial Park
REVENUES	
Property Taxes	$911,800
Sales Tax	$1,555,900
Transient Occupancy Tax	$0
Franchise Fees	$204,500
Utility Tax	$407,800
Telephone Line Tax	$80,500
Business Taxes	$733,400
Licenses & Permits	$55,400
Fines & Forfeitures	$61,700
Revenue from Money and Property	$27,400
Revenue from Local Agencies	$11,500
Revenue from State Government	$0
Revenue from Federal Government	$0
Departmental Charges	$110,700
Other revenue	$116,000
Transfers/Reimbursements	$343,900
TOTAL REVENUES	$4,620,500
EXPENDITURES	
General Government	$550,800
Economic Development	$173,400
Environmental Services	$17,100
Police	$923,400
Fire/EMS	$869,400
Planning/Bldg./ Code Enf.	$46,200
Housing	$19,300
Public Works	$242,400
Recreation, Neigh. Svcs.	$75,800
Park Maintenance	$28,400
Library	$59,700
Transportation	$92,100
Transfers	$130,600
Reserves	$277,200
TOTAL EXPENDITURES	$3,505,800
NET (COST)/REVENUE	$1,114,700

Source: ADE, Inc.

Table 22: Estimated Fiscal Impact of Evergreen Senior Homes Specific Plan

Budget Category	Total	Single Family	Multi-Family
REVENUES			
Property Taxes	$1,143,500	$1,135,100	$8,400
Sales Tax	$216,600	$190,400	$26,200
Transient Occupancy Tax	$0	$0	$0
Franchise Fees	$72,200	$60,800	$11,400
Utility Tax	$144,100	$121,300	$22,800
Telephone Line Tax	$28,400	$23,900	$4,500
Business Taxes	$6,800	$5,700	$1,100
Licenses & Permits	$19,600	$16,500	$3,100
Fines & Forfeitures	$21,900	$18,400	$3,500
Revenue from Money and Property	$11,500	$10,800	$700
Revenue from Local Agencies	$4,000	$3,400	$600
Revenue from State Government	$27,500	$23,200	$4,300
Revenue from Federal Government	$5,900	$5,000	$900
Departmental Charges	$39,100	$32,900	$6,200
Other revenue	$41,000	$34,500	$6,500
Transfers/Reimbursements	$143,300	$135,200	$8,100
TOTAL REVENUES	$1,925,400	$1,817,100	$108,300
EXPENDITURES			
General Government	$307,300	$261,600	$45,700
Economic Development	$3,300	$2,800	$500
Environmental Services	$6,000	$5,100	$900
Police	$562,700	$473,700	$89,000
Fire/EMS	$380,600	$324,700	$55,900
Planning/Bldg./ Code Enf.	$64,900	$57,500	$7,400
Housing	$6,900	$5,800	$1,100
Public Works	$85,600	$72,100	$13,500
Recreation, Neigh. Svcs.	$118,700	$99,900	$18,800
Park Maintenance	$114,000	$96,000	$18,000
Library	$52,000	$43,800	$8,200
Transportation	$53,700	$51,800	$1,900
Transfers	$46,100	$38,800	$7,300
Reserves	$154,700	$131,700	$23,000
TOTAL EXPENDITURES	$1,956,500	$1,665,300	$291,200
NET (COST)/REVENUE	($31,100)	$151,800	($182,900)

Source: ADE, Inc.; Totals may not add due to rounding.

III.B. Conclusion of Development Project Analysis

The proposed ESHSP would replace planned development of two million sq. ft. of campus industrial space supporting 5,000 jobs, with 910 senior homes supporting a population of 2,610 persons. The proposed ESHSP is fundamentally inconsistent with the City's Adopted General Plan's Major Strategies, goals, and policies related to the preservation and enhancement of employment lands, smart growth, and achieving a citywide balance of job opportunities and housing. The proposed ESHSP is consistent with General Plan project-level policies that focus on the design of the development including green building, sustainable and attractive development, quality architectural design, provision of adequate parking, and the facilitation of housing. The concept, however, of placing 910 residential units within a designated Employment Growth Area is substantially inconsistent with the City's vision and heavily outweighs the benefits of providing attractive and sustainable design.

The proposed ESHSP would partially comply with the City Inclusionary Housing Ordinance, but does not adequately guarantee long term affordability of the required number of units nor meet the housing needs of very low income households. The Initiative's proposed changes to the City's Inclusionary Housing Ordinance would compromise the ability of the City to ensure that housing goals are met.

The proposed ESHSP would introduce senior housing adjacent to existing employment uses (former Hitachi site) as well as additional planned employment uses on the remaining 170 acres within the Evergreen Campus Industrial Employment Growth Area. The potential conflicts between residential and non-residential uses could further reduce the viability of future business development in this area. If no future business development occurs in the Evergreen area, the City would lose the 10,000 future jobs planned for this area. Given the lower density nature of the types of uses planned for this area, it is unlikely they could be transferred to other employment lands in the city, which are already programmed for increasingly intensive job development. Furthermore, the 10,000 jobs in the Evergreen location would support another 15,400 jobs elsewhere in San Jose, through multiplier effects from business to business transactions and employee spending in local retail stores. The multiplier effects of the proposed senior residential development would amount to only a few hundred jobs by comparison.

The proposed senior housing development would not significantly impact City services compared to the existing Campus Industrial entitlements, but it would generate fewer tax revenues to help pay for services. The City could expect annual net revenues of about $1.1 million per year from the Campus Industrial development, while the senior housing project would create an annual deficit of $31,100 per year.

IV. Proposed Citywide Policy Change

The Initiative would permit the designation of a Senior Housing Overlay on underutilized employment lands in San Jose. This chapter of the 9212 report analyzes the implications of this policy change on employment lands throughout the city, including the proposed ESHO site analyzed in Section III.

IV.A. Approach

In order to provide a basis for evaluating how the Initiative might impact the City of San José, this report defines and then compares potential future development under the **Adopted General Plan** to the General Plan as if it were amended by the Initiative, **General Plan with Initiative (Initiative)**. Chapter IV of the report analyzes how the proposed Citywide Senior Housing Overlay (CSHO) and associated General Plan Text Amendments are consistent with both the Adopted General Plan and General Plan with Initiative.

1. Employment Lands

The Initiative proposes to create a Senior Housing Overlay within the Envision San José 2040 General Plan. The proposed Senior Housing Overlay is referred to as the proposed Citywide Senior Housing Overlay (CSHO) within this report. The proposed CSHO would allow "senior residential development on appropriate underutilized employment lands... in addition to or as an alternative to uses consistent with the underlying Envision San José 2040 General Plan land use designations."[68]

The Initiative does not define "underutilized" or "employment lands." The Adopted General Plan also does not define "underutilized" or "employment lands." To address this issue, the City has defined a likely interpretation of how the proposed CSHO could be implemented if the Initiative were adopted. For purposes of analysis in this report, underutilized employment lands are considered to be any vacant site with a land use designation that supports job development (referred to as "Vacant Employment Lands" throughout this report).

However, "underutilized employment lands" could be interpreted in a wide variety of ways. For example, an interpretation could be that any non-residential building with a density or floor area ratio (FAR) lower than the site's maximum density range is underutilizing the site. Thus, where relevant, this report also includes references to all employment lands ("Employment Lands") within San José as any of these lands could be subject to the proposed CSHO if found to be underutilized. While the conversion of all of San José's Employment Lands to senior housing is unlikely, references to such impacts are intended to be illustrative of the proposed CSHO's highest potential impact and the impact of the Initiative's failure to define these terms that are central to the implementation of the Initiative.

Employment Lands and Vacant Employment Lands are further defined below:

- **Employment Lands:** Lands with a General Plan land use designation that supports job development, including Combined Industrial/Commercial, Commercial Downtown, Heavy Industrial, Industrial Park, Light Industrial, Mixed

[68] Evergreen Senior Homes Initiative, page 15

Use Commercial, Neighborhood/Community Commercial, Regional Commercial, Transit Employment Center, Urban Village, and Urban Village Commercial.
    - The Public/Quasi-Public (PQP) land use designation was not included as an Employment Land because the City has not traditionally accounted for PQP lands in accommodating planned job growth in the General Plan. While the PQP designation allows job generating uses (i.e. schools, government offices, etc.), the majority of the allowed uses are oriented to serving the public, not generating revenue.
    - The Downtown land use designation was not included as an Employment Land because senior housing is already an allowed use; thus, this designation would not require the proposed Senior Housing Overlay land use designation.
- **Vacant Employment Lands:** Vacant lands with a General Plan land use designation that supports job development, including the same land use designations as Employment Lands. The PQP and Downtown designations are also not included in this category.

IV.B. Summary of Scenarios Analyzed in Section IV

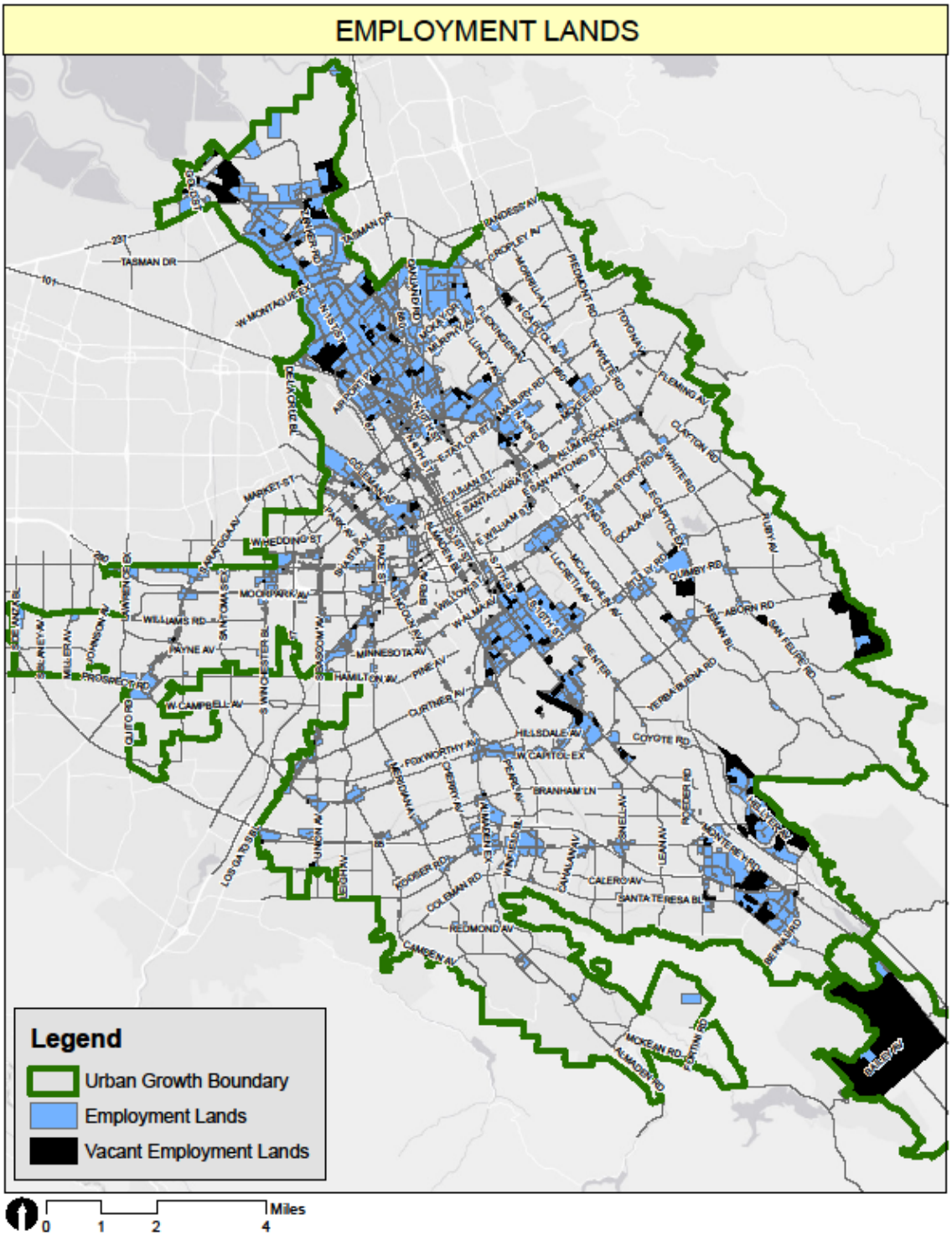
Chapter IV of this report evaluates the effects and impacts of the proposed Citywide Senior Housing Overlay (CSHO) by comparing what would occur under the Adopted General Plan and what could occur under the proposed Initiative. If adopted by the voters, the Initiative would allow underutilized employment land to be converted to senior housing through the implementation of the proposed CSHO. Based on the definition of "underutilized employment lands" in Section IV.A.1 of this report, the proposed CSHO would be applied to vacant employment lands. Because the Initiative, however, does not define underutilized employment lands, it is important to note that if the broadest possible interpretation of the term is used, any land designated for employment uses could be subject to the proposed CSHO. As shown by Table 23 and Figure 7, there are 15,231 acres of employment lands within San José and 3,247 acres of vacant employment lands. This acreage informs much of the analysis in Chapter IV of this report and in the attached appendices.

Table 23: Citywide Lands Designated for Employment Development

Land Category	Acres	% of Total SJ Land*
Employment Lands	15,231	17%
Vacant Employment Lands	3,247	4%

*Source: City of San Jose. *Total SJ Land includes all land within the City's Urban Growth Boundary.*

Figure 7: Employment Lands



1. Comparison of Maximum Allowable Development Citywide

Table 24 compares the City's maximum planned housing growth and planned job growth Citywide at buildout for the Adopted General Plan and the proposed Initiative. If the proposed CSHO were applied to all vacant employment lands within San José, the City's planned housing growth could substantially increase and planned job growth could substantially decrease. Based on the analysis in the ADE Fiscal Analysis Report (p. 1) , 86,010 new dwelling units would be added and 129,500 jobs would be lost if all Vacant Employment Lands were converted to senior housing.

Table 24: Citywide Residential and Employment Capacity

Land Use	Adopted General Plan	General Plan with Initiative
		Vacant Employment Lands
Planned Housing Growth (units)	120,000	206,010
Planned Job Growth (jobs)	382,000	252,500

Source: City of San Jose

The Initiative states that employment capacity associated with proposed CSHO lands would be redistributed to lands that are more supportive of employment growth in the near term, but does not identify where that redistribution would and could occur. The Initiative attempts to assume that no employment capacity would be lost as a result of application of the CSHO. The Adopted General Plan, however, currently allocates ambitious job growth and employment capacity within the City's Growth Areas. While planned jobs displaced by implementation of the proposed CSHO could potentially be shifted to other Growth Areas, these areas may not be able to reasonably accommodate additional jobs because of their existing job allocations, size, and development constraints (e.g., acreage, adjacent uses, height restrictions, etc.). As such, the unspecified redistribution of employment capacity in the Initiative would result in a net loss of jobs to the City.

IV.C. Analysis

Chapter IV of the report presents the analysis of the proposed Citywide Senior Housing Overlay's (CSHO) potential effects and impacts, pursuant to Elections Code section 9212. The analysis is presented in six sections that together cover all of the section 9212 subjects that the City Council directed staff to evaluate, as follows:

- **Land Use and Housing:** Effect on the internal consistency of the City's General Plan, including the Housing Element, Neighborhood Business Districts, and any limitations on city actions,[66] as well as its effect on the use of land, the impact on the availability and location of housing, and the ability of the city to meet its regional housing needs, pursuant to section 9212 (a)(2 & 3).
- **Agriculture and Revitalization:** Impact on agricultural lands and developed areas designated for revitalization, pursuant to section 9212 (a)(7).
- **Economic Development:** Impact on the community's ability to attract and retain business and employment, pursuant to section 9212 (a)(5), and the City's jobs/housing balance.

- **Infrastructure and Environmental:** Impact on transportation (traffic congestion), schools, parks and open space, other public services, and utility infrastructure, pursuant to section 9212 (a)(4 &7), as well as other environmental effects.
- **Infrastructure Funding:** Impact on funding for infrastructure of all types, including, but not limited to, transportation, schools, parks, open space, and affordable housing, pursuant to section 9212 (a)(4).
- **Fiscal:** Impact on the City's fiscal conditions, pursuant to section 9212 (a)(1).

Each section begins with a brief overview of the key components of the analysis and describes the potential effect and/or impacts of the proposed CSHO in specific ways.

1. Land Use and Housing

This section discusses the proposed Citywide Senior Housing Overlay (CSHO) and associated General Plan Text Amendments' impacts on land use and housing, specifically their consistency with the City's General Plan, Neighborhood Business Districts, Housing Element, and availability and location of housing.

Land Use Impacts

i. General Plan

California law (Government Code 65300 et seq.) requires every county and city in the state to develop a general plan with policies and objectives to guide land use and development. General Plans are of such importance that they are often referred to as the "constitution" for development. State law requires that the general plan be comprehensive and long-term, and that all specific plans, zoning ordinances, and other city plans be consistent with the general plan, with some exceptions for charter cities. The City of San José's current general plan, *Envision San José 2040*, was adopted on November 1, 2011. For information related to its history and implementation, see the "Land Use Impacts" section in Section III of this report.

One of the items to be analyzed pursuant to Elections Code Section 9212 and directed by City Council is the Initiative's effects on the internal consistency of the General Plan. This section discusses whether the proposed Citywide Senior Housing Overlay (CSHO) is consistent with the Adopted General Plan. For analysis related to the proposed Evergreen Senior Homes Specific Plan's consistency to the Adopted General Plan, refer to Chapter III of this report.

The Initiative proposes over 60 amendments to the Adopted General Plan, of which approximately 37 text amendments are needed to facilitate senior housing under the proposed CSHO. The other proposed amendments relate to the proposed Evergreen Senior Homes Specific Plan. The 37 text amendments propose to modify the General Plan in the following key ways:

1. Create a Senior Housing Overlay designation, referred to as the proposed Citywide Senior Housing Overlay (CSHO), in the General Plan that allows the development of market rate and affordable senior housing on underutilized employment lands;
2. Modify General Plan Major Strategies, goals, and policies to:
    a. allow the conversion of employment lands to facilitate senior housing;
    b. allow senior housing outside of identified Growth Areas; and
    c. allow residential units subject to the CSHO to move forward outside of Plan Horizons and in excess of the Adopted General Plan's planned housing yield of 120,000 units;
3. Add General Plan goals and policies that further emphasize the need for housing for seniors and veterans; and
4. Make other amendments to make the General Plan conform to the purposes of the Initiative.

The Initiative's proposed CSHO and its associated text amendments are found to be fundamentally inconsistent with the Adopted General Plan and associated elements including the Planned Growth Areas Diagram, the Land Use/Transportation Diagram, and the General Plan's Major Strategies, goals, and policies.

Planned Growth Areas Diagram

A key strategy of Envision 2040 is to focus new growth capacity in specifically identified Growth Areas, while the majority of the City is not planned for additional growth or intensification. This is shown in the General Plan's Planned Growth Areas Diagram in Figure 3 in Chapter III. This approach reflects the built out nature of San José, the limited availability of "nfill development sites, and the emphasis in the General Plan's vision and goals to reduce environmental impacts while fostering transit use and walkability. In order to accommodate San José's projected population and job growth, and better balance its jobs to housing ratio, Envision 2040 plans for 120,000 new dwelling units and 382,000 new jobs within Growth Areas.

The proposed CSHO is inconsistent with the Land Use/Transportation Diagram because it would allow senior housing on lands designated in the diagram for employment. The Adopted General Plan does not envision residential development on employment lands, with very few exceptions. Such exceptions include the Urban Village and Mixed Use Commercial land use designations which allow residential development only when a minimum FAR[69] of commercial/office is achieved.

Land Use/Transportation Diagram

Another key element of the Adopted General Plan is the Land Use/Transportation Diagram. This diagram provides geographic reference and spatial context to the General Plan's Major Strategies, goals, and policies. The Land Use/Transportation Diagram assigns land use designations to San José properties and illustrates the strong link between the city's land use and the transportation network.[70]

The proposed CSHO is inconsistent with the Land Use/Transportation Diagram because it would allow senior housing on lands designated in the diagram for employment. The Adopted General Plan does not envision residential development on employment lands, with very few exceptions. Such exceptions include the Urban Village and Mixed Use Commercial land use designations which allow residential development only when a minimum FAR[71] of commercial/office is achieved. The Land Use/Transportation Diagram includes land use designations that facilitate the planned 120,000 new dwelling units within San José. Allowing residential development on employment lands is not necessary to facilitate residential development or senior housing in San José, as a large majority of land in San José is already designated for residential uses.

Major Strategies, Goals, and Policies

The Adopted General Plan includes 12 Major Strategies that directly inform the Land Use/Transportation Diagram, goals, policies, and action items to guide the physical development of San José and the evolving delivery of City services. The 12 interrelated and mutually supportive strategies are considered fundamental to the achievement of the City's vision and together promote the continuing evolution of San José.

The Adopted General Plan seeks to achieve the City's vision by implementing its Major Strategies, which are global and

[69] FAR: Floor area ratio. The ratio of a building's gross floor area to the net acreage of the lot upon which the building stands.

[70] Refer to the City's website for the Envision 2040 Land Use/Transportation Diagram: http://www.sanJoséca.gov/DocumentCenter/View/7461

[71] FAR: Floor area ratio. The ratio of a building's gross floor area to the net acreage of the lot upon which the building stands.

holistic in perspective, and furthers these Major Strategies through the realization of its goals and policies. The Adopted General Plan prioritizes conformance to Major Strategies above conformance to individual goals and policies; as such, development proposals and plans should be analyzed for conformance in this manner.

Appendix 8 of this report provides a comprehensive analysis of the proposed CSHO's consistency with the Adopted General Plan's Major Strategies, goals, and policies. As shown by Appendix 8, the proposed CSHO is fundamentally inconsistent with the Adopted General Plan's Major Strategies and numerous goals and policies. While the proposed CSHO is consistent with four policies, this does not outweigh the substantial inconsistencies with the Major Strategies, goals, and policies of the Adopted General Plan.

The proposed CSHO is inconsistent with Major Strategies, goals, and policies that seek to focus job and housing growth in identified Growth Areas; preserve and enhance the City's limited employment lands; locate housing growth in Urban Villages; implement adopted Urban Village Plans; and make land use decisions that promote the City's fiscal health. The four policies to which the proposed CSHO conforms relate to the facilitation of housing, placing housing close to jobs, and requiring analysis per the California Environmental Quality Act (CEQA) to move forward with a General Plan Amendment to adopt a Senior Housing Overlay land use designation on a site.

ii. Neighborhood Business Districts

The Adopted General Plan defines Neighborhood Business Districts (NBD) as commercial areas along both sides of a street, which function in their neighborhoods or communities as central business districts, providing community focus and identity through the delivery of goods and services (Figure 8). NBDs contain a variety of commercial and non-commercial uses which contribute to neighborhood identity by serving as a focus for neighborhood activity. The NBD designation functions as an overlay and views residential and commercial uses to be complementary uses.

There are ten designated NBDs in San José. These include:

1. East Santa Clara Street
2. The Alameda
3. West San Carlos Street
4. Alum Rock Avenue
5. Story Road
6. Winchester Boulevard
7. Japantown
8. North 13th Street/Luna Park
9. Willow Glen
10. Willow Street

The proposed CSHO could be applied to underutilized employment lands within NBDs, placing senior housing along the City's commercial corridors and in central business districts. Several NBDs also share overlapping boundaries with the Adopted General Plan's Urban Villages; however, development of senior housing units under the proposed CSHO would not use the respective Urban Village's planned housing yield and would be developed in addition to the Village's planned housing capacity.

Sites located within an NBD in an Urban Village are also subject to the respective Urban Village's Urban Village Plan. The Initiative would allow the City and private applicants to apply the proposed CSHO to underutilized employment lands within an Urban Village inconsistent with the adopted Urban Village Plan. For example, if a property within an Urban Village is designated "Urban Village Commercial" and deemed underutilized (most properties within Urban Villages are underutilized in some capacity), under the broadest interpretation of "underutilized" in the Initiative, a private applicant could apply to designate the site with the proposed CSHO even though the adopted Urban Village Plan does not allow for residential uses on the property.

Impacts to Housing Capacity and Affordability

i. Consistency with the Housing Element

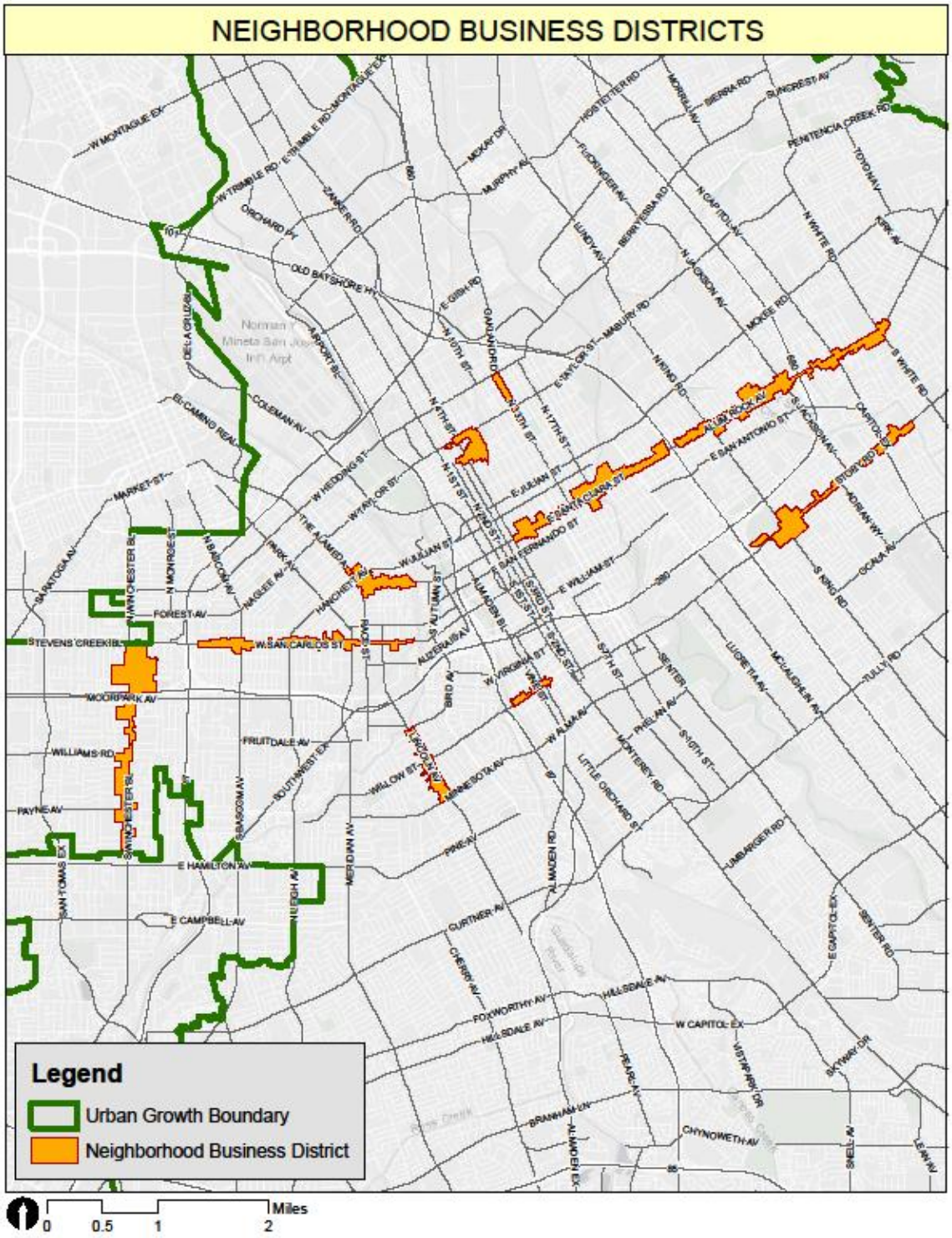
Housing Capacity

The Housing Element is one of the seven State-required components of local general plans. The State requires that all cities' Housing Elements must be updated on a regular basis and reviewed by the Department of Housing and Community Development (HCD) for compliance with State law. San José's Housing Element (Chapter 7 of the City's General Plan) was last updated and approved by HCD on April 30, 2015.

The Housing Element requires jurisdictions to plan for their share of regional Housing needs across all income levels. This "fair share" is calculated by the State and assigned to each City and County in California and is also known as the Regional Housing Needs Allocation or RHNA. San Jose's current RHNA goal calls for the construction of 35,080 affordable and market rate residential units between 2014-2023. The Housing Element must demonstrate the City has zoned sufficient sites to accommodate the RHNA goals. The General Plan supports the development of up to 120,000 new dwelling units through 2040, which meets and exceeds the residential growth called for under the City's current and projected RHNA goals for the same period. A list of adequate housing sites to accommodate the 35,080 units in the current RHNA cycle can be found in Appendix A of the Housing Element.

The Initiative proposes to add Goal H-5.4 to the General Plan stating that "Senior housing developed in a Senior Housing Overlay will not count toward the growth capacity for 120,000 new dwelling units contained in the Envision San Jose 2040 General Plan." This provision would expand the amount of housing that can be built in San José beyond what was planned for in the General Plan. This is not necessary to achieve the City's housing allocation in the current or future RHNA cycles.

Figure 8: Neighborhood Business Districts



Housing Affordability

The Initiative proposes its own Partial Exemption for For-Sale Residential Developments for senior projects utilizing the Citywide Senior Housing Overlay on the ESHSP site and elsewhere in the city. The Initiative proposes to adopt its Evergreen Senior Homes Specific Plan (ESHSP), which would authorize up to 910 residential units on the 200-acre site. The ESHSP states that 20% of the housing units will be affordable. If passed the Initiative and ESHSP seek to achieve this by creating its own alternative Inclusionary Housing requirement and change the San Jose Municipal Code under Chapter 5.08. As stated in the section regarding the ESHSP analysis, if the development is residential units and are rented out, the levels of affordability proposed do not need to meet the levels of affordability required by the current San Jose Inclusionary Housing Ordinance. If the development is for-sale, then the residential development may specify all of its own inclusionary guidelines as it relates to: i) the timing of construction, and ii) requirements with respect to (a) geographic location, (b) parking, (c) amenities, and (d) square footage and bedroom count. As such, the Initiative and ESHSP proposes to create mostly market rate housing and an alternative version of the San José Inclusionary Housing Ordinance.

Many seniors are not housing cost burdened meaning they do not pay more than 30% of their income on housing. In 2010, approximately 72% of senior (65+) householders in San José owned their own home, and two thirds of those householders spent less than 30% of their household income for housing.[72] In contrast, seniors who rented were much more likely to spend more than 30% of their income toward housing. The Initiative proposes to create mostly market rate senior housing which may be challenging to afford for seniors who rent in San Jose.

Seniors who are able to afford market-rate housing are relatively well served through the City's current progress in market-rate housing development. Table 25 below shows the City of San José's housing production over the past five years. The amount of market rate housing production has consistently exceeded the annual RHNA-housing goals during this period. The production of affordable deed-restricted housing has fallen significantly below the amount needed to reach the RHNA goal. There is a great need to build deed restricted affordable housing for residents with annual household incomes below $84,900 (the income needed to afford the average one-bedroom apartment in San José in Q3 of 2017).

Table 25: City Of San José Housing Production compared to Annual RHNA Goals

Income Category	2012 Actual	% of Goal	2013 Actual	% of Goal	2014 Actual	% of Goal	2015 Actual	% of Goal	2016 Actual	% of Goal
Affordable Housing *	495	18%	494	18%	506	21%	70	3%	314	13%
Market Rate	3,097	140%	3,211	145%	3,954	245%	1,950	121%	1,774	110%
All Housing	3,592	72%	3,705	75%	4,460	112%	2,020	51%	2,088	52%

** Affordable to annual household incomes below $84,900, the income needed to afford the average one-bedroom apartment in San José in Q3 of 2017.*

[72] City of San José Housing Element (III-22)

Special Needs Housing

The Housing Element recognizes seniors as one of several special needs housing groups including persons with disabilities, large families, female-headed households, and unsheltered individuals. Seniors and young adults represent the first and second largest projected growth segments in San José over the next 20 years.[73] The Housing Element also found that seniors are not a monolithic group and that their housing needs are likely diverse. Some seniors wish to "age in place" while others need specialized care via assisted living.

While the Initiative emphasizes the importance of accommodating the housing needs of seniors, it is not clear how the Initiative would ensure that the proposed ESHSP would actually house seniors or for how long. The Initiative mentions that Homeowners Associations could establish Covenants, Conditions, and Restrictions (CC&Rs) to enforce senior restrictions, but it is not clear that such CC&Rs would be mandated under the Initiative. The City would need to monitor housing built under this initiative to make certain it is senior owned and occupied. City staffing to monitor and enforce the senior restriction would require additional funding.

ii. Consistency with State and Regional Land Use and Transportation Plans

The location of housing is important because it impacts commute patterns, traffic congestion, and the level of greenhouse gases that are emitted. The 2014-22 Regional Housing Needs Assessment (RHNA) incorporates a comprehensive approach towards the integration of land use and transportation to meet environmental sustainability goals set by The Global Warming Solutions Act of 2006, or Assembly Bill 32 (AB 32), and the Sustainable Communities and Climate Protection Act, or Senate Bill 375 (SB 375). Under SB 375, housing allocations must be consistent with regional plans that direct growth into infill areas near transit to reduce traffic and vehicle miles traveled. San Jose's adopted General Plan is consistent with the Plan Bay Area regional land use and transportation plan and San Jose's "Priority Development Areas" were approved by the Association of Bay Area Governments and the Metropolitan Transportation Commission. The ESHO is inconsistent with Plan Bay Area because it could result in housing being built on land designated for commercial uses and land that is outside of adopted "Priority Development Areas."

2. Agricultural Lands and Revitalization Areas

This section evaluates the proposed CSHO's potential impact on agricultural lands and developed areas designated for revitalization.

Agricultural Lands

San José's Vacant Employment Lands are not designated for agricultural uses. Of the 3,247 acres of Vacant Employment Land, however, 1,296 acres (40%) are considered agricultural uses by the California Department of Conservation. Development of this land would result in the same impacts to agricultural land under the Adopted General Plan and the proposed Initiative.

[73]City of San José Housing Element (Chapter II-6).

Developed Areas Designated for Revitalization

Prior to the state's dissolution of redevelopment agencies in 2011, San José focused revitalization efforts in designated Redevelopment Areas throughout the City. Post 2011, the City focuses redevelopment efforts within the Adopted General Plan's Growth Areas, including Employment Areas and Urban Villages. The proposed CSHO could be applied to land within Growth Areas in San José if the land is deemed" underutilized." In order to achieve the City's jobs and housing goals, each Growth Area is allocated a portion of the City's jobs and housing growth capacities. To achieve these goals, the Adopted General Plan's Land Use/Transportation Diagram designates land for residential and employment uses within Urban Villages and employment uses within Employment Areas. The proposed CSHO could limit the ability of these Growth Areas to achieve their job capacity goals by converting employment lands within these areas to senior housing. Furthermore, senior housing within a proposed CSHO would not have to abide by the regulations set forth in Urban Village Plans, as development within a CSHO is implemented by adoption of a specific plan.

3. Economic Development

This section of the report discusses the potential citywide impact of the proposed Initiative on job growth and prospects for economic development in San Jose. The discussion provides a context for viewing employment lands in relation to residential and other land uses in San Jose. This report has analyzed 3,247 acres of vacant lands with General Plan designations indicated in the Jobs by Land Use Designation table (Table 16) below as lands that could potentially be subject to conversion to senior housing through the application of the CSHO. This can be considered a minimum impact scenario depending on the ultimate interpretation of "underutilized employment lands." This section discusses the implications of converting these employment lands from jobs to housing on the City's jobs/housing goals and the ability of the City to achieve successful economic development.

Value of Employment Lands

Within the portfolio of the City's existing lands, only 15% is designated for employment uses. By comparison, neighboring cities such as Mountain View, Santa Clara, and Sunnyvale have 28%, 28%, & 24%, respectively, of existing lands for employment uses. While comprising a much smaller portion of San Jose's land inventory, employment lands contribute significantly to the City's revenue stream. In particular, 60% of San Jose General Fund Revenue is sourced from employment lands. As described in the fiscal section (page 27 of Appendix 4 ADE fiscal report) in greater detail, the loss of employment lands proposed through the Initiative's Citywide Senior Housing Overlay will significantly and negatively affect net City revenue.

Table 26: Jobs by Land Use Designation

Land Use Type	Combined Industrial/ Commercial	Heavy Industrial	Industrial Park	Light Industrial	Mixed Use Commercial	Neighborhood/ Community	Transit Employment Center	Urban Village	Total Jobs
Retail	4,745				302	7,555	17,166	453	30,222
Traditional Office	3,390		17,072		305		9,162	611	30,541
Creative/High Tech Office			8,632				2,877		11,509
Traditional Industrial		616	5,908	3,513					10,036
Light Manufacturing			16,253	2,868					19,121
Tech R&D/ Manufacturing			4,765						4,765
R&D Life Sciences			1,431						1,431
Hotel	100		0		100	50	648	100	997
Inst./Other [c]	7,244		5,804		522	3,131	4,175		20,876
Total Jobs	15,479	616	59,863	6,381	1,229	10,737	34,029	1,164	129,498
Vacant Acres	327	47	2,414	183	5	151	118	2	3,246
Job/Acre	47	13	25	35	266	71	289	600	40

Source: ADE, Inc.

Market Analysis

Table 27 below includes current inventory and vacancy information for City of San Jose Industrial, R&D, and Office building stock.[74] The industrial market has a very low vacancy rate of 4.8%. The higher vacancy rates in R&D and Office take into account recently constructed Class A Office and R&D buildings in projects such as Coleman Highline, Midpoint 237, and America Center. According to an analysis of Costar data, the current citywide retail vacancy rate is: 3.1%[75].

Table 27: San Jose Market Conditions

Building Typology	Inventory Base	Q3-17 Vacancy	Q2-17 Vacancy	Q3-16 Vacancy	Q3-17 Avg Asking Rate Range	Q3-17 Avg Asking Rate
Industrial	44,125,966	4.80%	4.7%	2.8%	$0.55-$2.00	$0.89
R&D	47,027,610	13.60%	14.1%	13.0%	$1.13-$3.50	$1.86
Office Class A	12,417,085	17.00%	16.4%	16.4%	$1.25-5.65	$3.81
Office Class B	7,015,788	10.80%	10.3%	9.70%	$1.25-5.65	$3.09

Employment

The Initiative's proposed CSHO would reduce employment opportunities in San Jose. The following analysis is based on the assumption that an estimated 3,247 acres of vacant employment lands in the City could potentially be subject to the Citywide Senior Housing Overlay (CSHO). Under current General Plan land use designations, these properties would be expected to support future growth of 129,500 jobs (refer to Appendix 4 – ADE Fiscal Analysis). A jobs projection analysis completed by Applied Development Economics is shown above in Table 26. This table includes a list of relevant General Plan designations, acreage, and projected jobs. These jobs comprise 35% of all the growth planned for in the Adopted General Plan's planned job growth capacity.

The Initiative states that jobs lost from the implementation of the proposed CSHO would be moved to other areas of the city. Relocating up to 129,500 jobs is not a practical assumption given the potential magnitude of traffic impacts, infrastructure needs, and land-use compatibility conflicts. It is also doubtful that low-margin industrial businesses could compete for land with senior housing developers or businesses that normally occupy higher-density (and more expensive) environments.

It is possible that the City's analysis of 129,500 lost jobs is underestimated. The Initiative does not define "underutilized employment lands." A broad interpretation of the term "underutilized" could be defined as any employment land not built to

[74] Cushman and Wakefield Third Quarter 2017 Industrial, R&D, and Office Silicon Valley Reports (see Appendix 9)
[75] CoStar Real Estate Retail Citywide Data Search for City of San Jose (see Appendix 10)

maximum floor area ratio (FAR). Such an interpretation would affect the majority of employment lands in San Jose except for a few high rise office buildings.

As stated in the Industrial Supply Chain section below, conversion of employment lands to allow Senior Housing will have the added effect of requiring higher densities on remaining employment lands. While all employment lands may be vulnerable to conversion, industrial properties, which have the lowest property values, will likely be the most affected by the potential conversion to senior housing.

Diminishing the amount of manufacturing, warehousing, and R&D businesses not only threatens the Silicon Valley supply chain but also the removal of associated jobs which provide substantive wages and career pathways for non-college educated, but technically trained residents. The City's Adopted General Plan and Economic Development Strategy seek to develop diverse job offerings to support a wide range of educational attainment and income levels. Approximately 40% of San Jose's residents hold a bachelor's degree or higher.[76] The remainder of San Jose's population comprises the workforce holding lower and middle-skilled positions. Many of these workers are employed in industrial sector jobs. For instance, 55,000 people are employed in San Jose's manufacturing sector. According to the Bay Area State of Urban Manufacturing Study, 45% of San Jose's manufacturing jobs are middle-wage.[77] The Manufacturing sector has career growth opportunities based on technical skills and training, rather than the attainment of a college degree.

Jobs/Housing Balance

The jobs-to-housing ratio of a city is a measure that is commonly used to evaluate how many jobs a city provides in comparison to housing units. The City's current jobs-to-housing ratio is 1.273, meaning there are 1.273 jobs for every residential unit.[78] Upon full build-out of the Adopted General Plan, the number of jobs per residential unit in San José would be 1.750.[79] If the Initiative were approved, the City's planned jobs-housing balance would substantially decrease to 1.206, due to the additional 86,010 dwelling units and decrease in 129,500 planned jobs from the conversion of Vacant Employment Lands in San José.

The City's however, uses a different, but similar, metric to evaluate San José's jobs/housing balance: the jobs-to-employed-resident (J/ER) ratio. This ratio is a measure that evaluates the number of jobs per worker in a city. A ratio greater than 1.0 implies that there are more jobs than workers resulting in people commuting into that city for work, while a ratio less than 1.0 implies that a city lacks jobs for its residents forcing workers to commute to other cities for work. The J/ER ratio provides a clearer understanding of a city's jobs/housing balance than the jobs-to-housing ratio because it accounts for the fact that more than one person typically lives in a household and for the diversity of household type (i.e. studio, 1-bedroom, 2-bedroom, etc.). For example, San José has an average household size of 3.2 people per owner-occupied unit and 3.05 people per renter-occupied unit.[80] Thus, one housing unit is not needed for every one job to have a balanced community. The City's current

[76] U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

[77] 2016 SF Made Bay Area State of Manufacturing Study (http://sfmade.org/wp-content/uploads/2016_State-of-Urban-Manufacturing.pdf)

[78] California Department of Finance, 2016 (329,824 housing units, 420,030 jobs)

[79] This ratio is based on existing jobs and housing units in 2008 during the General Plan update (369,450 jobs and 309,350 dwelling units) plus the General Plan's planned job and housing growth (382,000 jobs and 120,000 dwelling units), minus the assumed changes from the proposed CSHO (increase of 86,010 dwelling units and decrease of 129,500 jobs). This data is contained in Appendix 5 of the General Plan.

[80] U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

J/ER ratio is 0.80, meaning there are 0.80 jobs per every employed resident.[81] Under full buildout of the Adopted General Plan, the City's J/ER ratio will be 1.1. The proposed CSHO, however, will eliminate 129,500 jobs and add 86,010 senior housing units (102,522 employed residents) within San José, substantially reducing the City's J/ER ratio to 0.8. Table 28 below shows the jobs and employed resident numbers used for the City's existing condition, and full buildout of the Adopted General Plan and the Initiative. The imbalance would be even greater if the Initiative's term "underutilized employment lands" were interpreted more expansively than vacant employment lands.

Table 28: CSHO Jobs and Employed Residents Assumptions

Jobs/ Employed Residents	Existing	Adopted General Plan Buildout	Initiative Buildout
Jobs	413,794	751,450	621,950
Employed Residents	518,200	689,100	791,622
J/ER Ratio	0.8	1.1	0.8

Source: California Employment Development Department (CEDD) data for Existing data; U.S. Census Bureau, ACE Estimates 1-Year Sample Table S2301 for Adopted General Plan Buildout and General Plan w/Initiative Buildout data

Industrial Supply Chain

Conversion of vacant employment lands will result in the densification of remaining employment lands to support the existing and projected demand, which could increase their associated land values. Class A Office space is the densest employment use. According to a Cushman and Wakefield Third Quarter 2017 market report, Class A Office commands the average asking rate of $3.81/sq ft. In comparison, Industrial space is $0.87/sq ft, which is one-quarter the cost of Class A space. [82]To the extent that the proposed Senior Housing Overlay creates pressures for the development of more Class A Office space, industrial businesses will not be able to bear the cost of locating in them. In addition, many industrial businesses such as those in manufacturing, warehousing, and research and development require larger floor plates for space intensive activities such as trucking and loading, testing in clean rooms, and do not operate in denser office buildings.

According to the University of California Berkeley 2016 Industrial Land and Jobs Study, San Jose comprises one of the greatest concentrations of employment dependent on industrial land in the Bay Area.[83] The Berkeley Study also assesses the future supply and demand of industrially zoned land in the Bay Area. With about 4,700 acres of industrial land needed to accommodate new growth between 2011 and 2040, Santa Clara, San Mateo, and Alameda Counties in particular could experience a significant shortage of industrially zoned land. A shortfall in industrial land endangers the Silicon Valley supply chain. In San Jose, machine shops and other manufacturers, which locate on industrial lands, routinely supply the high-tech sector.

[81] California Employment Development Division, 2016; U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

[82] Cushman & Wakefield Third Quarter 2017 Industrial, Office, and R&D market reports (Appendix 11)

[83] University of California Berkeley 2016 Industrial Land and Jobs Study, Karen Chapple

Business Attraction and Retention

i. Expected Changes to Land Values

Introducing the possibility of senior housing to industrial employment sites could likely escalate land values on these locations and price out certain employers. Residential land has a higher dollar value than employment land. Based on an analysis of CoStar data, residential multifamily development has an average sales price of $6,536,884 per acre of land and industrial land has an average sales price of $1,515,924 per acre of land.[84] Property owners of employment land could intentionally blight and/or underutilize their property in order to apply for the proposed CSHO and increase their property value. One example of this behavior includes turning away prospective developers who are interested in redeveloping or utilizing a site for employment uses.

Real estate decision makers rely on land use regulations for understanding land uses on sites and their likely associated land values. The proposed CSHO would create uncertainty about the value of employment lands in San José because they could potentially be designated for senior housing. Uncertainty surrounding land value will potentially confuse and deter prospective developers from building employment uses.

ii. Incompatible Land Uses

Placement of residential development adjacent to industrial uses could undermine neighboring businesses. Historically, residential intrusion in industrial areas has threatened the retention of adjacent industrial uses. New residents adjacent to industrial uses often consider the industrial operations undesirable. Typical activities are associated with noise and dust from operations, truck and delivery schedules, and late and early operating hours. Additional controls can alleviate some nuisances for residences, but can adversely impact business operations.

Heavy and Light Industrial land has the lowest land value of any other land use, which makes them susceptible to entitlement requests to support residential development, yielding higher profits to developers. Among other isolated industrial areas, contiguous and intact industrial segments along Oakland Road, Monterey Highway, and Campbell Avenue were converted completely or predominantly to residential development: The City's industrial land base has been diminished over the years due to the addition of proximate residential developments. Since 1980, 2,298 acres have been converted citywide, which resulted in a 16% reduction in employment lands and decreased job capacity by 52,000 to 110,000 jobs.

[84] CoStar Real Estate Industrial and Multifamily Development Data Search for City of San Jose (see Appendix 11)

4. Infrastructure and Environment

Environmental Scenarios

This section summarizes the environmental issues to be considered for the Initiative's Citywide Senior Housing Overlay (CSHO). It is a high-level qualitative analysis of the citywide impacts that could occur under the General Plan with the Initiative based on the conservative interpretation of 3,247 acres of vacant employment lands.

The following scenarios are used to understand the potential environmental impacts and effects of the proposed CSHO:

Adopted General Plan Scenario: All underutilized employments lands, as defined by this Report, within the City total 3,247 acres. If developed per current market trends, these could be built with 48.4 million square feet of building space that supports 129,498 jobs. The Integrated Final Program Environmental Impact Report (FEIR) for the Envision San José 2040 General Plan (SCH# 2009072096) and the 2016 4-Year Addendum to the FEIR and Supplemental Program Environmental Impact Report (SEIR) examined the citywide employment lands under their current land use designations and projected developmental capacity for employment generation at a programmatic level.

Initiative's (CSHO) Scenario: The vacant employment lands within the City's urban growth boundary that could potentially be subject to the Initiative's CSHO are 3,247 acres including the 200-acre Evergreen site. If developed under the CSHO scenario, approximately 86,010 senior housing units could be developed that would generate 168,160 residents.

Approach for Analysis

The Initiative's CSHO does not include any environmental analysis and does not propose any environmental design features (EDFs) for the proposed CSHO. Substituting the employment capacity with proposed senior housing and conducting site-specific quantitative analysis is beyond the scope of this study and speculative because the Initiative does not identify specific sites in the City where the CSHO is to be applied. If the Initiative is adopted, the application of the CSHO would be subject to a General Plan amendment and adoption of a specific plan or other City approvals and CEQA review. Therefore, the citywide analysis for each environmental resource area is based on the approach below.

- Identifies and compares the potential environmental impacts or constraints that could result from developing the 3,247 acres of vacant employment land under both the adopted General Plan and the proposed Initiative scenarios; and
- Evaluates whether developing the 3,247 acres of vacant employment lands under the proposed Initiative's CSHO scenario would result in less, similar, or greater impacts than under the adopted General Plan.

Site-specific application of the CSHO would be subject to CEQA and site-specific school impacts would be identified through the CEQA review process.

Transportation

If the Initiative were applied to all vacant employment lands within San Jose, the application would jeopardize the City of San Jose's jobs-first priorities. To address the potential effects, a qualitative evaluation of the potential conversion of other employment lands within the City to senior housing was also conducted.

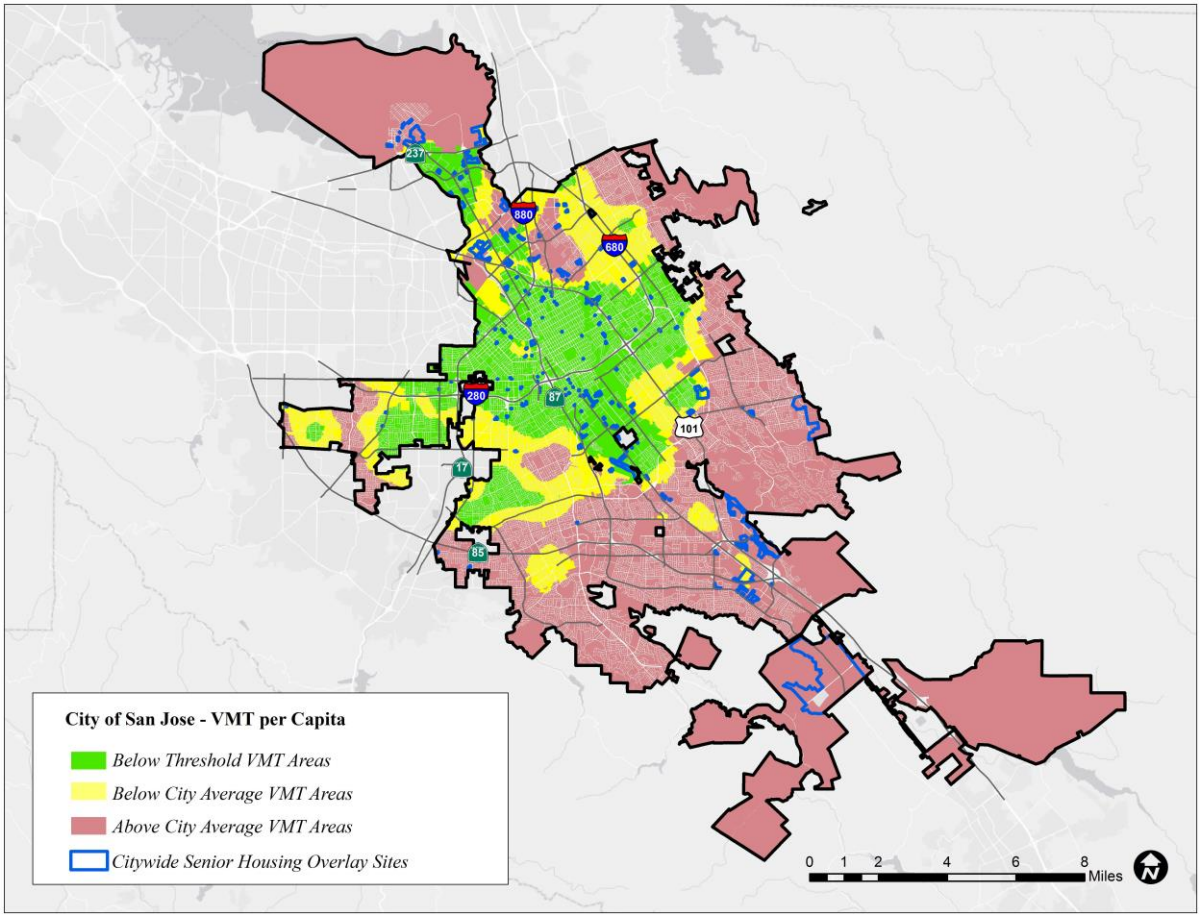
The Initiative provides an example of the likely effects that individual conversions of employment lands to senior housing could have on the roadway system in other areas of the city. ITE rates for senior housing attribute fewer trips during the peak hour per unit than employment uses. Sites that are located in heavily congested areas, such as Evergreen, that are converted to senior housing may reduce the amount of commute trips added to the roadway system in the proximate area, and therefore improve traffic during the commute peak hours. However, the reduction in commute trips and the shorter trip lengths associated with primarily non-employed, retired residents, may be outweighed by the displacement of internal trips made by other residents in the areas with longer trips to employment outside of the areas. This may increase vehicle miles traveled (VMT) not only in the areas but in the City overall. The Planned Growth Areas of the General Plan carefully include diverse land uses that complement each other and reduce VMT. By locating senior housing in these areas designated for employment, it upsets the balance and creates longer trips which discourages mode shift to transit use, biking, and walking, especially in high quality transit areas.

The land use conversions to senior housing would result in an adverse effect on the citywide transportation system when considered cumulatively along with the balance of housing and employment citywide. The City historically has had an imbalance in its jobs to housing ratio that resulted in more residents than jobs within San Jose. The imbalance results in San Jose residents commuting longer distances to employment located outside of the City limits. The Land Use/Transportation Diagram of the General Plan provides for opportunities, such as the Evergreen campus industrial lands, to provide more jobs within the city limits for its residents and to internalize commutes. By providing more jobs within San Jose, more residents will not need to travel outside San Jose for employment.

VMT per Capita

Figure 9 illustrates where good transit can support residential land uses and create balanced communities, as shown by the areas in green and yellow. Figure 9 also illustrates that residential land uses in these areas meet the City's goals of environmental sustainability by bringing houses closer to jobs. The red areas, where much of the proposed CSHO could occur, conversely are in areas not served by transit and are not centrally located, requiring residents, even residents of senior housing, to drive farther, generating more VMT for residents and their visitors.

Figure 9: San Jose Vehicle Miles Traveled Per Capita



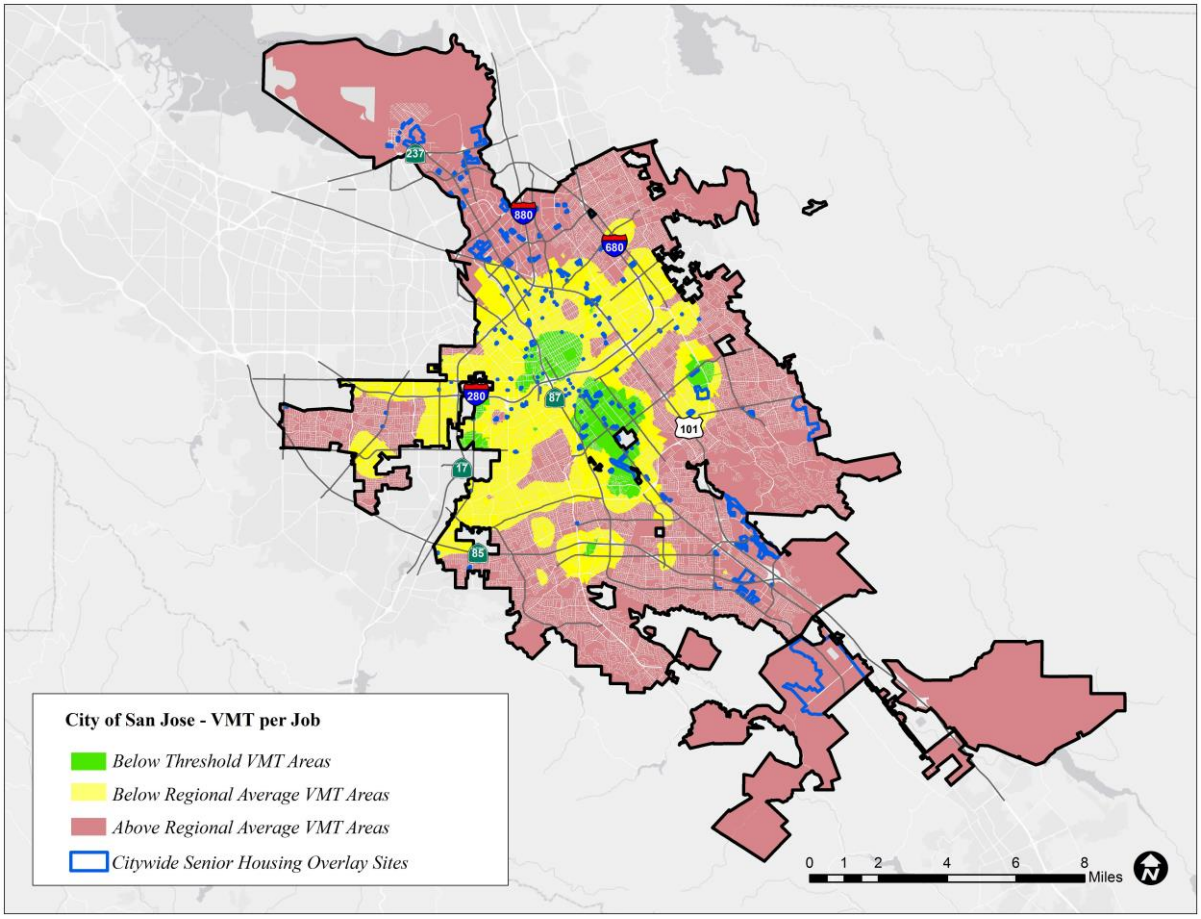
VMT per Job

Figure 10 illustrates where good transit can support nonresidential land uses and create balanced communities, as shown by the areas in green and yellow. Figure 10 also illustrates that nonresidential land uses in these areas meet the City's goals of environmental sustainability by bringing jobs closer to existing housing. The red areas, where much of the proposed CSHO could occur, conversely are in areas not served by transit and not centrally located. The CSHO would intensify residential land uses, displacing planned nonresidential job generating land uses. This would require even more residents of San Jose to work outside of the City, increasing both the number of trips and length of trips.

Among the 3,247 acres vacant employment lands analyzed as potentially affected by the Senior Housing Overlay, 58 percent

are located both in the City's Planned Growth Area and within ½ mile of an existing major transit stop[85] or an existing stop along a high-quality transit corridor[86] (or "High-Quality Transit"), as shown in Table 29. In other words, most of the underutilized, high-Employment-VMT parcels are located in areas that would support the General Plan's focused and balanced growth strategy by bringing jobs to the areas and bringing people close to the places they need to go. Converting these employment lands to senior housing would result in an imbalance of jobs and housing in the Planned Growth Areas and diverge from the City's focused and balanced growth strategy.

Figure 10: San Jose Vehicle Miles Traveled per Job



[85] Major transit stop means a site containing an existing rail transit station, or the intersection of two or more major bus routes with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods.

[86] A high-quality transit corridor means a corridor with fixed route bus service with service intervals no longer than 15 minutes during peak commute hours.

Table 29: Citywide Senior Housing Overlay Sites, by Planned Growth Area and High-Quality Transit

Area (acres/ percent)		High-Quality Transit		
		No	Yes	Total
Planned Growth Area	No	12/ 0%	80/ 3%	92/ 3%
	Yes	1,242/ 39%	1,824/ 58%	3,065/ 97%
	Total	1,254/ 40%	1,904/ 60%	3,247/ 100%

Schools

Under the Adopted General Plan, development of the 3,247 acres of vacant employment land with employment uses does not directly impact school facilities or generate new student population. Under the proposed Initiative's CSHO scenario, 3,247 acres of employment lands could be converted to senior housing that would result in approximately 86,010 senior housing units. These future potential senior housing units would be located within 17 school districts.[87] Applying a conservative student generation rate of 0.01 students per senior unit, 86,010 senior housing units could generate 860 students. The addition of 860 students is a 2.5 percent increase in 34,605 students estimated to be generated from build-out of the Adopted General Plan. Pursuant to California Education Code 1762, payment of school impact fees provides full and complete school facilities mitigation for new development. With the school impact fees collected, local school districts can implement facility improvements, as necessary. Refer to Appendix 5 for additional details.

Site-specific application of the CSHO would be subject to CEQA and site-specific school impacts would be identified through the CEQA review process.

Conclusion: Build out under the proposed Initiative's CSHO would result in a greater impact to school facilities than development under the Adopted General Plan.

Parks and Open Space

According to the 2040 General Plan FEIR, build out of the Adopted General Plan would result in the need for an additional 1,327 acres of neighborhood/community-serving parkland and additional 72,000 square feet of community center space to meet service level objectives.

The City's Adopted General Plan offers a service goal of providing 3.5 acres of neighborhood/community serving park land per every 1,000 population of San José residents to help meet the demand for neighborhood and community parks generated by the development of new residential parcels.

Generally, most recreational service demand comes from the resident population, but it is also likely used by a number of people who work or visit but do not live in San José. This could include participation in regional events (i.e., Viva Calle, regional sports, special events, seasonal events) and individual use of park and community facilities as well. For the purposes

[87] Attachment 5, Environmental Analysis, DJPA, January 2018.

of this report, it is assumed there is a 90 percent/10 percent split between residential and non-residential populations using city recreational facilities.

The City's Department of Parks, Recreation, and Neighborhood Services analyzed the location of vacant employment lands in relation to existing parks and identified many areas where the level of park need would be very high as shown in Figures 11 and 12. Figure 11 shows that Council District 1 and several areas to the north and east would have the greatest park impact if residential uses were allowed on employment lands. In the case of District 1, additional residential units would require the construction of a centralized community center since the District does not currently have an adequate community-serving (not just neighborhood-serving) center. Upgrades to Berryessa or the need for a new for centralized community center could be triggered by the buildout of the proposed Initiative as well.

Site-specific application of the CSHO would be subject to CEQA and site-specific school impacts would be identified through the CEQA review process.

Conclusion: Buildout of the proposed Initiative would generate additional residents and, therefore, would result in a greater impact and need for parks and open space facilities than build out of the Adopted General Plan.

Figure 11: Existing Parkland Need in Relation to Employment Lands

Figure 11: Underserved Areas in Relation to General Plan Employment Lands

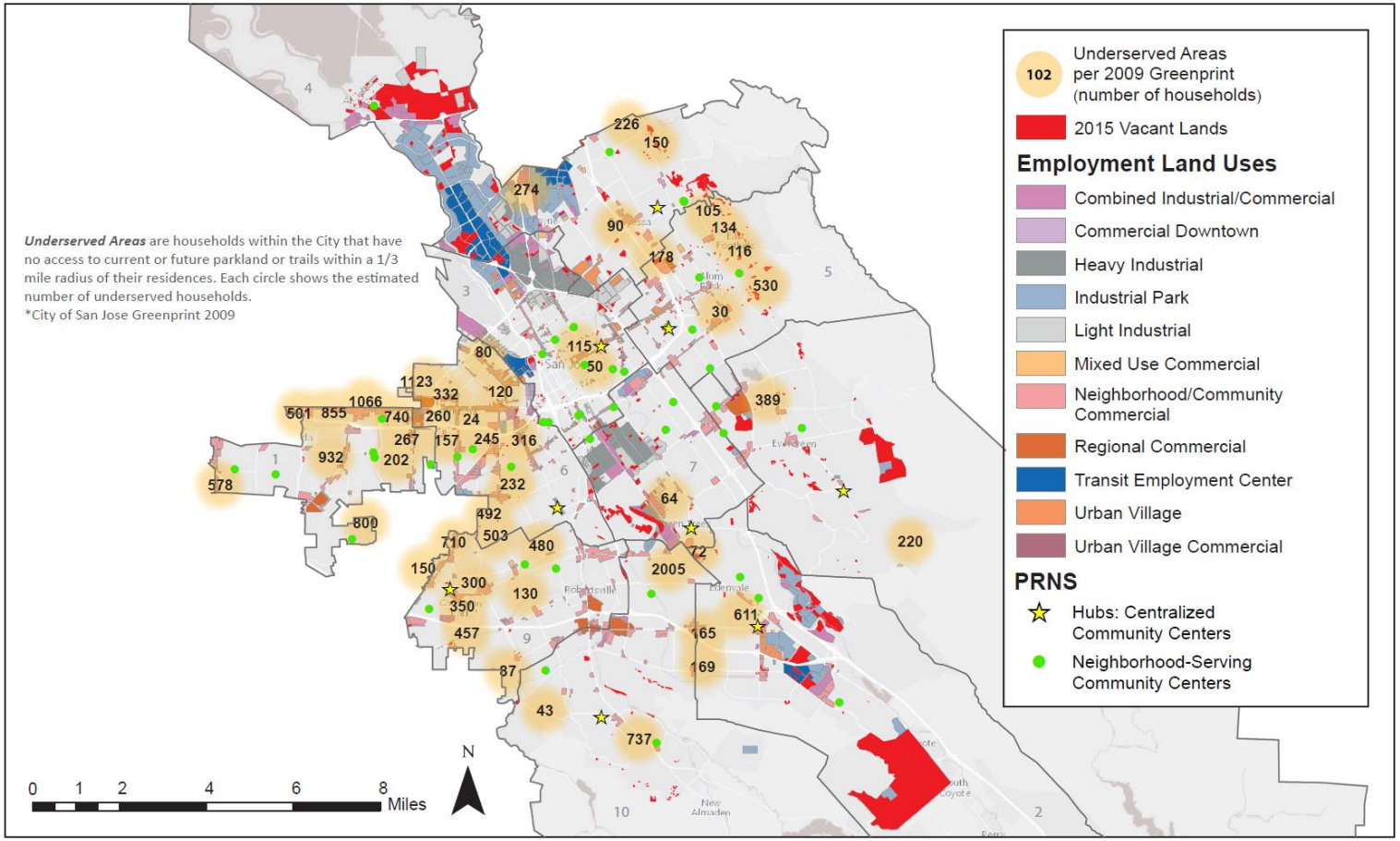
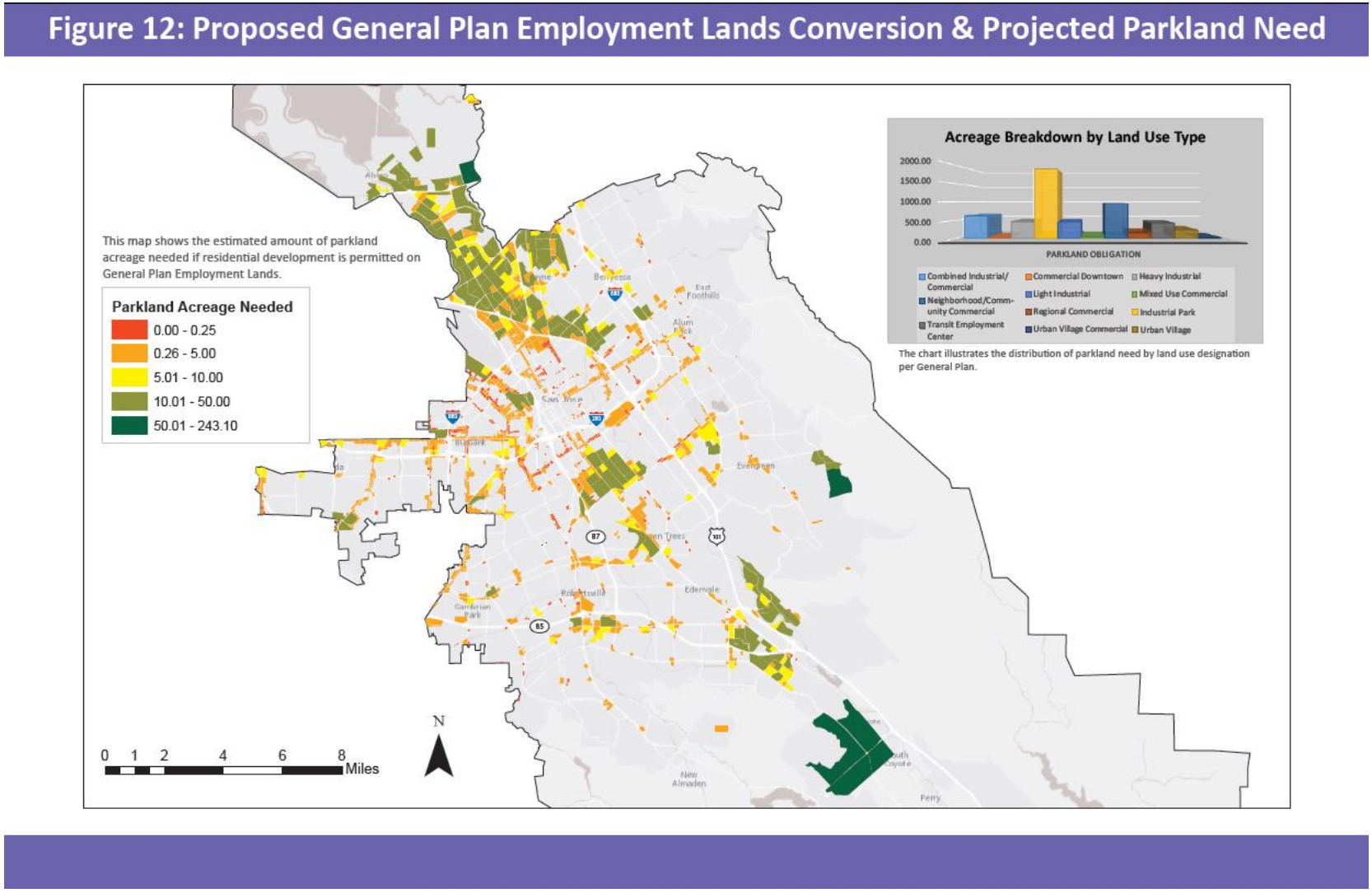


Figure 12: Existing Parkland Need in Relation to Employment Lands



Other Public Service and Facilities

Police Protections

Citywide development under either the Adopted General Plan or proposed Initiative's CSHO scenario would require police protection services. As discussed previously, the City has a current service ratio of 1.06 police officers per 1,000 residents.

Citywide development under the proposed Initiative's CSHO would increase the population of the City by 168,160 residents and, therefore, decrease the City's police officer per capita ratio from 1.06 to 0.91 police officers per 1,000 residents. Development of the proposed Initiative's CSHO would result in a 14 percent decrease in the City's current service per capita ratio. Approximately 168 additional police officers would be needed to maintain SJPD's existing service ratio. Refer to Appendix 5 for additional details.

Site-specific application of the Initiative's CSHO would be subject to CEQA and site-specific school impacts would be identified through the CEQA review process.

Conclusion: Build out of the proposed Initiative's CSHO would result in a greater number of residents citywide and, therefore, a greater impact and need for police protection services than development under the Adopted General Plan.

Fire Services

In general, development of currently vacant lands would increase demand for fire protection services. Currently, SJFD has challenges meeting its response time goals in the outlying areas of the City, including the areas where most of the 3,247 acres are located.[88] Development of the currently vacant 3,247 acres under the adopted General Plan or proposed Initiative would have similar impacts on fire protection services. Under the standard development review process, new development would be reviewed by SJFD for adequate emergency road access, water volume/pressure, and requirements for fire protection engineered systems. Refer to Appendix 5 for additional details.

Site-specific application of the CSHO would be subject to CEQA and site-specific school impacts would be identified through the CEQA review process.

Conclusion: Build out under the proposed Initiative's CSHO would result in a similar impact and need for fire protection services as development under the Adopted General Plan.

Library Services

As discussed previously, build out of the adopted General Plan is projected to result in a population of 1,313,811 residents and is estimated to provide approximately 0.71 square feet of library facilities per capita. Buildout under the proposed Initiative's CSHO (which would result in approximately 168,160 additional residents) is estimate to result in a citywide population of

[88] Lee, Ivan D. Bureau of Fire Prevention Fire Marshall, San José Fire Department. Personal Communications. November 27, 2017.

1,481,971 and reduce the library facilities per capita from 0.71 to 0.63 square feet per capita. Refer to Appendix 5 for additional details.

Site-specific application of the CSHO would be subject to CEQA and site-specific school impacts would be identified through the CEQA review process.

Conclusion: Build out of the proposed Initiative's CSHO would result in slightly greater impact to library services compared to the build out of the Adopted General Plan though the City's library service goal of at least 0.59 square feet of library facility space per capita would still be exceeded under build-out of the proposed Initiative's CSHO.

Utilities and Service Systems

Water Supply

Under the Adopted General Plan, the 3,247 acres of vacant employment land would have a water demand of approximately 15,107 acre feet a year (AFY).[89] The proposed Initiative's CSHO would replace the employment uses on the 3,247 acres with approximately 86,010 senior housing units (14,719 single-family units and 71,291 multi-family units),[90] which would result in water demand of approximately 19,543 AFY. Development under the proposed Initiative's CSHO would have approximately 1.3 times (or 4,436 AFY) greater water demand and, therefore, greater impact on water supply than development under the Adopted General Plan.

Based on the water supply and demand analysis in the General Plan EIR, development under the proposed Initiative's CSHO (as well as development under the Adopted General Plan scenario) served by the San José Municipal Water Company and Great Oaks Water Company would has sufficient supply during normal years.[91] Water demand from development under the proposed Initiative's CSHO (as well as development under the Adopted General Plan scenario) would exceed San José Water Company's estimated water supply under normal years. The water demand under the proposed Initiative's CSHO (as well as development under the adopted General Plan) would exceed projected water supply for all retailers in dry years. Refer to Appendix 5 for additional details.

Site-specific application of the CSHO would be subject to CEQA and site-specific school impacts would be identified through the CEQA review process.

Conclusion: Development under the proposed Initiative's CSHO would generate greater water demand and, therefore, greater impact on water supply than development under the Adopted General Plan.

Wastewater Treatment and Sanitary Sewer System Capacity

Under the Adopted General Plan, the 3,247 acres of vacant employment land would be built out with employment uses and

[89] Appendix 5, *Environmental Analysis*, DJPA, December 2017.
[90] Appendix 4, Evergreen Senior Homes Initiative 9212 Fiscal Analysis, ADE, January 29, 2017.
[91] Appendix 5, *Environmental Analysis*, DJPA, December 2017.

generate approximately 12,841 AFY of sewage.[92] The proposed Initiative's CSHO would replace the employment uses with estimated 86,010 senior housing units. It is estimated that 86,010 senior housing units would generate approximately 16,612 AFY of sewage.

While development of the 3,247 acres with employment uses under the Adopted General Plan would generate less sewage annually, it would generate a higher daily sewage generation than development of senior housing under the proposed Initiative's CSHO because the sewage would be generated over fewer days in the year (225 work days for employment uses vs. 365 days for residential uses).[93]

Site-specific application of the CSHO would be subject to CEQA and site-specific wastewater treatment and sanitary sewer system impacts would be identified through the CEQA review process.

Conclusion: Development under the Initiative's CSHO would generate approximately 1.3 times (or 3,771 acre feet) more sewage annually than development under the adopted General Plan. Development under the Initiative's CSHO, however, would generate less sewage on a daily basis. This would result in lesser impact on wastewater treatment and sewer system capacity than development under the Adopted General Plan.

Solid Waste Disposal

Under the Adopted General Plan, development of employment uses on the 3,247 acres of employment land would generate approximately 86,850 tons of solid waste per year. The proposed Initiative's CSHO would replace the employment uses with estimated 86,010 residential units, which would generate approximately 69,732 tons of solid waste per year. Refer to Appendix 5for additional details.

Site-specific application of the CSHO would be subject to CEQA and site-specific solid waste impacts would be identified through the CEQA review process.

Conclusion: Development under the proposed Initiative's CSHO would generate approximately 20 percent (or 17,118 tons) less solid waste and, therefore, lesser impact on landfill capacity than development under the Adopted General Plan.

Other Environmental Issues

Aesthetics

The City is a mosaic of residential, commercial, industrial, and institutional development within a framework of transportation corridors and geographic features of gently sloping-to-flat valley bounded by mountains and the Bay.

All new development is subject to a design review that includes discretionary review of architecture and site planning. Development of 3,247 acres of employment lands under either the Adopted General Plan will be subject to industrial and

[92] Sewage generation was assumed to be 85 percent of water use onsite.

[93] The number of days sewage is estimated to be generated for the different uses is consistent with the assumptions for number of days water demand is assumed in the water supply assessment for the General Plan.

commercial design guidelines as these could be developed as light industrial, commercial-office or heavy industrial uses.

However, development under the proposed Initiative's CSHO would be subject to residential design guidelines to ensure aesthetic compatibility with the surrounding neighborhood. This would be particularly important if the proposed senior homes are surrounded or adjacent to existing industrial uses. Setback requirements; including setbacks from the riparian corridors, landscaping, and fences and walls are likely to be required. Additionally, City's Outdoor Lighting Policy to reduce light and glare impacts and the City's Tree Preservation Ordinance to reduce aesthetic impacts from tree removal will be applicable to all potential developments.

Site-specific application of the CSHO would be subject to CEQA and site-specific aesthetic impacts would be identified through the CEQA review process.

Conclusion: Development of 3,247 acres of vacant employment lands under either the Adopted General Plan or the proposed Initiative's CSHO would be subject to design guidelines to ensure aesthetic compatibility with the surrounding neighborhood, the City's Outdoor Lighting Policy to reduce light and glare impacts, and the City's Tree Preservation Ordinance to reduce aesthetic impacts from tree removal.

Air Quality

Development under either the Adopted General Plan or proposed Initiative's CSHO would result in significant air quality impacts. One of the primary sources of operational air quality emissions is vehicle trips. Since employment uses generate more vehicle trips than senior housing, it is assumed that build out of the proposed Initiative's CSHO scenario would result in fewer vehicle trips and thereby lesser air quality impacts from automobiles.

However, to the extent the proposed Initiative results in locating future senior homes on existing industrial lands, there are potential issues for dust, localized air quality issues, and odors. Certain types of uses are incompatible with residents, particularly people over 65 years, athletes, children, and people with cardiovascular and chronic respiratory diseases as people most likely to be affected by air pollution (also classified as sensitive receptors).

Site-specific application of the CSHO would be subject to CEQA and site-specific air quality impacts would be identified through the CEQA review process.

Conclusion: Buildout of the proposed Initiative's CSHO would result in lesser air quality impacts than build out under the Adopted General Plan.

Biological Resources

Development under either the Adopted General Plan or the Initiative's CSHO would be required to comply with existing laws, regulations, and policies protecting biological resources including the Federal Endangered Species Act, Migratory Bird Treaty Act, California Endangered Species Act, California Native Plant Protection Act, California Fish and Game Code, CEQA, Santa Clara Valley Habitat Plan, General Plan policies (including ER-4.3, ER-5.1, ER-5.2, ER-6.3, ER-6.5, MS-21.4, MS-21.5, and MS-21.6), and Riparian Corridor Protection and Bird Safe Design Policy (Policy 6-34) and the City's Tree Protection Ordinance.

Site-specific application of the CSHO would be subject to CEQA and site-specific biological resources impacts would be

identified through the CEQA review process.

Conclusion: Buildout of the Adopted General Plan or proposed Initiative's CHSO would be required to comply with laws and regulations and would have similar impacts.

Cultural Resources

Development under either the Adopted General Plan or proposed Initiative would be required to comply with existing laws, regulations, and policies protecting cultural resources such as SB 18, AB 52, National Historic Preservation Act, Secretary of Interior's Standards for Treatment of Historic Properties, California Public Resources Code, CEQA, General Plan policies (including ER-10.1 through -10.3), and City's Historic Preservation Code will be applicable to all types of developments.

Site-specific application of the Initiative's CSHO would be subject to CEQA and site-specific biological resources impacts would be identified through the CEQA review process.

Conclusion: Build out of the Adopted General Plan or proposed Initiative's CSHO would be required to comply with existing laws and regulations and would have similar impacts.

Geology and Soils

Development under either the Adopted General Plan or proposed Initiative's CSHO would be required to comply with existing laws, regulations, and policies to protect people and the built environment from geology and soil hazards including California Building Codes, Municipal Code, and General Plan policies (including ES-4.9, EC-4.1, EC-4.2, EC-4.4, EC-4.7, and LU-18.1 through -18.5).

Site-specific application of the Initiative's CSHO would be subject to CEQA and site-specific biological resources impacts would be identified through the CEQA review process.

Conclusion: Build out of the Adopted General Plan or proposed Initiative's CSHO would be required to comply with existing laws and regulations and would have similar impacts.

Greenhouse Gas Emissions

The greenhouse gas emission resulting from development of the 3,247 acres of vacant employment lands under the Adopted General Plan or the proposed Initiative would result in significant impacts. Since employment uses generate more vehicle trips than senior housing, it is assumed that the build out of the proposed Initiative's CSHO scenario would result in lesser greenhouse gas emission impacts than build out under the adopted General Plan.

Site-specific application of the Initiative's CSHO would be subject to CEQA and site-specific biological resources impacts would be identified through the CEQA review process.

Conclusion: Build out of under the proposed Initiative's CSHO scenario would result in lesser green house gas emission impacts than the build out under the Adopted General Plan.

Hazards and Hazardous Materials

The Adopted General Plan establishes policies for placement of new residential, parks and recreation, schools, and other sensitive users in proximity to sites that have hazardous materials on-site or uses that are likely to have the potential for accidental release of hazardous materials. The aim of these policies is to reduce the level of risk posed to human health.

Development under either the Adopted General Plan or proposed Initiative's CSHO is required to comply with existing laws, regulations, and policies to protect the environment and people from hazards and hazardous materials including those regulated by the California Environmental Protection Agency, Department of Toxic Substances Control, BAAQMD, Regional Water Quality Control Board, Santa Clara County Department of Environmental Health, and the City. The development of industrial uses in proximity to sensitive receptors or vice versa could require additional mitigation measures such as additional setbacks between incompatible land uses and restrictions on industrial operations.

Site-specific application of the Initiative's CSHO would be subject to CEQA and site-specific biological resources impacts would be identified through the CEQA review process.

Conclusion: Development under either the Adopted General Plan or proposed Initiative's CSHO would be subject to the existing laws, regulations, and policies to protect the environment and people from hazards and hazardous materials.

Noise and Vibration

Development under either the Adopted General Plan or proposed Initiative's CSHO would be required to comply with existing laws, regulations, and policies to ensure noise/land use compatibility including the state building code, General Plan policies (including EC-1.1, EC-1.2, EC-1.7, EC-1.9, EC-2.3), and the Municipal Code. Mitigation measures may be required to attenuate noise generated from proposed employment uses if introduced adjacent to a sensitive receptor or, conversely, if a residential development were introduced in an incompatible noise environment, mitigation may be required of the residential development to construct noise attenuating improvements to existing, noise generating sources.

Site-specific application of the CSHO would be subject to CEQA and site-specific biological resources impacts would be identified through the CEQA review process.

Conclusion: Development under either the Adopted General Plan or the proposed Initiative's CSHO would have similar impacts as both are required to comply with existing laws and regulations to ensure noise/land use compatibility.

Hydrology & Water Quality

Impacts to hydrology (including the storm drain system) and water quality from development under either the Adopted General Plan or the proposed Initiative's CSHO would be avoided or mitigated through compliance with existing policies and regulations including the National Flood Insurance Program, Clean Water Act, Porter-Cologne Act, National Pollution Discharge Elimination System permit program, Basin Plan, General Plan policies (including EC-5.1, EC-5.7, MS-3.4, MS-3.5, ER-2.3, ER-8.1, ER-8.3, and ER-8.5), City Post-Construction Urban Runoff Management Policy, and City Post-Construction Hydro-modification Management Policy.

Site-specific application of the CSHO would be subject to CEQA and site-specific biological resources impacts would be identified through the CEQA review process.

Conclusion: Development under either the Adopted General Plan or proposed Initiative's CSHO are both required to comply with existing laws and regulations to address hydrology impacts.

Agricultural and Forestry Resources

The 3,247 acres of vacant employment land do not contain land that is designated by the City for agricultural lands, farmlands, row crops, orchards and other agrarian uses. Of the 3,247 acres, 1,296 acres (or 40 percent) of vacant employment lands are considered as agricultural uses by the California Department of Conservation.[94] None of the lands are designated or used for forestry uses.

Conclusion: The development of these 3,247 acres of vacant employment lands is planned in the Adopted General Plan. Development of the 3,247 acres would result in the same impacts to agricultural resources under the Adopted General Plan and the proposed Initiative's CSHO.

Mineral Resources

Of the 3,247 acres of vacant employment lands, none contain known mineral resource, and none are designated as a locally important mineral resource recovery site.[95]

Summary of Comparison of Environmental Impacts and EDF Consistency.

Table 30 in this section provides a summary comparison of the environmental effects discussed above.

Table 30: Summary of Comparison of Environmental Effects and EDF Consistency with the City's Typical Mitigation or Conditions of Approval

Environmental Resource	Compared to the Effects under the Adopted General Plan, Impacts of the Proposed Initiative are:			Compared to the City's Typical Mitigation or Conditions of Approval, the ESHSP EDFs are:		
	Less	Same/ Similar	Greater	Consistent	Inconsistent	Insufficient
Citywide Analysis						
Infrastructure						
• School Services			X	[redacted]		
• Other Public Services						
– Police Protection			X			
– Fire Protection		X				
– Library Services			X			
• Utilities and Service Systems						

[94] California Department of Conservation. *Santa Clara County Important Farmlands 2014.* Map. October 2016.

[95] City of San José. *Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan.* SCH# 2009072096. September 2011. Certified November 1, 2011. Pages 516-517.

Environmental Resource	Compared to the Effects under the Adopted General Plan, Impacts of the Proposed Initiative are:			Compared to the City's Typical Mitigation or Conditions of Approval, the ESHSP EDFs are:		
	Less	Same/ Similar	Greater	Consistent	Inconsistent	Insufficient
– Water Supply			X			
– Wastewater Treatment and Sanitary Sewer System Capacity	X					
– Solid Waste Disposal	X					
Other Environmental Issues						
• Aesthetics/Community Form		X				
• Agricultural and Forestry Resources		X				
• Air Quality	X					
• Biological Resources		X				
• Cultural Resources		X				
• Geology and Soils		X				
• Greenhouse Gas Emissions	X					
• Hazards and Hazardous Materials		X				
• Hydrology and Water Quality		X				
• Mineral Resources		X				
• Noise		X				
Note: Refer to the body of the report for a complete discussion of the environmental impacts and EDF consistency with the City's typical mitigation or conditions of approval.						

5. Infrastructure Funding

Development under the Adopted General Plan or the proposed Initiative's CSHO would be subject to a number of development impact fees that would contribute toward funding future expansion of City infrastructure and facilities. The major fees are shown in Table 31. It is important to note that these fees would offset City expenditures to add parkland and increase the capacity of the water, sewer, and storm drainage facilities.

Many of the employment sites are in development policy areas such as North San Jose or Edenvale where special transportation policy has been adopted or in North Coyote Valley which is another area with special infrastructure needs.

In North San Jose, a traffic mitigation program was adopted to fund $520M mitigation to support 27 million sq. ft. of office/industrial, 32,000 residential units, and 1.7M square feet of regional retail. The current Transportation Impact Fee (TIF) program will not be sufficient to accommodate conversion of employment land to senior housing as that land use mix was not incorporated in the current TIF program.

In 2003, the City adopted the Edenvale Area Development Policy which provided a mitigation program funded by individual site assessments and Redevelopment Agency Funds to support 5M square feet of industrial development. The policy

envisioned a regional employment center with good access from US101 with interchanges at Blossom Hill Road, Hellyer Ave., and Bernal Road/Silicon Valley Boulevard. Since Senior Housing generates less traffic than anticipated in the Edenvale Development Policy, it is unknown what infrastructure obligation the senior housing sites would have. In addition, infrastructure to support housing could jeopardize more industrial development.

This section compares the fiscal impact of developing 3,247 vacant acres with employment uses versus deleoping senior residential uses. This analysis uses the same fiscal model and approach as discussed for the proposed 200-acre ESHO site. Under the Citywide analysis, however, there is a more diverse range of employment uses that could be developed. Additionally, it can be assumed that most of the land for residential development would be built in higher density residential units due to the proximity of many of the sites to transit facilities and commercial corridors. These land use variations result in a greater disparity in the fiscal impact between the residential and non-residential scenarios than is true for the proposed ESHSP.

Table 31: Estimated Development Impact Fees

Fee Category		Fee	Unit	DU/Acre	Fee Revenue
Industrial Park – Citywide					
Sewer Treatment Plant Connection					NA
Sanitary Sewer		$1,991	AC	3,247	$6,464,777
Storm Drainage		$1,815	AC	3,247	$5,893,305
Traffic					NA
Schools					
Residential – Citywide					
Parks					$1,288,877,265
	Single Family	$19,200	DU	14,719	$282,604,800
	Multi-Family	$14,115	DU	71,291	$1,006,272,465
Sewer Treatment Plant Connection					$42,706,278
	Single Family	$780	DU	14,719	$11,480,820
	Multi-Family	$438	DU	71,291	$31,225,458
Sanitary Sewer					$9,185,612
	Single Family	$447	DU	14,719	$6,579,393
	Multi-Family	$1,991	AC	1,309	$2,606,219
Storm Drainage					$6,349,965
	Single Family	$270	DU	14,719	$3,974,130
	Multi-Family	$1,815	AC	1,309	$2,375,835
Traffic					NA
Schools					NA

Source: ADE.

6. Fiscal Analysis

This section compares the fiscal impact of developing 3,247 acres of vacant employment land with employment uses versus developing senior residential uses. This analysis uses the same fiscal model and approach as discussed for the proposed 200-acre ESHO site. Under the citywide analysis, however, there is a more diverse range of employment uses that could be developed. Additionally, it can be assumed that most of the land for residential development would be built in higher density

residential units due to the proximity of many of the sites to transit facilities and commercial corridors. These land use variations result in a greater disparity in the fiscal impact between the residential and non-residential scenarios than is true for the proposed ESHSP.

Property Tax

Adopted General Plan

As with the proposed ESHSP site analysis, ADE researched non-residential property transactions over the past two years throughout San Jose to determine the likely current market values for commercial and industrial properties. The analysis identified 185 commercial property sales, 130 office building sales and 170 industrial property sales, for which sufficient information was available to determine the price per sq. ft. of building space.

The fiscal model calculates revenues and costs for three major non-residential land use categories: commercial retail/services, industrial park/campus industrial, and light/heavy industrial. Based on the non-residential property sales transactions, ADE calculated an average assessed value of $488 per sq. ft. for the Commercial/Retail Services category, $185 per sq. ft. for light/heavy industrial and $270 per sq. ft. for the industrial park category, consistent with the Evergreen site analysis above. Based on these factors, the building development to support the 129,500 jobs on vacant employment lands would generate $43.0 million in annual property taxes for the City at build out.

Citywide Senior Housing Overlay

Most residential property in San Jose outside of the Evergreen neighborhood would develop at higher densities than is proposed in the Evergreen Senior Homes Specific Plan. ADE has used density factors of 8 DU/AC for single family residential and 55 DU/AC for multi-family residential. It is likely the $935,000 assessed value for single family homes used in the ESHO site analysis above would still apply citywide, despite the slight difference in density. However, the higher density multi-family units would likely have a different value than the ESHSP multi-family, which would be developed at only 12 DU/AC. For the Four-Year General Plan Review fiscal analysis, ADE compiled data on several high density residential projects that have developed in the past ten years. The average assessed values for the projects in ranged from $415,000 to $661,200 as of 2014. Since these values are several years old, we calculate the current equivalent value would be about $530,000 per unit. ADE also reduced all the assessed values by 15 percent (to $435,000) to account for the senior property assessment exclusions discussed for the ESHSP above. Using these assessed values, the additional senior housing on vacant employment lands would be projected to increase City property taxes by $66.5 million per year.

Sales Tax

Adopted General Plan

Business-to business transactions as well as consumer spending in retail stores generates substantial sales tax for the City. The commercial category, with its combination of retail and office uses, is estimated to generate more than $160 in taxable sales per sq. ft. annually, based on City records. The Industrial Park and Light/Heavy Industrial categories are much lower, at $61 and $14, respectively. Combined, these land uses would be projected to generate $97.4 million per year in sales taxes. Much of the $77.8 million generated by the commercial category would be due to existing and future resident spending, but it is important for the City to continue to develop new retail stores as the population grows in order to capture this sales tax.

Citywide Senior Housing Overlay

Due to the difference in home value for the high density units in this scenario compared to the ESHSP site, household income would also be expected to be slightly lower. Households in the higher density units are estimated to have an average household income of $116,300, of which about 19.8 percent would be spent on taxable retail and services expenditures (see Appendix 4 Table A-3), with about 70 percent of this household spending occurring in San Jose. The multi-family households are projected to generate about $13.2 million per year in sales taxes and the single family households $3.8 million.

Utility User Tax and Other Revenues

Adopted General Plan

Similar to the potential Evergreen Industrial Park development, businesses in the City generate a variety of other revenues related to their utility use, as well as from business taxes and from fees and charges for City services. In addition, vacant employment lands in certain locations could support additional lodging development, estimated in this analysis at about 500 rooms. This would generate an increase of $3.3 million in transient occupancy taxes for the City. Total other revenues are estimated at $66 million per year.

Citywide Senior Housing Overlay

Senior housing development citywide would be projected to generate an additional $41.1 million per year in revenues from the utility tax, franchise taxes, state and federal sources and a variety of fees and departmental service charges.

Summary of Fiscal Impact

Adopted General Plan

As has been demonstrated in the Envision San Jose 2040 General Plan update and more recently in the Four-Year Review, the City relies on its job base not only to provide incomes for residents but also to provide the tax base necessary to fund municipal services for residents. Overall, the 129,500 future jobs would be expected to produce $206.4 million per year in City revenues when fully developed (Table 32). New business development would require police and fire department services and would also have minor impacts on parks and library services. This growth would affect City street maintenance costs as well as maintenance and operations of other infrastructure. Municipal service costs for these new businesses are projected to reach $116.9 million. The resulting $89.5 million in “surplus” revenue is used to fund services in residential neighborhoods where the cost revenue balance is less positive.

Citywide Senior Housing Overlay

The use of vacant employment land to develop senior housing would generate both revenues and costs for City government. ADE estimates the total annual revenues from the 86,010 new households would be about $137.6 million per year, nearly 40 percent below the projected revenue for the employment uses (Table 33). The increase of City population of 168,160 persons would have a significant impact on the demand for City services, particularly police and fire services. City costs are projected at $141.7 million, 21 percent higher than for the non-residential development on the same properties. This results in a net fiscal deficit of $17.1 million per year, compared to a positive $89.5 million if the existing General Plan land uses are retained on the vacant employment lands.

Apart from police and fire and general government costs, the largest cost impact would be in the Parks, Recreation and Neighborhood Services Department (PRNS). Based on the City parkland dedication standard of 3 acres per 1,000 population, the 168,160 new senior residents would generate the need for 504.5 new acres of park land. PRNS has analyzed the location of vacant employment lands in relation to existing parks and identified a number of areas where the level of park need would be very high as shown in the maps in Figures 11 and 12 above. It appears from the maps that Council District 1 and several areas to the north and east would have the greatest park impact if residential uses were allowed on employment lands. These areas currently do not have sufficient parks to serve an increased residential population.

PRNS does have a budget for the maintenance and operations of parks; however, the budget does not include funding to cover the amount of deferred maintenance and unfunded infrastructure backlog. The estimated value of the deferred maintenance and unfunded infrastructure backlog for regional park facilities, park buildings, neighborhood parks, trails, and park restrooms totals approximately $259.0 million at the start of 2016-2017.[96] The addition of any new facilities added to the inventory will increase the cost of maintenance and operations. The City allocates $17,000 per acre for maintenance of new parks, separate from other program operations and administrative costs. The total park maintenance costs to support the senior housing development would be about $8.6 million per year based on this cost factor. In addition, participation by senior residents in recreation programs would increase PRNS costs by nearly $9 million per year, some of which would be offset by recreation fees paid by the participants.

[96] http://www.sanjoseca.gov/DocumentCenter/View/71797

Table 32: Fiscal Impact of Jobs on Citywide Vacant Employment Lands

Budget Category	Total	Commercial	Industrial Park	Light/ Heavy Industrial
REVENUES				
Property Taxes	$43,042,900	$30,954,800	$10,916,100	$1,172,000
Sales Tax	$97,367,500	$77,809,700	$18,628,300	$929,500
Transient Occupancy Tax	$3,302,750	$3,302,750	$0	$0
Franchise Fees	$5,296,300	$2,561,800	$2,448,300	$286,200
Utility Tax	$10,560,500	$5,108,100	$4,881,800	$570,600
Telephone Line Tax	$2,084,500	$1,008,300	$963,600	$112,600
Business Taxes	$18,993,700	$9,187,200	$8,780,200	$1,026,300
Licenses & Permits	$1,434,900	$694,100	$663,300	$77,500
Fines & Forfeitures	$1,598,500	$773,200	$738,900	$86,400
Revenue from Money and Property	$1,223,400	$866,000	$327,800	$29,600
Revenue from Local Agencies	$296,900	$143,600	$137,300	$16,000
Revenue from State Government	$0	$0	$0	$0
Revenue from Federal Government	$0	$0	$0	$0
Departmental Charges	$2,867,200	$1,386,900	$1,325,400	$154,900
Other revenue	$3,004,900	$1,453,400	$1,389,100	$162,400
Transfers/Reimbursements	$15,364,600	$10,875,700	$4,117,100	$371,800
TOTAL REVENUES	$206,438,550	$146,125,550	$55,317,200	$4,995,800
EXPENDITURES				
General Government	$18,370,600	$11,012,100	$6,597,500	$761,000
Economic Development	$4,491,800	$2,172,700	$2,076,400	$242,700
Environmental Services	$441,800	$213,700	$204,200	$23,900
Police	$42,265,600	$29,917,700	$11,055,700	$1,292,200
Fire/EMS	$24,002,300	$12,384,300	$10,409,300	$1,208,700
Planning/Bldg./ Code Enf.	$2,178,900	$1,567,000	$552,600	$59,300
Housing	$500,800	$242,200	$231,500	$27,100
Public Works	$6,277,900	$3,036,600	$2,902,100	$339,200
Recreation, Neigh. Svcs.	$1,962,800	$949,400	$907,300	$106,100
Park Maintenance	$736,500	$356,200	$340,500	$39,800
Library	$1,547,100	$748,300	$715,200	$83,600
Transportation	$1,528,000	$315,600	$1,117,900	$94,500
Transfers	$3,381,700	$1,635,700	$1,563,300	$182,700
Reserves	$9,245,100	$5,541,900	$3,320,200	$383,000
TOTAL EXPENDITURES	$116,930,900	$70,093,400	$41,993,700	$4,843,800
NET (COST)/REVENUE	$89,507,650	$76,032,150	$13,323,500	$152,000

Source: ADE, Inc.

Table 33: Fiscal Impact of Senior Housing on Vacant Employment Lands
Citywide

Budget Category	Total	Single Family	Multi Family
REVENUES			
Property Taxes	$66,510,355	$23,236,700	$43,273,655
Sales Tax	$17,024,800	$3,773,800	$13,251,000
Transient Occupancy Tax	$0	$0	$0
Franchise Fees	$5,472,800	$1,205,600	$4,267,200
Utility Tax	$10,912,800	$2,404,000	$8,508,800
Telephone Line Tax	$2,154,100	$474,500	$1,679,600
Business Taxes	$508,800	$112,100	$396,700
Licenses & Permits	$1,482,900	$326,700	$1,156,200
Fines & Forfeitures	$1,651,900	$363,900	$1,288,000
Revenue from Money and Property	$738,600	$218,200	$520,400
Revenue from Local Agencies	$306,800	$67,600	$239,200
Revenue from State Government	$2,083,800	$459,000	$1,624,800
Revenue from Federal Government	$448,800	$98,900	$349,900
Departmental Charges	$2,962,900	$652,700	$2,310,200
Other revenue	$3,105,100	$684,000	$2,421,100
Fund Bal., Transfers/Reimb.	$9,276,700	$2,740,200	$6,536,500
TOTAL REVENUES	$124,641,155	$36,817,900	$87,823,255
EXPENDITURES			
General Government	$22,262,900	$5,208,100	$17,054,800
Economic Development	$254,000	$56,000	$198,000
Environmental Services	$456,600	$100,600	$356,000
Police	$42,609,800	$9,386,500	$33,223,300
Fire/EMS	$27,325,600	$6,490,600	$20,835,000
Planning/Bldg./ Code Enf.	$3,923,000	$1,176,300	$2,746,700
Housing	$517,500	$114,000	$403,500
Public Works	$6,487,300	$1,429,100	$5,058,200
Recreation, Neigh. Svcs.	$8,990,800	$1,980,600	$7,010,200
Park Maintenance	$8,576,300	$1,889,300	$6,687,000
Library	$3,937,100	$867,300	$3,069,800
Transportation	$1,666,700	$1,061,100	$605,600
Transfers	$3,494,500	$769,800	$2,724,700
Reserves	$11,203,800	$2,621,000	$8,582,800
TOTAL EXPENDITURES	$141,705,900	$33,150,300	$108,555,600
NET (COST)/REVENUE	($17,064,745)	$3,667,600	($20,732,345)

Source: ADE, Inc. Totals may not add due to rounding.

IV.D. Conclusion of Citywide Policy Change Analysis

The Initiative would permit the designation of a Senior Housing Overlay on underutilized employment lands in San Jose. There are currently 15,231 acres designated for non-residential development in San Jose, of which 3,247 are vacant. At a minimum, these vacant acres may be considered underutilized currently, but are planned to support 129,500 future jobs, or 35 percent of the City's General Plan job growth goal for 2040. If the land is utilized for senior housing instead, it would support 86,010 new dwelling units and an additional population of 168,600. This residential development would not generate sufficient tax revenues to pay for City services, and would create an annual deficit of $17.1 million for the City's General Fund. In addition, the loss of the tax base that would have been created by the non-residential development would reduce future City net revenues by another $89.5 million per year. Although the senior housing would not impact most City services to a greater extent than the employment uses, the City would not have the tax base needed to pay for the level of municipal services currently enjoyed by residential neighborhoods.

The imposition of senior housing in proximity to existing business locations could create significant incompatibility between sensitive receptors and industrial businesses that may create noise, odors and exposure to hazardous substances that are part of normal industrial operations. Enforcing existing regulations to mitigate such impacts could reduce the viability of certain existing business locations and cause businesses to leave San Jose. This would create a further downward spiral in job opportunities and the tax base in the City.

The shift of so much job growth into housing growth would also significantly impact the City General Plan goals for maintaining close-by jobs opportunities for employed residents in the City. Under the Adopted General Plan, the number of jobs per employed resident in San José would be 1.1 upon full build-out of the General Plan. If the Initiative were approved, the City's planned balance would decrease to 0.80 and the City would not be able to supply enough jobs for all its employed residents, thereby increasing the number of workers commuting out of the City and regional peak hour traffic congestion, with attendant air quality and greenhouse gas impacts.

Appendices

1. Notice of Intent to Circulate Petition
2. Text of Proposed Initiative (entire 361 pages): http://www.sanjoseca.gov/DocumentCenter/View/73836
3. California Elections Code, Section 9212
4. Applied Development Economics Fiscal Analysis
5. David J. Powers Environmental Analysis
6. Hexagon Transportation Analysis
7. Analysis of the proposed Evergreen Senior Homes Specific Plan's consistency with the Adopted General Plan
8. Analysis of the proposed Citywide Senior Housing Overlay's consistency with the Adopted General Plan
9. Cushman and Wakefield Third Quarter 2017 Industrial, R&D, and Office Silicon Valley
10. CoStar Real Estate Retail Citywide Data Search for City of San Jose
11. CoStar Real Estate Industrial and Multifamily Development Data Search for City of San Jose

Appendix 1: Notice of Intent to Circulate Petition

NIELSEN MERKSAMER
NIELSEN MERKSAMER PARRINELLO GROSS & LEONI LLP

POLITICAL & GOVERNMENT
LAW ADVOCACY LITIGATION

September 8, 2017

VIA HAND DELIVERY

Ms. Toni Taber, City Clerk
City of San Jose
San Jose City Hall, 200 E. Santa Clara St.
San Jose, California 95113

CMcDaniel
OTC

Re: The Evergreen Senior Homes Initiative

Dear Ms. Taber:

For your immediate attention, enclosed please find the following documents relating to an initiative titled the Evergreen Senior Homes Initiative (the "Initiative"):

- Notice of Intent to Circulate Petition (Elections Code § 9202);
- Text of the Initiative (Elections Code § 9202);
- Certifications regarding use of signatures (Elections Code § 9608);
- Initiative proponents' authorization for the Nielsen Merksamer law firm to handle the filing of the Initiative petition, as well as any related actions and/or correspondence with elections officials relating to the Initiative (Elections Code § 9210); and
- A check in the amount of $200 (Elections Code § 9202).

Pursuant to Elections Code section 9203(a), this letter shall serve as formal written request that a ballot title and summary of the measure be prepared by the City Attorney.

The names and addresses of the persons proposing this measure (the "proponents") are: Patricia Sausedo, [redacted] Edward Garcia, [redacted] and Judy Chirco, [redacted]

Please do not hesitate to contact the undersigned or Hilary Gibson of my firm should you have any questions. Thank you for your assistance.

Very truly yours,

[redacted]

Sean Welch

NOTICE OF INTENT TO CIRCULATE PETITION

Notice is hereby given by the persons whose names appear hereon of their intention to circulate a petition within the City of San José for the purpose of qualifying and enacting the Evergreen Senior Homes Initiative. A statement of the reasons for the proposed action as contemplated in the petition is as follows:

There is a significant and growing need for senior housing in the City of San José. Demographic trends continue to add to existing demand for senior housing, including affordable senior housing. Meanwhile, in certain peripheral areas of the City, including Evergreen Industrial Park, the timing and nature of future industrial development remains uncertain as a result of infrastructure and site constraints and the historical lack of interest from industrial users. One response to the continued senior housing shortage in San José, therefore, is to find opportunities on underutilized employment lands for the provision of senior housing.

This Initiative amends the *Envision San José 2040 General Plan* to add Goals and Policies supporting the development of senior housing in the City and to create a Senior Housing Overlay land use designation ("Senior Housing Overlay") that establishes standards for sites to be designated with the Senior Housing Overlay, and authorizes the City to evaluate appropriate underutilized employment lands in the City for the Senior Housing Overlay in the future.

The Initiative also implements these new provisions of the General Plan, as amended, by adding the Senior Housing Overlay to an approximately 200 acre Industrial Park-designated site in the Evergreen area, making certain amendments to the Evergreen-East Hills Development Policy, making certain Municipal Code amendments, and adopting the Evergreen Senior Homes Specific Plan ("Specific Plan"). The Specific Plan will allow the improvement of the Specific Plan area into a walkable, safe, and high quality community of up to 910 new homes for seniors 55 years of age and over, including amenities such as recreation centers and other related facilities for residents.

Implementation of the Specific Plan will also provide needed affordable housing for seniors, equal to 20 percent of the total homes built in the Specific Plan area, with a preference provided to U.S. military veterans and their qualifying family members, to the extent permitted by law. Implementation of the Specific Plan will support resident veterans by providing access to affordable housing, designated space within a common area for veterans' information and services, and an on-site coordinator to assist resident veterans' access to supportive services provided by government agencies and community-based organizations.

The goals, policies, development standards, and design guidelines in the Specific Plan adopted by this Initiative, which includes required environmental design features, are designed to ensure that the actions approved by this Initiative will be environmentally sound and in compliance with applicable law.

[redacted]

Patricia Sausedo

Edward Garcia

[redacted]

Judy Chirco

SIGNED STATEMENT OF PROPONENT
(Elec. Code § 9608)

I, Patricia Sausedo, acknowledge that it is a misdemeanor under state law (Section 18650 of the Elections Code) to knowingly or willfully allow the signatures on an initiative petition to be used for any purpose other than qualification of the proposed measure for the ballot. I certify that I will not knowingly or willfully allow the signatures for this initiative to be used for any purpose other than qualification of the measure for the ballot.

[redacted]

(Signature of Proponent)

Dated this 7th day of September, 2017.

AUTHORIZATION FOR COUNSEL TO HANDLE PETITION FILING
(Elec. Code § 9210)

I, Patricia Sausedo, one of the three proponents of the Evergreen Senior Homes Initiative (the "Initiative"), hereby authorize our legal counsel, Sean P. Welch and Hilary J. Gibson of the Nielsen Merksamer law firm, to handle the filing of the Initiative for title and summary, filing of the Initiative petition, and any other actions and/or correspondence with your office, or any other elections officials, relating to the Initiative.

[redacted]

(Signature of Proponent)

Dated this 7th day of September, 2017.

SIGNED STATEMENT OF PROPONENT
(Elec. Code § 9608)

I, Edward Garcia, acknowledge that it is a misdemeanor under state law (Section 18650 of the Elections Code) to knowingly or willfully allow the signatures on an initiative petition to be used for any purpose other than qualification of the proposed measure for the ballot. I certify that I will not knowingly or willfully allow the signatures for this initiative to be used for any purpose other than qualification of the measure for the ballot.

[redacted]

(Signature of Proponent)

Dated this 7th day of September, 2017.

AUTHORIZATION FOR COUNSEL TO HANDLE PETITION FILING
(Elec. Code § 9210)

I, Edward Garcia, one of the three proponents of the Evergreen Senior Homes Initiative (the "Initiative"), hereby authorize our legal counsel, Sean P. Welch and Hilary J. Gibson of the Nielsen Merksamer law firm, to handle the filing of the Initiative for title and summary, filing of the Initiative petition, and any other actions and/or correspondence with your office, or any other elections officials, relating to the Initiative.

[redacted]

(Signature of Proponent)

Dated this 7th day of September, 2017.

SIGNED STATEMENT OF PROPONENT
(Elec. Code § 9608)

I, Judy Chirco, acknowledge that it is a misdemeanor under state law (Section 18650 of the Elections Code) to knowingly or willfully allow the signatures on an initiative petition to be used for any purpose other than qualification of the proposed measure for the ballot. I certify that I will not knowingly or willfully allow the signatures for this initiative to be used for any purpose other than qualification of the measure for the ballot.

[redacted]
(Signature of Proponent)

Dated this 7th day of September, 2017.

AUTHORIZATION FOR COUNSEL TO HANDLE PETITION FILING
(Elec. Code § 9210)

I, Judy Chirco, one of the three proponents of the Evergreen Senior Homes Initiative (the "Initiative"), hereby authorize our legal counsel, Sean P. Welch and Hilary J. Gibson of the Nielsen Merksamer law firm, to handle the filing of the Initiative for title and summary, filing of the Initiative petition, and any other actions and/or correspondence with your office, or any other elections officials, relating to the Initiative.

[redacted]
(Signature of Proponent)

Dated this 7th day of September, 2017.

Appendix 2: Text of Proposed Initiative (link to full document)

http://www.sanjoseca.gov/DocumentCenter/View/73836

Appendix 3: California Elections Code, Section 9212

California Elections Code
Section 9212

(a) During the circulation of the petition, or before taking either action described in subdivisions (a) and (b) of Section 9215, the legislative body may refer the proposed initiative measure to a city agency or agencies for a report on any or all of the following:

(1) Its fiscal impact.

(2) Its effect on the internal consistency of the city's general and specific plans, including the housing element, the consistency between planning and zoning, and the limitations on city actions under Section 65008 of the Government Code and Chapters 4.2 (commencing with Section 65913) and 4.3 (commencing with Section 65915) of Division 1 of Title 7 of the Government Code.

(3) Its effect on the use of land, the impact on the availability and location of housing, and the ability of the city to meet its regional housing needs.

(4) Its impact on funding for infrastructure of all types, including, but not limited to, transportation, schools, parks, and open space. The report may also discuss whether the measure would be likely to result in increased infrastructure costs or savings, including the costs of infrastructure maintenance, to current residents and businesses.

(5) Its impact on the community's ability to attract and retain business and employment.

(6) Its impact on the uses of vacant parcels of land.

(7) Its impact on agricultural lands, open space, traffic congestion, existing business districts, and developed areas designated for revitalization.

(8) Any other matters the legislative body requests to be in the report.

(b) The report shall be presented to the legislative body within the time prescribed by the legislative body, but no later than 30 days after the elections official certifies to the legislative body the sufficiency of the petition.

Appendix 4: Applied Development Economics Fiscal Analysis

January 29, 2018

Evergreen Senior Homes Initiative
Elections Code § 9212 Fiscal Analysis

Prepared for:

City of San Jose

Prepared by:

Applied Development Economics, Inc.
1756 Lacassie Avenue, #100, Walnut Creek, CA 94596 ■ 925.934.8712
www.adeusa.com

ADE - 30 YEARS OF SERVICE

APPLIED DEVELOPMENT ECONOMICS

BAY AREA GREEN BUSINESS

TABLE OF CONTENTS

LIST OF TABLES

SUMMARY

This report analyzes the jobs, housing and fiscal impacts of the proposed Evergreen Senior Homes Initiative. The Initiative proposes to make changes to the City of San Jose General Plan and various ordinances, including laws relating to zoning, specific plan approval, and affordable housing, to permit construction of senior housing (age 55+) on 200 acres currently designated for Industrial Park (IP) development in the Evergreen neighborhood. The Initiative includes approval of a specific plan permitting up to 910 dwelling units on the site.

The Initiative further proposes a Citywide Senior Housing Overlay land use designation that may be applied to any "underutilized" employment lands throughout the City. The term "underutilized" is not defined in the Initiative, but for purposes of this analysis, it is assumed that any vacant employment lands may be deemed to be underutilized and potentially subject to the Senior Housing Overlay. Certainly, fewer acres could be converted depending on market conditions and site constraints. Alternatively, some existing business locations could be redeveloped into senior housing if they are deemed to be currently underutilized, leading to higher housing development and loss of future jobs than analyzed in this report. Generally speaking, the impacts discussed in this report, in terms of jobs lost, and cost/revenue impacts of the senior housing, can be prorated to the actual level of conversion that eventually occurs. For example, if 20 percent of the vacant employment lands are converted then the cost/revenue impacts would be 20 percent of that shown in this report. These hypothetical levels of impact are also presented in the summary below along with the main analysis. The following summary conclusions are reached in this study.

JOBS/HOUSING

EVERGREEN SITE

- The site is currently zoned for 2 million sq. ft. of industrial park development, which would support about 5,000 jobs onsite.
- The proposed 910 senior housing units would have an estimated population of 2,160 persons.

CITYWIDE DEVELOPMENT

- There are an estimated 3,246 acres of vacant employment lands in the City that could potentially be subject to the Senior Housing Overlay zone. Under current General Plan land use designations, these properties would be expected to support future growth of 129,500 jobs (35 percent of the City's job growth goal). If 20 percent of the land is converted, then the jobs lost would equal 25,900, provided the mix of employment land use designations is similar. At 50 percent conversion, the future jobs lost would be 64,750.
- If applied to the proposed Citywide Senior Housing Overlay, the 3,246 acres could be developed into 86,010 units with a population of 168,160 persons. Under Civil Code sec. 53.1, at least 80 percent of the units would be occupied by senior citizens aged 55+. If only 20 percent of the vacant employment acres are converted, approximately 17,200 senior units

would be produced. With a population of 33,630. At 50 percent conversion, there would be 43,050 units occupied by 84,050 people.

FISCAL IMPACTS

EVERGREEN SITE

- The planned industrial park development is projected to create annual City revenues of $4.62 million and increase City costs for services by $3.50 million. If developed as currently planned, the City would expect to get a net revenue gain of $1.11 million per year.
- The proposed 910 senior housing units would generate City revenues of $1.92 million and increase City costs by $1.96 million, for a net deficit of $31,100 per year.
- If the Initiative is approved, the City would realize a loss of future net revenues of more than $1.14 million per year.

CITYWIDE DEVELOPMENT

- The future growth of business and 129,500 jobs is projected to create a net revenue surplus of $89.5 million per year at full build out. If the vacant employment lands are fully converted, the City would be expected to lose this amount of future net revenue. If only 20 percent of the vacant land is converted, then the loss of net revenue would be reduced to about $17.9 million per year. At 50 percent conversion the impact would be $44.7 million.
- If applied to the Citywide Senior Housing Overlay, the 3,247 acres would generate an additional annual net revenue loss of $17.1 million. This is due to the fact that on a citywide basis, senior housing would develop at higher densities with lower assessed values than is proposed in the Evergreen Senior Homes Specific Plan. Combined with the loss of future net revenues from the business uses that would otherwise develop on this land, this represents a net loss of $106.6 million per year at full build out compared to the General Plan without the Initiative. If 20 percent of the vacant land is converted, the total net fiscal loss to the City would be about $21.3 million and at 50 percent conversion the net loss to the City would be about $53.2 million per year.

CONCLUSION

Similar to most cities in California, San Jose relies on its non-residential land uses to generate the net tax revenues needed to support City services for its residential population. By shifting land currently planned for employment development into housing, the proposed Evergreen Senior Homes Initiative would significantly reduce the ongoing, future ability of the City to fund municipal services. While the proposed Evergreen Senior Homes Specific Plan would provide a small revenue surplus for the City when it is newly constructed, much of this added revenue is from property taxes. Growth in property taxes is limited by Proposition 13 and is further limited in age-restricted housing developments by additional legislation that allows person 55+ to buy a new home but maintain their prior assessed value, which may be much less than the price of the new home. In addition, the right of parents to bequeath real property to their children at the existing assessed value further dampens the growth potential of property taxes in age restricted housing development. Over time, the escalating cost of

City services will exceed the growth of property tax revenues alone, creating a deficit in service costs for the Evergreen Senior Homes Specific Plan over the long term.

In addition, on a Citywide basis, the amount of new housing allowed by the Proposed Initiative in urban zones impacted by the Senior Housing Overlay would create an immediate and ongoing negative fiscal impact.

JOBS AND HOUSING

INTRODUCTION

The Evergreen Senior Homes Initiative proposes to make changes to the City of San Jose General Plan and Zoning to permit construction of senior housing (age 55+) on 200 acres currently designated for Industrial Park (IP) development in the Evergreen neighborhood. The Initiative includes approval of a specific plan permitting up to 910 dwelling units on the site. The Initiative further proposes a Senior Housing Overlay land use designation that may be applied to any "underutilized" employment lands throughout the City. The term "underutilized" is not defined in the Initiative, but for purposes of this analysis, it is assumed at a minimum that any vacant employment lands may be deemed to be underutilized and potentially subject to the Citywide Senior Housing Overlay.

This section of the report estimates the new housing development and population that may be permitted under the Initiative as well as the potential future job opportunities lost if land is converted from employment designations to residential designations.

EVERGREEN SPECIFIC PLAN AREA

The site consists of 200 acres and the proposed Senior Overlay designation would allow up to 910 residential units.[1] The actual specific plan attached to the Initiative only identifies 859 dwelling units. In order to evaluate the potential full impact of the Specific Plan, ADE has pro-rated the single family and multi-family unit counts to reach the maximum allowable under the Initiative as follows: 719 single family units and 191 multi-family units.

The US Census Bureau American Community Survey (ACS) provides data for Santa Clara County households in the 55+ age group, which show household sizes of 2.6 persons for single family units and 1.9 persons for multi-family units. ADE also applied a 3.2 percent vacancy rate, based on the State Department of Finance (DOF) January 2017 figure for San Jose for all housing types. Based on these factors we estimate the population for the Evergreen Senior Housing Specific Plan would be 2,160 persons.

The project site is currently zoned for Campus Industrial employment center with an Industrial Park (IP) General Plan land use designation. If the Evergreen Specific Plan proposed in the Initiative is approved, this employment development would not occur. City staff has researched the entitlements associated with the Evergreen Senior Homes Specific Plan site and have determined that 2 million sq. ft. of development has been entitled. As discussed further below for the Citywide analysis, Industrial Park uses typically produce about 25 jobs per acre, which would total about 5,000 jobs for the Evergreen Senior Homes Specific Plan site. If 2 million sq. ft. of building space develops on the site, the 5,000 jobs would be equivalent to about one job per 400 sq. ft. of building space. This is well within the range of employee densities typically associated with the type of office and industrial

[1] Proposed Evergreen Specific Plan, p. G-5.

businesses that occupy Industrial Park developments (see discussion under Citywide Analysis and Tables 3 and 4).

CITYWIDE ANALYSIS

In addition to allowing senior housing on the Evergreen site, the Initiative would allow the Citywide Senior Housing Overlay designation to be placed on any underutilized employment lands throughout the City. While the term underutilized and employment lands are not defined in the Initiative, for purposes of this analysis ADE has focused on vacant lands with employment use designations in the General Plan. City staff has identified 15,231 acres of property that carry one of 11 different General Plan land use designations that support job development. These properties do not include areas in the Downtown General Plan designation, since senior housing would be allowed there under current City policy. The total vacant employment land analyzed in this report is 3,247 acres, which includes 200 acres of vacant land in the Evergreen Senior Housing Overlay area and 3,047 acres of vacant land elsewhere in the City, including other land in the Evergreen Campus Industrial area.

The proposed Evergreen Senior Homes Specific Plan includes single family housing at 7 dwelling units (DU) per acre and multi-family housing at 12 DU/AC on the 200 acre site. This single family density is very close to the maximum density allowed under the City's Neighborhood Residential land use designation, at 8 DU/AC. However, in most other areas of the City, multi-family housing is planned at much higher densities in order to avoid underutilizing expensive land and to reduce the cost of housing. ADE reviewed the allowable density ranges for residential designations under the General Plan in relation to the inventory of vacant sites currently designated for employment uses. In order to estimate the potential number of residential units and population that could occur under the Initiative-proposed Citywide Senior Housing Overlay, ADE has used the following approach. For General Plan Growth Areas, excluding Alviso and North Coyote Valley, and other vacant employment lands within 2,000 feet of transit, a multi-family density of 55 DU/AC is assumed. This is consistent with the density ranges allowed for the areas planned for higher density development, including the Urban Village (UV), Transit Employment Center (TEC) and Mixed Use Commercial (MUC) General Plan land use designations. For all other land, ADE used the single family neighborhood density of 8 DU/AC, as these sites are not in proximity to transit or planned for high-density residential growth. While this is a reasonable conservative estimate of density for this type of property, it is notable that the City has approved non-transit-accessible plots for senior housing at much higher densities.

Table 1 shows the outcome of these calculations, which would produce about 86,100 units on 3,247 acres. The total residential conversion of vacant employment lands based on these calculations would support a population increase of 168,160 people using the same household sizes as for the Evergreen Senior Homes Specific Plan above, which was derived from the US Census Bureau American Community Survey (ACS) data for Santa Clara County households in the 55+ age group. It should be noted that under state law only 80 percent of the units need to be occupied by people 55 years or older.

In order to calculate the potential job loss from conversion of other vacant employment lands citywide, ADE updated the analysis for the General Plan Four Year Review completed in 2016 by Strategic Economics (SE).[2] This analysis included the following steps:

1. Updated the SE 2013 jobs total to 2017 using County EDD growth rates.
2. Subtracted 2013-2017 growth from the total 2040 SE growth projections.
3. Mapped the jobs to land use type using the factors in the SE Report Figure V-8.
4. Using the factors in the SE Figures V-9 and V-10, calculated the number of acres needed to support the job growth and adjusted the number to correlate the existing vacant land inventory of 3,247 acres.
5. Mapped the jobs to the land use designations in the vacant land inventory.

Table 1: Estimated Potential Housing Conversion and Population on Vacant Employment Lands

	Citywide				Evergreen Senior Overlay			
Land Use Designation	Vacant Acreage Within 2000' Of Transit	Other Vacant Acreage Within Growth Areas	Other Citywide Vacant Acreage	Sub-Total	Single Family	Multi-Family	Sub-Total	Total Acreage
Combined Industrial/	34	128	165	327				327
Commercial Downtown	0	0	0	0				0
Heavy Industrial	0	39	8	47				47
Industrial Park	166	623	1,425	2,214	184	16	200	2,414
Light Industrial	14	41	128	183				183
Mixed Use Commercial	1	1	3	5				5
Neighborhood/Community	54	73	24	151				151
Regional Commercial	0	0	0	0				0
Transit Employment Center	106	12	0	118				118
Urban Village	1	1	0	2				2
Urban Village Commercial	0	0	0	0				0
Total*	**377**	**917**	**1,753**	**3,047**	**184**	**16**	**200**	**3,247**
Housing Density per Acre	55	55	8					
Dwelling Units	20,700	50,400	14,000	85,100	719	191	910	86,010
Vacancy Rate	3.2%	3.2%	.2%		3.2%	3.2%		
Household Size	1.9	1.9	2.6		2.6	1.9		
Population	38,100	92,700	35,200	166,000	1,800	350	2,160	168,160

**Totals may not add due to rounding.*

[2] Strategic Economics. *San Jose Market Overview and Employment Lands Analysis*. January 20, 2016.

The results are shown in Table 2. The factors shown in Table 3 provide most of the assumptions that go into the calculations. ADE estimates that on the vacant employment lands, including the 200 acre Evergreen Senior Homes Specific Plan site, approximately 129,500 jobs could be supported, over 35 percent of the Envision 2040 job growth goal of 363,000 jobs. The balance of jobs would occur, at least in part, with infill development or where existing employment uses could be redeveloped at a higher intensity.

JOB MULTIPLER ANALYSIS

Economic activity, including housing, creates not only direct jobs in businesses on the site, but also supports other jobs and business revenues through buyer/supplier transactions and employee spending in retail and services outlets. These additional business effects are referred to as economic multipliers and can be estimated for the 200-acre ESHSP site. The analysis addresses two phases of development: construction and operation.

For this analysis, ADE used the IMPLAN input-output (I-O) model, calibrated for the City of San Jose using zip code level data. The I-O model calculates two levels of multiplier effects based on the ***Direct*** (onsite) jobs and housing that would be located on the site under the current General Plan and under the proposed Initiative. The ***Indirect*** jobs, labor income and business output reflect business to business (B2B) transactions from the businesses located onsite with other businesses in San Jose. The ***Induced*** impacts reflect employee spending in local retail and services businesses, both those employed onsite in Evergreen and those employed in the businesses supported through the indirect B2B transactions.

CONSTRUCTION PHASE

During construction of either the Campus Industrial development or the Senior Homes project, construction workers would be employed onsite. In addition, the construction businesses would buy some materials and services from other businesses in San Jose. The Direct Output effect shown in Table 4 below is equal to the estimated construction cost for each project.

ADE estimated the construction cost for the Campus Industrial development from the market value analysis related to the property tax analysis presented later in this report. The market value of the non-residential development is estimated at $540 million. Subtracting land value and developer margins, we estimate the hard construction cost for the project would be about $307.8 million. This would support 2,086 person-years of construction employment onsite and generate $189 million in direct payrolls. If the project took five years to construct, then the average employment would be about 417 jobs per year. As discussed above, the construction project would also have multiplier effects and would support a total 3,149 jobs throughout San Jose as well as onsite. This would support total labor income of $267.8 million and business revenues of $482.4 million.

Table 2: Estimated Future Jobs on Vacant Employment Lands

Land Use Type	Jobs by Land Use Designation								
	Combined Industrial / Commercial	Heavy Industrial	Industrial Park	Light Industrial	Mixed Use Commercial	Neighborhood / Community	Transit Employment Center	Urban Village	Total Jobs
Retail	4,745				302	7,555	17,166	453	30,222
Traditional Office	3,390		17,072		305		9,162	611	30,541
Creative/High Tech Office			8,632				2,877		11,509
Traditional Industrial		616	5,908	3,513					10,036
Light Manufacturing			16,253	2,868					19,121
Tech R&D/Manufacturing			4,765						4,765
R&D Life Sciences			1,431						1,431
Hotel	100		0		100	50	648	100	997
Inst./Other [c]	7,244		5,804		522	3,131	4,175		20,876
Total Jobs	15,479	616	59,863	6,381	1,229	10,737	34,029	1,164	129,498
Vacant Acres	327	47	2,414	183	5	151	118	2	3,247
Job/Acre	47	13	25	35	266	71	289	600	40

Source: ADE, Inc.

Table 3: Allocation of Projected Job Growth to Vacant Lands

Land Use Type	2013 Jobs [a]	Est. 2017 Jobs [b]	Job Growth 2017-2040 [a] [b]	Projected Job Growth Percent on Vacant Lands [a]	Jobs on Vacant Lands [b]	Employment Density (Sq. Ft. per Job) [a]	FAR [a]	Acres Required [b]	Jobs / Acre [b]
Retail	91,250	93,988	60,443	50%	30,221	450	0.3	1,042	29
Traditional Office	76,600	79,664	61,081	50%	30,541	300	1.5	140	218
Creative/High Tech Office	24,710	30,282	23,018	50%	11,509	175	1.5	31	373
Traditional Industrial	30,930	33,250	12,545	80%	10,036	1,000	0.3	768	13
Light Manufacturing	30,880	32,424	23,901	80%	19,121	500	0.4	549	35
Tech R&D/Manufacturing	49,670	52,154	6,807	70%	4,765	300	0.5	66	73
R&D Life Sciences	3,420	4,036	2,044	70%	1,431	450	0.5	30	48
Hotel	4,040	4,565	1,995	50%	997	2,000	2.0	23	44
Inst./Other [b]	54,200	58,292	37,213	56%	20,876	1,000	0.8	599	35
Total	365,700	388,654	229,046		129,497			3,247	40

[a] Strategic Economics

[b] ADE estimate.

The developer associated with the proposed ESHSP has submitted an Economic Impact Study which indicates that the anticipated construction cost for the senior homes project would be $438.4 million.[3] Ade has used this amount to calculate similar economic multiplier effects. AS shown in the lower part of Table 4, ADE estimates that the construction of the senior homes would support 2,359 person years of construction employment onsite and 3,924 jobs citywide. The developer indicates the senior homes project would require five years to construct. The annual onsite jobs, then, would be about 472 with labor income of $41.8 million.

Table 4: Construction Phase Economic Impacts

	Direct Effect	Indirect Effect	Induced Effect	Total Effect	Multiplier
Campus Industrial Construction					
Employment	2,086.1	275.3	787.3	3,148.7	1.51
Labor Income	$189,068,866	$24,528,921	$54,189,730	$267,787,516	1.42
Output	$307,800,000	$48,830,293	$125,770,934	$482,401,234	1.57
Senior Homes Construction					
Employment	2,359.5	600.7	964.3	3,924.5	1.66
Labor Income	$209,102,053	$40,382,951	$66,931,560	$316,416,565	1.51
Output	$438,414,298	$85,660,681	$153,046,713	$677,121,692	1.54

Source: ADE, Inc.

Operations

The Campus Industrial development would employ an estimated 5,000 workers onsite. Industrial businesses have relatively high multiplier effects and the onsite economic activity would support another 6,875 jobs elsewhere in San Jose (Table 5). In total the CI project would generate nearly $1.3 billion in annual wages and $3.3 billion in business output (revenue).

The Evergreen Campus Industrial area includes another 133 vacant acres plus the 37-acre former Hitachi campus site. In the Adopted General Plan, the remaining 133 acres are planned to support an additional 5,000 jobs, for a total of 10,000 jobs on the undeveloped property in the Evergreen Campus Industrial area total. If development of the senior homes further constrains future development of jobs in this area, then as many as 10,000 future direct jobs could be lost to San Jose. In this case, the figures in Table 5 for the Campus Industrial development would be twice as high. There would be a total of 23,800 jobs lost in San Jose, including 10,000 jobs in the Evergreen area and another 13,800 indirect and induced jobs elsewhere in the City. There would be a total of $2.5 billion lost in annual labor income and $6.5 billion per year in lost economic output.

The senior homes project would also employ some workers onsite for maintenance operations and other jobs would be supported by the households' expenditures in retail and service businesses in San

[3] Willdan Financial Services. *Economic Impact Analysis for the Evergreen Senior Homes Specific Plan.* December 13, 2017.

Jose. ADE estimates the direct jobs from this household spending and maintenance would total about 222, with another 80 jobs supported through indirect and induced multiplier effects (lower part of Table 5). This total employment would produce $16.4 million in annual wages and $34.3 million in business revenue (output).

Table 5: Operations Phase Annual Economic Impacts

	Direct Effect	Indirect Effect	Induced Effect	Total Effect	Multiplier
Campus Industrial					
Employment	5,000.0	3,087.6	3,787.6	11,875.2	2.38
Labor Income	$686,152,749	$315,849,302	$264,048,061	$1,266,050,113	1.85
Output	$1,928,291,067	$746,496,699	$604,587,253	$3,279,375,019	1.70
Senior Homes					
Employment	221.7	22.4	57.3	301.4	1.36
Labor Income	$10,591,605	$1,778,661	$4,067,293	$16,437,558	1.55
Output	$21,436,171	$4,084,752	$8,774,492	$34,295,415	1.60

Source: ADE, Inc.

FISCAL IMPACTS

FISCAL SETTING

Land use development in San Jose affects the City's tax base and also the demand for municipal services, which increases costs for City government. The balance between revenues and costs is an important consideration in City planning. This issue was studied in detail for the Envision 2040 General Plan update in 2010 and again in 2015 for the General Plan Four-Year review.[4,5] ADE has used the same fiscal impact model, updated to 2017, to evaluate the fiscal impact of the Evergreen Senior Housing Initiative.

This analysis focuses on General Fund operations costs and revenues. The General Fund funds most basic City services and is largely reliant on general tax revenues such as property tax and sales tax. The tax rates for these revenue sources are mainly set by state law and the City has relatively little discretion to increase revenues through tax increases. Therefore, it is important that the tax base generated by the land use mix in the City be adequate to fund necessary City services for the City population and business sector. The City also has enterprise funds for utility services such as wastewater and solid waste disposal, but these services are funded by customer charges, over which the City has greater control than general tax revenues.

The adopted 2017-2018 General Fund budget is shown in Table 6. This budget information provides the initial basis for the analysis of fiscal impacts of the proposed Initiative. Overall, the General Fund begins FY 2017-2018 with an existing fund balance of nearly $257 million. The expenditure budget is balanced with revenues and includes $178.9 million in reserves remaining at the end of the fiscal year. Nearly $100 million of these reserves are incorporated in the Departmental budgets, which also include allocated costs for citywide expenditures and capital contributions.

The fiscal model analyzes the projected impact to annual operating costs and revenues and excludes certain items that either reflect one-time revenues and costs or are not related to land use development. These revenues and costs, which are adjusted out of the City budget prior to calculating the fiscal impact of the project, are shown in Table 7.

[4] Applied Development Economics, Inc. *Envision San Jose 2040 General Plan Update: Analysis of San Jose's Fiscal Conditions and Projections of Future Scenarios.* February 12, 2010.
[5] Doug Svensson. Memo to John Lang, Chief Economist, City of San Jose, Re: Fiscal Analysis. November 24, 2015.

Table 6: 2017-2018 Adopted General Fund Budget City Of San José

Budget Category	2017-2018 Adopted Budget
REVENUES	
Fund Balance	$256,962,260
Property Taxes	$288,990,000
Sales Tax	$228,000,000
Transient Occupancy Tax	$18,720,000
Franchise Fees	$50,813,083
Utility Tax	$101,320,000
Telephone Line Tax	$20,000,000
Business Taxes	$63,300,000
Licenses & Permits	$59,778,354
Fines & Forfeitures	$15,336,284
Revenue from Money and Property	$5,640,000
Revenue from Local Agencies	$26,040,025
Revenue from State Government	$12,962,140
Revenue from Federal Government	$2,791,670
Departmental Charges	$48,498,645
Other revenue	$28,829,148
Transfers in, Reimbursements	$88,428,909
TOTAL REVENUES	**$1,316,410,518**
EXPENDITURES	
General Government	$205,121,604
Economic Development	$15,801,667
Environmental Services	$4,238,354
Police	$396,048,201
Fire	$241,281,019
Planning/Bldg./ Code Enf.	$55,207,990
Housing	$4,804,533
Public Works	$71,816,123
Recreation, Neigh. Svcs.	$62,332,570
Parks Maintenance	$23,318,000
Library	$32,655,146
Transportation	$40,371,398
Transfers	$32,444,830
Reserves*	$130,696,083
TOTAL EXPENDITURES	**$1,316,410,518**

Source: ADE, Inc., based on San José Adopted Operating Budget 2017-2018
*Note: Some of the reserves shown on p. 145 of the budget are integrated into the departmental budgets above.

Table 7: Fiscal Model Budget Adjustments

REVENUES		BUDGET CATEGORY
Building Permits	$32,500,000	Licenses and Permits
Fire Permits	$13,511,000	Licenses and Permits
Conv. Ctr. Debt Service	$15,240,000	Revenue From Local Agencies
Central Fire District	$6,960,000	Revenue From Local Agencies
2017-18 Grants	$570,023	Revenue From Local Agencies
Rebudget 2016-17 Grants	$222,203	Revenue From Local Agencies
Campbell Annexation	$199,000	Revenue From Local Agencies
Public Works Service Charges	$11,585,000	Departmental Charges
Planning/Building Service Charges	$7,730,000	Departmental Charges
Dept. of Trans. Service Charges	$1,674,720	Departmental Charges
Carryover from 2016-17	$17,600,000	Transfers/Reimbursements
Total	$107,791,946	
EXPENDITURES		**DEPARTMENT**
Conv. Ctr. Debt Service	$15,240,000	General Government
2017-18 Grants	$295,023	Police
Rebudget 2016-17 Grants	$142,203	Police
Fire Permits	$13,511,000	Fire/EMS
Central Fire District	$6,960,000	Fire/EMS
Building Permits	$32,500,000	Planning/Bldg./ Code Enf.
Planning/Building Service Charges	$7,730,000	Planning/Bldg./ Code Enf.
2017-18 Grants	$150,000	Planning/Bldg./ Code Enf.
Campbell Annexation	$199,000	Planning/Bldg./ Code Enf.
Public Works Service Charges	$11,585,000	Public Works
2017-18 Grants	$125,000	Parks, Recreation, Neigh. Svcs.
Rebudget 2016-17 Grants	$65,000	Parks, Recreation, Neigh. Svcs.
Dept. of Trans. Service Charges	$1,674,720	Transportation
Rebudget 2016-17 Grants	$15,000	Transportation
Carryover from 2016-17	$17,600,000	Reserves
Total	$107,791,946	

Source: ADE, Inc.

For certain revenues such as property taxes and sales taxes, the tax rates are set by law and are based on specific characteristics of the proposed project, such as the property values, household income, and spending patterns. The calculations for these revenues are discussed in more detail in the next section. Other revenues and city costs are calculated on a general average basis, using the City budget figures above. These average per capita revenues and service costs are shown in Table 8. A key assumption in this analysis is the relative service demand between residential and non-residential land uses. In general, the analysis assumes that the service demand impact of employment-generating uses, as represented by the number of jobs supported by the activity, is 50 percent of the impact of residential uses, represented by the population. This is a standard service population

assumption for fiscal impact studies.[6] It corresponds to the general premise that employed people working at jobs in San José occupy eight-hour shifts, mostly during the regular work day, while the resident population, when they are not working, represent a service demand during the 16 hours of non-working time during a 24 hour day. Thus, an eight-hour period is 50 percent of a 16-hour period. (In Table 8, however, this is expressed in terms of a 24-hour day, so the 16 hours is 67 percent of a full day while the eight hours is a 33 percent share). Of course, there are many individual exceptions to this but as a general rule it reflects the overall relative service demands of residential and non-residential land uses for a number of City services.

As indicated in Table 8, a few of the revenues and services require different assumptions. The revenue from Money and Property represents both interest, or investment income, on City bank accounts, as well as rental fees and other income associated with City-owned properties. This revenue represents about 0.6 percent of the total and is calculated here as a similar percent of the revenues generated by each individual land use.

Table 8: Factors Used to Estimate Selected Revenues and Costs

Budget Category	Residential		Business		Notes
Revenues	Service Proportion	Per Capita	Service Proportion	Per Capita	
Franchise Fees	67%	$32.55	33%	$40.90	
Utility Tax	67%	$64.89	33%	$81.55	
Telephone Line Tax	67%	$12.81	33%	$16.10	
Business Taxes	5%	$3.03	95%	$146.67	
Licenses & Permits	67%	$8.82	33%	$11.08	
Fines & Forfeitures	67%	$9.82	33%	$12.34	
Revenue from Money and Property	NA	0.64%	NA	0.64%	Percent of Other Revenues
Revenue from Local Agencies	67%	$1.82	33%	$2.29	
Revenue from State Government	100%	$12.39	0%	$0.00	
Revenue from Federal Government	100%	$2.67	0%	$0.00	
Departmental Charges	67%	$17.62	33%	$22.14	
Other revenue	67%	$18.46	33%	$23.20	
Expenditures					
General Government	NA	18.6	NA	18.6%	Percent of Other Costs
Economic Development	10%	$1.51	90%	$34.69	
Environmental Services	67%	$2.71	33%	$3.41	
Police	67%	$253.38	33%	$318.42	
Fire	67%	$120.21	33%	$151.07	90% per capita; 10% based on Assessed Value
Planning/Bldg./ Code Enf.	67%	$9.37	33%	$11.77	Based on Assessed Value
Housing	67%	$3.08	33%	$3.87	
Public Works	67%	$38.58	33%	$48.48	
Recreation, Neigh. Svcs.	90%	$53.46	10%	$15.16	
Park Maintenance*	NA	$17,000.00	10%	$5.69	*
Library	75%	$23.41	15%	$11.95	10% to CSU San José
Transportation	67%	$2,306.81	33%	$2,306.81	Per acre ROW
Transfers	67%	$20.78	33%	$26.11	

*Source: ADE, Inc. *Parks maintenance cost is per acre for residential and per employee for non-residential*

[6] See for example: Strategic Economics. *South Fremont/Warm Springs Area Impact Analysis*. June 2012; and Economic and Planning Systems. *Fiscal and Economic Impact Analysis of the Tarob Court Master Plan*. June 2017.

The State and Federal government revenues are mostly subventions that are allocated on the basis of population in the City, and are therefore allocated to the residential land uses.

In terms of cost allocations, a number of the services are based on the two-thirds residential/one-third non-residential split discussed above; however, other cost categories have a different basis. The General Government category is treated as an "overhead" charge on the cost of direct services to residents and business in San José.

This category includes the following City departments:

- Mayor/City Council
- City Manager
- City Clerk
- City Attorney
- City Auditor
- Independent Police Auditor
- Human Resources
- Finance
- Information Technology
- Emergency Services
- General Services

The General Fund expenses for these Departments are about 18.6 percent of the total General Fund budget and this factor is used in the fiscal model to project these costs by land use.

The Economic Development function also includes the Cultural Affairs Office of the City and is estimated to be devoted about 90 percent to non-residential land uses and 10 percent to residential uses in the City.

For the Police Department, the Commercial Land Use Category is assigned a higher cost per capita than other non-residential land uses, to reflect the higher incidence of calls for service for shoplifting, burglary and vandalism experiences at many commercial shopping centers.

For the Fire Department, the majority of its calls-for-service are for emergency medical response, rather than fire suppression. Ninety percent of its expenditures are allocated on a per capita basis to reflect this priority for the department. The remaining ten percent of the Fire Department budget, which represents responses to fire incidents, is allocated on the basis of assessed value for each land use. Buildings with greater assessed value are generally larger and require greater Fire Department response when fires occur.

The Planning and Building Department costs are also allocated on the basis of assessed value rather than population or employment. This is similar to the fee calculation for building permits and reflects the fact that larger projects typically require greater effort to process.

For parks and libraries, alternate assumptions have been used about the demand for services from residential and non-residential land uses. For Parks and Recreation, it is assumed that most of the service demand comes from the resident population, but it is also likely that a number of people who work but do not live in San José participate in recreation leagues for various sports and may use park facilities as well. For this department, a 90 percent/10 percent split is used between residential and non-residential. However, as discussed below, the proposed Initiative would have specific impacts to parks which are estimated separately. The City spends an estimated $13,000 per acre on maintaining existing parks separate from other program operations and administrative costs. However, new parks require a higher level of maintenance in the early years, estimated at $17,000 per acre per year.

The Library Department maintains some information about the residence location of library patrons. This information shows that 75 percent are San José residents and another 10 percent are San José State University students. The remaining 15 percent are non-City residents. For the fiscal model, this percentage has been assigned to non-residential land uses. While there is not a direct indication that these are business patrons, this percentage corresponds well to data from other communities where business usage of the libraries has been tracked and represents a reasonable assumption about the level of business inquiries for reference information and use of library materials.[7]

Transportation maintenance expenditures are related to the extent of road facilities and related infrastructure that must be maintained. The City's Planning Division has made estimates of right-of-way acreages for each land use and that has been used in the fiscal model as a proxy for road maintenance costs, rather than population or employment. It should be noted, however, that the size of roadways and intersections are also a function of the volume of traffic generated by each type of land use.[8]

FISCAL IMPACTS

EVERGREEN SENIOR HOMES SPECIFIC PLAN

The Evergreen Specific Plan site includes about 200 acres and has a current assessed value of $14.7 million (Table 9). Owners of the site currently pay approximately $147,233 in base property taxes, not including special charges for bonds or assessments. A number of taxing agencies share in the property tax, including Santa Clara County, the Bay Area Air Quality District and the school districts, among others. Each agency is assigned a tax allocation factor, per AB 8, which was passed subsequent to Proposition 13. The City of San Jose gets about 13.6 percent of the base property tax or $20,024 per year from the property. The City does not incur any measurable expenses for services on the site, which is largely vacant with just two existing homes.

[7] See for example, Applied Development Economics and Vernazza Wolfe Associates. *City of Menlo Park Fiscal Impact Model Documentation Report*. February 2002.

[8] For traffic impacts of the proposed Initiative see: *Evergreen Senior Homes Initiative: Elections Code 9212 Report on Proposed Initiative*, Appendix 6, Hexagon Transportation Analysis.

Table 9: Evergreen Site Existing Assessed Value and Property Taxes

Parcel No.	Acres	Assessed Value
659-02-010	87.34	$6,470,000
660-33-001	0.50	$37,000
660-33-002	25.00	$1,851,000
660-33-011	5.83	$432,000
660-33-013	9.95	$737,000
660-33-014	8.50	$629,000
660-33-020	4.11	$299,000
660-33-025	5.80	$430,000
660-33-026	9.93	$735,000
660-33-027	12.20	$894,162
660-33-028	12.13	$894,162
660-33-029	17.76	$1,315,000
Total	199.05	$14,723,324
Base Property Tax		$147,233
San Jose Share		$20,024

Source: ADE, based on data obtained from the Santa Clara County Assessor.

General Plan Without Initiative

The site is designated for Industrial Park uses and would be expected to support about 2 million sq. ft. of building space and 5,000 jobs at full build out. Using the fiscal model described above, and estimating property taxes and sales taxes separately as described below, ADE estimates that at full build out such a development would generate about $4.6 million per year in taxes and other City revenues. The development would require about $3.5 million City service expenditures per year, leaving a net revenue surplus of about $1.1 million (Table 10).

Property Tax. In order to estimate the assessed value of the Industrial Park Development, ADE reviewed property transactions in San Jose for the past two years (11/15-11/17). ADE identified 42 sales of R&D facilities totaling 3.8 million sq. ft. of building space. The average sales price per sq. ft. was $268. Not all of these properties were new buildings, so ADE rounded the figure up to $270 for the Evergreen property tax calculation. The initial assessed value would be set at market value by the County Assessor and the total assessed value for the 2 million sq. ft. of industrial park space is projected to be about $540 million.

For new development, the City of San Jose receives about 16.6 percent of the taxes generated by the Proposition 13 base tax rate of one percent of assessed value. This is higher than the tax allocation on existing development mainly because of the property tax in lieu of vehicle license fees paid to the City by the State of California. The vehicle license in-lieu was part of the State budget legislation in 2004 and has resulted in a substantial increase in the local share of property tax beyond the base AB 8 allocation. Therefore, the industrial park development is estimated to generate $911,800 per year for the City at full build out.

Sales Tax. The City tracks sales tax payments from all types of business and recognizes that non-retail businesses also generate a substantial amount of sales tax from transactions directly with consumers or with other businesses. For the General Plan update and subsequent Four-Year Review, this was analyzed in depth and determined that Industrial Park types of businesses generate the

equivalent of $311 in sales tax per employee per year. These revenues are not from expenditures by the employees but rather sales by the businesses themselves, averaged per worker they employ. On this basis, the Industrial Park development at Evergreen would be expected to generate $1.55 million per year in sales taxes for the City.

Table 10: Estimated Fiscal Impact of Evergreen Industrial Park Development

BUDGET CATEGORY	INDUSTRIAL PARK
REVENUES	
Property Taxes	$911,800
Sales Tax	$1,555,900
Transient Occupancy Tax	$0
Franchise Fees	$204,500
Utility Tax	$407,800
Telephone Line Tax	$80,500
Business Taxes	$733,400
Licenses & Permits	$55,400
Fines & Forfeitures	$61,700
Revenue from Money and Property	$27,400
Revenue from Local Agencies	$11,500
Revenue from State Government	$0
Revenue from Federal Government	$0
Departmental Charges	$110,700
Other revenue	$116,000
Transfers/Reimbursements	$343,900
TOTAL REVENUES	**$4,620,500**
EXPENDITURES	
General Government	$550,800
Economic Development	$173,400
Environmental Services	$17,100
Police	$923,400
Fire/EMS	$869,400
Planning/Bldg./ Code Enf.	$46,200
Housing	$19,300
Public Works	$242,400
Recreation, Neigh. Svcs.	$75,800
Park Maintenance	$28,400
Library	$59,700
Transportation	$92,100
Transfers	$130,600
Reserves	$277,200
TOTAL EXPENDITURES	**$3,505,800**
NET (COST) / REVENUE	**$1,114,700**

Source: ADE, Inc.

Other Revenues. As discussed above and shown in Table 8, businesses in the City generate a variety of other revenues related to their utility use as well as from business taxes and from fees and charges for City services. ADE has not assumed that a hotel would be part of the Campus Industrial development at the proposed Evergreen Senior Housing Overlay (ESHO) site, so there is no Transient Occupancy tax estimated. In addition, revenues from the state and federal governments are generated mostly by residential development and also are not estimated for the ESHO site. These total other revenues are estimated at $2.15 million per year (Table 10).

City Costs. The Industrial Park development would require police and fire department services and would also have minor impacts on parks and library services from the workers onsite, estimated at 10-15 percent of the impact of a comparable number of residential occupants (see Table 8 above). The development would affect City street maintenance costs as well as maintenance and operations of other infrastructure. These costs are estimated using the factors shown in Table 8 above and total $3.5 million.

Infrastructure Funding. The Industrial Park permitted under the General Plan without the Initiative would be subject to a number of development impact fees that would contribute toward funding future expansion of City infrastructure and facilities, as shown in Table 11. Certain fees are not shown in the table as they would require City staff evaluation of a proposed development, which has not occurred to date. It is important to note that these fees would offset City expenditures to add improve the community center and increase the capacity of the water, sewer, storm drainage and road facilities.

In addition to the fees in Table 9, a portion of the property is subject to the District 91-209SJ (Aborn-Murillo) Benefit Assessment District Assessment. This assessment is calculated to be $5,654,460 in 2017 dollars and pays for all or portions of a number of street improvements and other facilities upgrades in the vicinity of the site.

Table 11: General Plan Without Initiative Estimate of Development Impact Fees

Fee Category	Fee	Unit	Project	Fee Revenue
Parks				NA
Sewer Treatment Plant Connection				NA
Sanitary Sewer	$1,991	Acre	200	$398,200
Storm Drainage	$1,815	Acre	200	$363,000
Traffic				NA
Schools	$0.56	Bldg. Sq. Ft.	2 million	$1,120,000

Source: ADE, Inc., based on fee rates provided by City of San Jose. Note: industrial development is not subject to Parks fees.

Evergreen Senior Homes Specific Plan (ESHSP)

The Initiative proposes to adopt a Specific Plan for the site that would allow up to 910 dwelling units for senior citizens. As discussed earlier, this would generate an estimated population of 2,160 persons. ADE estimates that this development would generate $1.92 million per year in revenues for the City against $1.96 million in annual costs (Table 12). The net surplus deficit from the senior housing development would be about $31,100 per year, compared to a $1.1 million surplus from the Industrial Park.

Property Taxes. In order to estimate assessed values for the senior housing development, ADE reviewed property transactions from the nearby Villages at San Jose neighborhood, which is also an age-restricted development. In the past two years (11/15-11/17) 260 condominiums and 22 single family homes have been sold. The average price for the condominiums was $629,200 and for the single family homes the average price was $1,066,900. These were not all new homes, so ADE rounded the prices up to $650,000 for multi-family units and $1.1 million for single family units in estimating the property tax from the proposed ESHSP.

Table 12: Estimated Fiscal Impact of Evergreen Senior Homes Specific Plan

Budget Category	Total	Single Family	Multi-Family
REVENUES			
Property Taxes	$1,143,500	$1,135,100	$8,400
Sales Tax	$216,600	$190,400	$26,200
Transient Occupancy Tax	$0	$0	$0
Franchise Fees	$72,200	$60,800	$11,400
Utility Tax	$144,100	$121,300	$22,800
Telephone Line Tax	$28,400	$23,900	$4,500
Business Taxes	$6,800	$5,700	$1,100
Licenses & Permits	$19,600	$16,500	$3,100
Fines & Forfeitures	$21,900	$18,400	$3,500
Revenue from Money and Property	$11,500	$10,800	$700
Revenue from Local Agencies	$4,000	$3,400	$600
Revenue from State Government	$27,500	$23,200	$4,300
Revenue from Federal Government	$5,900	$5,000	$900
Departmental Charges	$39,100	$32,900	$6,200
Other revenue	$41,000	$34,500	$6,500
Transfers/Reimbursements	$143,300	$135,200	$8,100
TOTAL REVENUES	$1,925,400	$1,817,100	$108,300
EXPENDITURES			
General Government	$307,300	$261,600	$45,700
Economic Development	$3,300	$2,800	$500
Environmental Services	$6,000	$5,100	$900
Police	$562,700	$473,700	$89,000
Fire/EMS	$380,600	$324,700	$55,900
Planning/Bldg./ Code Enf.	$64,900	$57,500	$7,400
Housing	$6,900	$5,800	$1,100
Public Works	$85,600	$72,100	$13,500
Recreation, Neigh. Svcs.	$118,700	$99,900	$18,800
Park Maintenance	$114,000	$96,000	$18,000
Library	$52,000	$43,800	$8,200
Transportation	$53,700	$51,800	$1,900
Transfers	$46,100	$38,800	$7,300
Reserves	$154,700	$131,700	$23,000
TOTAL EXPENDITURES	**$1,956,500**	**$1,665,300**	**$291,200**
NET (COST) / REVENUE	**($31,100)**	**$151,800**	**($182,900)**

Source: ADE, Inc. Totals may not add due to rounding.

For age-restricted housing, however, there are additional considerations in that state law allows persons 55 or older to transfer their existing assessed value to a new home purchased at equal or lesser market value of their existing home. Proposition 60, passed in 1986, allows such transfers when the sales occur within the same county. Proposition 90, passed in 1988, allows similar transfers between counties, for counties that choose to participate in the program. Santa Clara is one of the counties that does participate in the program. It is difficult to estimate the exact impact of this for the Evergreen project, but El Dorado County recently did an analysis comparing the market value and assessed value for Proposition 90 transactions. The average assessed value was less than 50 percent of the sales price of the units.[9]

In addition to Propositions 60 and 90, state and federal tax laws allow parents to bequeath real property to their children without an increase in tax basis. Therefore, until the children sell the home, it would carry the same Proposition 13 assessed value as their parents had. If the children were 55 years or older they could elect to occupy the home in the age-restricted development with no increase in property tax, as would otherwise occur if the property were sold. This would also be true if the children retain ownership of the home and rent it out. The California Legislative Analyst's Office estimated that Santa Clara County lost $99 million in property tax revenues in FY 2014-15 due to the Parent-to-Child reassessment exclusion.[10]

The fiscal analysis conducted in San Jose for the Four-Year Review of the General Plan determined that the average assessed value of existing single family homes in the City is about $300,000. This is substantially lower than current market prices because under Proposition 13 homes can only increase in assessed value a maximum of two percent per year unless they are sold. Many older home owners have lived in their home for many years and enjoy relatively low property tax bills as a result of this provision in the tax code. If a senior citizen sold a house that is currently assessed at $300,000 in San José and moved into a single family home in the ESHSP, their assessed value could carry over and would be less than 30 percent of market value.

These issues contribute to an overall concern that property tax revenues often do not increase at the same pace as City costs. If properties do not sell, their assessed value increases at a maximum of two percent per year. Historically, the rate of inflation has often exceeded two percent and City government costs typical escalate at or above the rate of inflation over the long term. The fact that the average residential home assessed value in San Jose is only $300,000 while new homes sell for more than $1 million is an indication that property taxes do not keep pace with general market conditions. Under these circumstances, San Jose and most other cities in California have come to rely much more heavily on sales taxes and utilities taxes to maintain City service levels. The California Legislative Analyst's Office estimates that since 1978 property taxes for cities and counties have grown about 130 percent (adjusted for inflation) while sales tax, utility tax and hotel taxes combined

[9] Stack, Noel. "County Dropping Prop. 90 Perk." Village Life, October 2017. www.villagelife.com/news/county-dropping-prop-90-perk/.
[10] Uhler, Brian. "How Will Aging Baby Boomers Affect Future Property Tax Revenues?" Legislative Analyst's Office. p. 10. June 20, 2017.

have grown by 650 percent.[11] The City must have a strong retail commercial sector in order to receive sales tax revenues, even when those revenues are generated by local residents' household expenditures.

Not all 55+ homeowners will meet all the criteria necessary to take advantage of these tax provisions. Among other things, a person can only use the Proposition 60/90 provision once in their lifetime. ADE compared assessed values for the Villages units that sold at least one year prior so that the sales transaction is reflected in the current assessed value. The average assessed value was 15 percent below the sales price of the unit. We expect this is a reasonable approximation of the effect of propositions 60 and 90 on property tax revenues and have discounted the assessed value accordingly in calculating the property tax for residential units under the Evergreen Senior Homes Initiative.

Impact of Affordable Housing

The Specific Plan also proposes to provide 20 percent affordable housing in the portion of the plan area where the multi-family units would be located. We calculate that of the 191 multi-family units, 182 would be affordable and 9 would be market rate. The compliance of the Plan with the City's inclusionary housing ordinance is discussed in more detail in the Elections Code 9212 Report on the Proposed Evergreen Senior Homes Initiative (9212 Report). The proposed Initiative would change the requirements for affordable housing and the level of affordability from what is currently required under the City's Inclusionary Housing Ordinance. The ESHSP indicates that the affordable units could be either rental or for sale; however, the proposed developer has submitted a fiscal impact analysis that indicates the units would be rental and managed by a non-profit organization and would therefore be tax exempt.[12]

The single family homes in the ESHSP would create a total assessed value of $672.3 million and the market rate multi-family units would add about $5 million. The senior homes project would generate about $1.14 million in property taxes for the City annually.

Sales Tax. Residential households generate sales tax for the City through their taxable retail purchases within the City. Using typical housing cost factors relative to the price of the homes, assuming monthly housing costs are equal to 32.5 percent of household income, and factoring in the added income from the age 55+ property tax exclusions discussed above, ADE estimates that the average household income in the single family homes would be $213,700 and $139,900 for the market rate multi-family units. Based on the proponent's fiscal analysis, the affordable units would be provided as rental housing. The ESHSP proposes to provide 14 percent of the total units at the moderate income level, which is 80 percent of Average Median Income (AMI) and 6 percent of the units at the Very Low Income affordable level. The weighted average income level for these units would be about $65,700, assuming one and two bedroom units. ADE calculated in detail the typical spending pattern for households at these income levels, which are shown in the Appendix of this Fiscal

[11] Chu, Carolyn, and Brian Uhler. "Common Claims About Proposition 13. California Legislative Analyst's Office. p.23. September 2016.
[12] Willdan Financial Services, Fiscal Impact Analysis for the Evergreen Senior Homes Specific Plan, December 13, 2017.

Report (p. 32). As shown in comparing Appendix Tables A-1 and A-4, lower income households tend to spend a higher percentage of their income on retail goods and services. A portion of retail sales are not taxable, such as groceries and pharmaceuticals, as well as the labor component of most services. In addition, San Jose does not capture all its own household spending. Prior studies estimate that the City loses 30 percent as residents shop in surrounding cities. For those sales that are taxable, the City receives about 1.28 percent in sales tax revenue. This includes the state allocated base sales tax, a local sales tax of 0.25 percent approved by local voters for a fifteen year period and a small amount of state allocated Proposition 172 sales taxes for public safety. ADE estimates that the single family households would generate $265 per unit annually in local sales tax and the market rate multi-family units would generate $249. The households in the affordable units would generate about $136 per unit.[13] Combined, these figures add up to $216,600 in sales tax annually.

Other Revenues. The senior housing development would generate other revenues related to their utility and services use and from fees and charges for City services. In addition, the City may expect some increase in revenues from the state and federal governments due to the increased population. Total other revenues are estimated at $565,300 per year (Table 12).

City Service Costs. The senior housing development would require police and fire department services and would also have impacts on parks and library services from the residents. The development would affect City street maintenance costs as well as maintenance and operations of other infrastructure. A discussion of service impacts of most City services may be found in the Environmental Analysis of the Initiative prepared by David J. Powers Associates (Appendix 5 of the 9121 Report). The service impacts are generally consistent with the average cost analysis conducted for the fiscal analysis shown in Table 8 above. Total City service costs, including parks and recreation discussed in more detail below, total about $1.96 million per year. This is lower than the costs for the Industrial Park development as there would be less than half as many residents as in the proposed Evergreen Senior Homes Specific Plan as employees in the business development.

The City Parks, Recreation and Neighborhood Services Department (PRNS) has separately reviewed the proposed Initiative and indicates that a project with 719 single family detached (SFD) units and 191 multi-family (MF) (five or more) units in Multiple Listing District 3 would have a total parkland obligation of providing 8.48 acres of land. The proponents may elect to pay park in-lieu fees, which are discussed below under infrastructure funding. There are two parks within a three mile radius of the site: Fowler Creek Park and Montgomery Hill Park. It is unlikely PRNS would seek dedication/ development of land as a result of the project because the project site is in a well-served area. However, it would be important to improve Evergreen Community center as a result of the project. This center needs modernization, extensive remodeling and expansion, and/or the construction of a new hub community center to better serve Council District 8.

Increased use of City parks by project residents would increase maintenance costs. This is estimated at about $114,000 per year at the rate for maintenance of existing parks of $13,100 per acre. In

[13] These estimates are based on US Bureau of Labor Statistics Consumer Expenditure surveys. Please see the Appendix of this report (p. 32) for the detailed calculations.

addition, residents' use of recreation facilities and programs would increase PRNS' operating costs, estimated at $118,600. A portion of this cost would be offset by recreation fees paid by residents, which are included in the Departmental Charges in the upper part of Table 12.

Infrastructure Funding. The Senior Housing Development would be subject to a number of development impact fees that would contribute toward funding future expansion of City infrastructure and facilities, as shown in Table 13. It is important to note that these fees would offset City expenditures to add improve the community center and increase the capacity of the water, sewer, storm drainage and road facilities.

If the proposed Initiative is approved, the senior homes would exempt from City Traffic Impact Fees. In lieu of these fees, the proposed Initiative includes a number of specific traffic improvements that the ESHSP development would fund. For more discussion of this issue, see the 9212 Report, Section 4.a.

Table 13: Evergreen Specific Plan Estimate of Development Impact Fees

Fee Category	Fee	Unit	Project	Fee Revenue
Parks				$15,113,800
Single Family	$17,700	DU	719	$12,726,300
Multi-Family	$12,500	DU	191	$2,387,500
Sewer Treatment Plant Connection				$644,478
Single Family	$780	DU	719	$560,820
Multi-Family	$438	DU	191	$83,658
Sanitary Sewer	$1,991	AC	199	$396,209
Single Family	$447	DU	719	$321,393
Multi-Family	$1,991	AC	16	$31,856
Storm Drainage	$1,815	AC	199	$361,185
Single Family	$270	DU	719	$194,130
Multi-Family	$1,815	AC	16	$29,040
Schools*	$0.56	Sq. Ft.	1,956,500	$1,095,640

*Source: ADE, Inc., based on fee rates provided by City of San Jose.*Average unit size assumed to be 2,150 sq. ft. based on Willdan Financial Services, Fiscal Impact Analysis for the Evergreen Senior Homes Specific Plan. December 13, 2017, p. 7.*

CITYWIDE IMPACTS OF THE INITIATIVE

The initiative contains language to the effect that the Citywide Senior Housing Overlay may be applied to any "underutilized" employment lands throughout the City. As discussed above, at a minimum vacant employment lands may be considered underutilized, of which there are 3,247 acres in San Jose not including the Evergreen site. The Evergreen Senior Housing Overlay Site comprises an additional 200 acres of vacant employment lands. In the Jobs and Housing Chapter at the beginning of the report, it is noted that the City would expect as many as 129,500 jobs to eventually exist on the remaining vacant employment lands in the City. However, if all these properties were converted to senior housing, there would instead be an additional 86,010 dwelling units in the City with an increase

in the population of 168,160 persons. The following sections discuss the impacts of these land use scenarios on City finances.

EXISTING GENERAL PLAN WITHOUT INITIATIVE: JOB DEVELOPMENT

As demonstrated in the Envision San Jose 2040 General Plan Update and more recently in the 2015 Four-Year Review, the City relies on its job base not only to provide close-by income opportunities for residents but also to provide the tax base necessary to fund municipal services for residents. Overall, the 129,500 future jobs would be expected to produce $206.4 million per year in City revenues when fully developed (Table 14). Municipal service costs for these businesses, however, are projected to reach $116.9 million. The resulting $89.5 million in "surplus" revenue is used to fund services in residential neighborhoods where the cost revenue balance is less positive. The following sections discuss some details of these fiscal projections.

Property Tax. As with the Evergreen site analysis, ADE researched non-residential property transactions over the past two years throughout San Jose to determine the likely current market values for commercial and industrial properties. The analysis identified 185 commercial property sales, 130 office building sales and 170 industrial property sales, for which sufficient information was available to determine the price per sq. ft. of building space. The average sales prices per sq. ft. of building space for the major land use categories ranged from $586 for retail to $185 for industrial properties.

- Retail $586
- Office: $271
- Industrial: $185

The fiscal model calculates revenues and costs for three major non-residential land use categories, commercial retail/services, industrial park/campus industrial, and light/heavy industrial. As indicated in Table 2 above, the commercial retail/services categories generally include about 48 percent retail jobs and 52 percent office jobs. However, retail employees occupy more building space than do office employees. Using the employee density factors (bldg. sq. ft. per job) in Table 3, we calculate that 68 percent of the building space in the Commercial category would be retail, while 32 percent would be some type of office space. Based on these proportions, ADE calculated an average assessed value of $488 per sq. ft. for the Commercial category. ADE also used $185 per sq. ft. for light/heavy industrial and $270 per sq. ft. for the industrial park category, consistent with the Evergreen site analysis above. Based on these factors, the building development to support the 129,500 jobs on vacant employment lands would generate $43.0 million ($2017) in annual property taxes for the City at build out. This analysis does not attempt to project in what year build out would occur, but the City General Plan target date is 2040.

Sales Tax. Business-to business transactions as well as consumer spending in retail stores generates substantial sales tax for the City. The commercial category, with its combination of retail and office uses, is estimated to generate more than $160 in taxable sales per sq. ft. annually, based on City records. The Industrial Park and Light/Heavy Industrial categories are much lower, at $61 and $14, respectively. Combined, these land uses would be projected to generate $97.4 million per year in sales taxes. Much of the $77.8 million generated by the commercial category would be due to resident

spending, but it is important for the City to continue to develop new retail stores as the population grows in order to capture this sales tax.

Table 14: Fiscal Impact of Jobs on Citywide Vacant Employment Lands

Budget Category	Total	Commercial	Industrial Park	Light / Heavy Industrial
REVENUES				
Property Taxes	$43,042,900	$30,954,800	$10,916,100	$1,172,000
Sales Tax	$97,367,500	$77,809,700	$18,628,300	$929,500
Transient Occupancy Tax	$3,302,750	$3,302,750	$0	$0
Franchise Fees	$5,296,300	$2,561,800	$2,448,300	$286,200
Utility Tax	$10,560,500	$5,108,100	$4,881,800	$570,600
Telephone Line Tax	$2,084,500	$1,008,300	$963,600	$112,600
Business Taxes	$18,993,700	$9,187,200	$8,780,200	$1,026,300
Licenses & Permits	$1,434,900	$694,100	$663,300	$77,500
Fines & Forfeitures	$1,598,500	$773,200	$738,900	$86,400
Revenue from Money and Property	$1,223,400	$866,000	$327,800	$29,600
Revenue from Local Agencies	$296,900	$143,600	$137,300	$16,000
Revenue from State Government	$0	$0	$0	$0
Revenue from Federal Government	$0	$0	$0	$0
Departmental Charges	$2,867,200	$1,386,900	$1,325,400	$154,900
Other revenue	$3,004,900	$1,453,400	$1,389,100	$162,400
Transfers/Reimbursements	$15,364,600	$10,875,700	$4,117,100	$371,800
TOTAL REVENUES	**$206,438,550**	**$146,125,550**	**$55,317,200**	**$4,995,800**
EXPENDITURES				
General Government	$18,370,600	$11,012,100	$6,597,500	$761,000
Economic Development	$4,491,800	$2,172,700	$2,076,400	$242,700
Environmental Services	$441,800	$213,700	$204,200	$23,900
Police	$42,265,600	$29,917,700	$11,055,700	$1,292,200
Fire/EMS	$24,002,300	$12,384,300	$10,409,300	$1,208,700
Planning/Bldg./ Code Enf.	$2,178,900	$1,567,000	$552,600	$59,300
Housing	$500,800	$242,200	$231,500	$27,100
Public Works	$6,277,900	$3,036,600	$2,902,100	$339,200
Recreation, Neigh. Svcs.	$1,962,800	$949,400	$907,300	$106,100
Park Maintenance	$736,500	$356,200	$340,500	$39,800
Library	$1,547,100	$748,300	$715,200	$83,600
Transportation	$1,528,000	$315,600	$1,117,900	$94,500
Transfers	$3,381,700	$1,635,700	$1,563,300	$182,700
Reserves	$9,245,100	$5,541,900	$3,320,200	$383,000
TOTAL EXPENDITURES	**$116,930,900**	**$70,093,400**	**$41,993,700**	**$4,843,800**
NET (COST) / REVENUE	**$89,507,650**	**$76,032,150**	**$13,323,500**	**$152,000**

Source: ADE, Inc.

Other Revenues. Similar to the potential Evergreen Industrial Park development, businesses in the City generate a variety of other revenues related to their utility use, as well as from business taxes and from fees and charges for City services. In addition, vacant employment lands in certain locations could support additional lodging development, estimated in this analysis at about 500 rooms.[14] This would generate an increase of $3.3 million in transient occupancy taxes for the City. Total other revenues are estimated at $66 million per year.

City Costs. New business development would require police and fire department services and would also have minor impacts on parks and library services. This growth would affect City street maintenance costs as well as maintenance and operations of other infrastructure. These costs are estimated using the factors shown in Table 8 above and total $116.9 million.

Infrastructure Funding. Non-residential development Citywide would be subject to development impact fees from the City of San Jose and the school districts (Table 15). Calculation of some of these fees requires evaluation of specific development proposals.

Table 15: Development Impact Fees from Non-Residential Development of Vacant Employment Lands

Fee Category	Fee	Unit	Project	Fee Revenue
Parks				
Sewer Treatment Plant Connection				NA
Sanitary Sewer	$1,991	AC	3,247	$6,464,777
Storm Drainage	$1,815	AC	3,247	$5,893,305
Traffic				NA
Schools	$0.56	Bldg. Sq. ft.	69.3 mil.	$38,808,000

Source: ADE, Inc., based on fee rates provided by City of San Jose. Note: Non-residential uses are not subject to Parks fees.

Senior Housing Development on Citywide Vacant Employment Lands

The use of vacant employment land to develop senior housing would generate both revenues and costs for City government. ADE estimates the total annual revenues from the 86,010 new households would be about $124.6 million per year, nearly 40 percent below the projected revenue for the employment uses (Table 16). City costs from such residential development are projected at $141.7 million annually at build out, 21 percent higher than for the non-residential development on the same properties. This results in a net fiscal deficit of $17.1 million per year, compared to a projected revenue surplus of $89.5 million if the existing General Plan employment land uses are retained on the vacant employment lands.

Property Tax. Much of the vacant employment property is in locations that would be expected to develop at higher densities than is proposed in the Evergreen Senior Homes Specific Plan. ADE has used density factors of 8 DU/AC for single family residential and 55 DU/AC for multi-family residential. It is likely the $1.1 million assessed value for single family homes used in the Evergreen analysis above would still apply citywide, despite the slight difference in density. However, the higher density

[14] As shown in Table 3 above, the distribution of jobs on vacant employment lands includes 997 hotel jobs. Typically, hotels employ one worker per two rooms in the facility.

multi-family units would likely have a lower value than the Evergreen multi-family, which would be developed at only 12 DU/AC. For the Four-Year General Plan Review fiscal analysis, ADE compiled data

Table 16: Fiscal Impact of Senior Housing on Vacant Employment Lands Citywide

BUDGET CATEGORY	TOTAL	SINGLE FAMILY	MULTI FAMILY
REVENUES			
Property Taxes	$66,510,355	$23,236,700	$43,273,655
Sales Tax	$17,024,800	$3,773,800	$13,251,000
Transient Occupancy Tax	$0	$0	$0
Franchise Fees	$5,472,800	$1,205,600	$4,267,200
Utility Tax	$10,912,800	$2,404,000	$8,508,800
Telephone Line Tax	$2,154,100	$474,500	$1,679,600
Business Taxes	$508,800	$112,100	$396,700
Licenses & Permits	$1,482,900	$326,700	$1,156,200
Fines & Forfeitures	$1,651,900	$363,900	$1,288,000
Revenue from Money and Property	$738,600	$218,200	$520,400
Revenue from Local Agencies	$306,800	$67,600	$239,200
Revenue from State Government	$2,083,800	$459,000	$1,624,800
Revenue from Federal Government	$448,800	$98,900	$349,900
Departmental Charges	$2,962,900	$652,700	$2,310,200
Other revenue	$3,105,100	$684,000	$2,421,100
Fund Bal., Transfers/Reimb.	$9,276,700	$2,740,200	$6,536,500
TOTAL REVENUES	**$124,641,155**	**$36,817,900**	**$87,823,255**
EXPENDITURES			
General Government	$22,262,900	$5,208,100	$17,054,800
Economic Development	$254,000	$56,000	$198,000
Environmental Services	$456,600	$100,600	$356,000
Police	$42,609,800	$9,386,500	$33,223,300
Fire/EMS	$27,325,600	$6,490,600	$20,835,000
Planning/Bldg./ Code Enf.	$3,923,000	$1,176,300	$2,746,700
Housing	$517,500	$114,000	$403,500
Public Works	$6,487,300	$1,429,100	$5,058,200
Recreation, Neigh. Svcs.	$8,990,800	$1,980,600	$7,010,200
Park Maintenance	$8,576,300	$1,889,300	$6,687,000
Library	$3,937,100	$867,300	$3,069,800
Transportation	$1,666,700	$1,061,100	$605,600
Transfers	$3,494,500	$769,800	$2,724,700
Reserves	$11,203,800	$2,621,000	$8,582,800
TOTAL EXPENDITURES	**$141,705,900**	**$33,150,300**	**$108,555,600**
NET (COST) / REVENUE	**($17,064,745)**	**$3,667,600**	**($20,732,345)**

Source: ADE, Inc. Totals may not add due to rounding.

on several high density residential projects that have developed in the past ten years. The average assessed values for the projects in the relevant density range are shown below, as they were estimated in 2014.

Project	Units	Units/ Acre	Assessed Value Per Unit
▪ One East Julian	43	43	$414,996
▪ Morrison Park	250	56	$472,755
▪ Winchester Urban Village	50	63	$447,892
▪ Southwest Expressway Urban Village	91	49	$486,117
▪ Average	109	53	$455,440

Since these values are several years old, we calculate the current equivalent value would be about $530,000 per unit. ADE also reduced all the assessed values by 15 percent to account for the senior property assessment exclusion discussed for the ESHSP above. In addition, 20 percent of the higher density units are assumed to be affordable rental units, consistent with the proposed Initiative. These units are assumed to be tax exempt. Using these assessed values and other assumptions, the additional senior housing on vacant employment lands would be projected to increase City property taxes by $66.5 million per year.

Sales Tax. Due to the difference in home value for the high density units in this scenario compared to the Evergreen site, household income would also be expected to be slightly lower. Households in the higher density units are estimated to have an average household income of $116,500, of which about 19.8 percent would be spent on taxable retail and services expenditures (see Appendix Table A-3), with about 70 percent of this household spending occurring in San Jose. In addition, 20 percent of the units would be occupied by households with incomes averaging $65,700 (assuming one to two person households at Low and Very Low Income levels). The multi-family households are projected to generate about $13.2 million per year in sales taxes and the single family households $3.8 million.

Other Revenues. Senior housing development citywide would be projected to generate an additional $41.1 million per year in revenues from the utility tax, franchise taxes, state and federal sources and a variety of fees and departmental service charges.

City Service Costs. The increase of City population of 168,160 persons would have a significant impact on the demand for City services, particularly police and fire services. Total City service costs are estimated at $141.7 million per year (Table 16).

Apart from police and fire and general government costs, the largest cost impact would be in the Parks, Recreation and Neighborhood Services Department (PRNS). Based on the City parkland dedication standard of 3 acres per 1,000 population, the 168,160 new senior residents would generate the need for 504.5 new acres of park land. PRNS has analyzed the location of vacant employment lands in relation to existing parks and identified a number of areas where the level of park need would be very high (see 9212 Report). In particular, Council District 1 and several areas to the north and

east would have the greatest impact to parks if residential uses were allowed on employment lands. These areas currently do not have sufficient parks to serve an increased residential population.

New parkland requires a higher level of maintenance, calculated at $17,000 per acre. The total park maintenance costs to support the senior housing development would be about $8.6 million per year based on this cost factor. In addition, participation by senior residents in recreation programs would increase PRNS costs by nearly $9 million per year, some of which would be offset by recreation fees paid by the participants.

Infrastructure Funding. Development under the Citywide Senior Housing Overlay would be subject to a number of development impact fees that would contribute toward funding future expansion of City infrastructure and facilities. The major fees are shown in Table 17. It is important to note that these fees would partially offset City expenditures to add parkland and increase the capacity of the water, sewer, and storm drainage facilities.

Table 17: Evergreen Specific Plan Estimate of Development Impact Fees

Fee Category	Fee	Unit	Project	Fee Revenue
Parks				$1,288,877,265
Single Family	$19,200	DU	14,719	$282,604,800
Multi-Family	$14,115	DU	71,291	$1,006,272,465
Sewer Treatment Plant Connection				$42,706,278
Single Family	$780	DU	14,719	$11,480,820
Multi-Family	$438	DU	71,291	$31,225,458
Sanitary Sewer				$9,185,612
Single Family	$447	DU	$6,579,393	
Multi-Family	$1,991	AC	$2,606,219	
Storm Drainage				$6,349,965
Single Family	$270	DU	$3,974,130	
Multi-Family	$1,815	AC	$2,375,835	
Traffic				NA
Schools	$0.56	Bldg. Sq. Ft.	184.9 mil.	$103,556,040

Source: ADE, Inc., based on fee rates provided by City of San Jose.

APPENDIX

TAXABLE SALES ESTIMATES

The following tables show the estimates of retail/services spending and taxable sales for each of the four income levels modeled for the project. The figures reflect the aggregate total spending from the number of households in each density category, not per household values.

Table A-1: Taxable Household Spending, Single Family Units

100 Households with Average Income of $213,700 Store Category	Total Household Spending	Taxable Sales	Taxable Percent	Total Sales as Percent of Income	Taxable Sales as Percent of Income
RETAIL					
Apparel Store Group	$193,195	$193,195	100.0%	0.9%	0.9%
General Merchandise Group	$572,673	$382,986	66.9%	2.7%	1.8%
Department Stores/Other General Merch.	$135,503	$122,834	90.7%	0.6%	0.6%
Other General Merchandise	$346,683	$223,957	64.6%	1.6%	1.0%
Drug & Proprietary Stores	$90,487	$36,195	40.0%	0.4%	0.2%
Specialty Retail Group	$157,354	$157,354	100.0%	0.7%	0.7%
Food, Eating and Drinking Group	$1,086,684	$735,875	67.7%	5.1%	3.4%
Grocery Stores	$451,811	$112,953	25.0%	2.1%	0.5%
Specialty Food Stores	$14,530	$3,633	25.0%	0.1%	0.0%
Liquor Stores	$25,061	$24,009	95.8%	0.1%	0.1%
Eating Places	$595,281	$595,281	100.0%	2.8%	2.8%
Building Materials And	$0	$0	0.0%	0.0%	0.0%
Homefurnishings Group	$216,356	$216,356	100.0%	1.0%	1.0%
Automotive Group	$1,179,365	$1,149,340	93.3%	5.5%	5.4%
Sub-Total Retail	$3,405,627	$2,835,106	83.2%	15.9%	13.3%
SERVICES					
Rental Services	$39,301	$0	0.0%	0.2%	0.0%
Professional Services	$13,213	$0	0.0%	0.1%	0.0%
Medical Services					
Eyecare	$122,541	$61,270	50.0%	0.6%	0.3%
Other Medical	$365,374	$0	0.0%	1.7%	0.0%
Repair Services					
Auto Repair	$89,751	$35,900	40.0%	0.4%	0.2%
Other Repair	$42,474	$0	0.0%	0.2%	0.0%
Personal Services					
Personal Care Services	$84,726	$8,473	10.0%	0.4%	0.0%
Other Personal	$53,553	$0	0.0%	0.3%	0.0%
Entertainment/Recreation					
Movie, Theater, Opera, Ballet	$82,008	$8,201	10.0%	0.4%	0.0%
Sporting Events	$25,100	$2,510	10.0%	0.1%	0.0%
Other Entertainment	$174,029	$0	0.0%	0.8%	0.0%
Sub-Total Services	$1,092,070	$116,354	10.7%	5.1%	0.5%
GRAND TOTAL	**$4,497,697**	**$2,951,460**	**65.6%**	**21.0%**	**13.8%**

Source: ADE, Inc.; retail demand model derived from U.S. Economic Census, Bureau of Labor Statistics Consumer Expenditure Survey and PUMS database.

Table A-2: Taxable Household Spending, Medium Density Multi-Family Units

100 Households with Average Income of $139,900 Store Category	Total Household Spending	Taxable Sales	Taxable Percent	Total Sales as Percent of Income	Taxable Sales as Percent of Income
RETAIL					
Apparel Store Group	$157,216	$157,216	100.0%	1.1%	1.1%
General Merchandise Group	$560,167	$371,555	66.3%	4.0%	2.7%
Department Stores/Other General Merch.	$120,822	$109,525	90.7%	0.9%	0.8%
Other General Merchandise	$350,783	$226,606	64.6%	2.5%	1.6%
Drug & Proprietary Stores	$88,562	$35,425	40.0%	0.6%	0.3%
Specialty Retail Group	$160,111	$160,111	100.0%	1.1%	1.1%
Food, Eating and Drinking Group	$1,111,541	$737,042	66.3%	7.9%	5.3%
Grocery Stores	$482,189	$120,547	25.0%	3.4%	0.9%
Specialty Food Stores	$15,760	$3,940	25.0%	0.1%	0.0%
Liquor Stores	$24,713	$23,675	95.8%	0.2%	0.2%
Eating Places	$588,879	$588,879	100.0%	4.2%	4.2%
Building Materials And	$0	$0	0.0%	0.0%	0.0%
Homefurnishings Group	$219,996	$219,996	100.0%	1.6%	1.6%
Automotive Group	$1,084,091	$1,054,300	93.3%	7.7%	7.5%
Sub-Total Retail	$3,293,123	$2,700,221	82.0%	23.5%	19.3%
SERVICES					
Rental Services	$25,742	$0	0.0%	0.2%	0.0%
Professional Services	$8,650	$0	0.0%	0.1%	0.0%
Medical Services					
Eyecare	$80,222	$40,111	50.0%	0.6%	0.3%
Other Medical	$239,194	$0	0.0%	1.7%	0.0%
Repair Services					
Auto Repair	$58,756	$23,502	40.0%	0.4%	0.2%
Other Repair	$27,806	$0	0.0%	0.2%	0.0%
Personal Services					
Personal Care Services	$55,467	$5,547	10.0%	0.4%	0.0%
Other Personal	$35,059	$0	0.0%	0.3%	0.0%
Entertainment/Recreation					
Movie, Theater, Opera, Ballet	$53,687	$5,369	10.0%	0.4%	0.0%
Sporting Events	$16,432	$1,643	10.0%	0.1%	0.0%
Other Entertainment	$113,929	$0	0.0%	0.8%	0.0%
Sub-Total Services	$714,943	$76,172	10.7%	5.1%	0.5%
GRAND TOTAL	**$4,008,066**	**$2,776,392**	**69.3%**	**28.6%**	**19.8%**

Source: ADE, Inc.; retail demand model derived from U.S. Economic Census, Bureau of Labor Statistics Consumer Expenditure Survey and PUMS database.

Table A-3: Taxable Household Spending, High Density Units

100 Households with Average Income of $116,500 Store Category	Total Household Spending	Taxable Sales	Taxable Percent	Total Sales as Percent of Income	Taxable Sales as Percent of Income
RETAIL					
Apparel Store Group	$130,292	$130,292	100.0%	1.1%	1.1%
General Merchandise Group	$463,239	$307,291	66.3%	4.0%	2.6%
Department Stores/Other General Merch.	$100,019	$90,667	90.7%	0.9%	0.8%
Other General Merchandise	$289,983	$187,329	64.6%	2.5%	1.6%
Drug & Proprietary Stores	$73,237	$29,295	40.0%	0.6%	0.3%
Specialty Retail Group	$132,352	$132,352	100.0%	1.1%	1.1%
Food, Eating and Drinking Group	$918,781	$609,358	66.3%	7.9%	5.2%
Grocery Stores	$398,401	$99,600	25.0%	3.4%	0.9%
Specialty Food Stores	$13,019	$3,255	25.0%	0.1%	0.0%
Liquor Stores	$20,435	$19,577	95.8%	0.2%	0.2%
Eating Places	$486,926	$486,926	100.0%	4.2%	4.2%
Building Materials And	$0	$0	0.0%	0.0%	0.0%
Homefurnishings Group	$181,856	$181,856	100.0%	1.6%	1.6%
Automotive Group	$897,118	$872,485	93.3%	7.7%	7.5%
Sub-Total Retail	$2,723,638	$2,233,634	82.0%	23.4%	19.2%
SERVICES					
Rental Services	$21,378	$0	0.0%	0.2%	0.0%
Professional Services	$7,191	$0	0.0%	0.1%	0.0%
Medical Services					
Eyecare	$66,689	$33,345	50.0%	0.6%	0.3%
Other Medical	$198,844	$0	0.0%	1.7%	0.0%
Repair Services					
Auto Repair	$48,844	$19,538	40.0%	0.4%	0.2%
Other Repair	$23,115	$0	0.0%	0.2%	0.0%
Personal Services					
Personal Care Services	$46,110	$4,611	10.0%	0.4%	0.0%
Other Personal	$29,145	$0	0.0%	0.3%	0.0%
Entertainment/Recreation					
Movie, Theater, Opera, Ballet	$44,631	$4,463	10.0%	0.4%	0.0%
Sporting Events	$13,660	$1,366	10.0%	0.1%	0.0%
Other Entertainment	$94,710	$0	0.0%	0.8%	0.0%
Sub-Total Services	$594,316	$63,322	10.7%	5.1%	0.5%
GRAND TOTAL	**$3,317,955**	**$2,296,956**	**69.2%**	**28.5%**	**19.8%**

Source: ADE, Inc.; retail demand model derived from U.S. Economic Census, Bureau of Labor Statistics Consumer Expenditure Survey and PUMS database.

Table A-4: Taxable Household Spending, Affordable Multi-Family Units

100 Households with Average Income of $65,700 Store Category	Total Household Spending	Taxable Sales	Taxable Percent	Total Sales as Percent of Income	Taxable Sales as Percent of Income
RETAIL					
Apparel Store Group	$90,399	$90,399	100.0%	1.4%	1.4%
General Merchandise Group	$330,692	$217,855	65.9%	5.0%	3.3%
Department Stores/Other General Merch.	$69,038	$62,583	90.7%	1.1%	1.0%
Other General Merchandise	$205,734	$132,904	64.6%	3.1%	2.0%
Drug & Proprietary Stores	$55,920	$22,368	40.0%	0.9%	0.3%
Specialty Retail Group	$88,259	$88,259	100.0%	1.3%	1.3%
Food, Eating and Drinking Group	$644,870	$422,803	65.6%	9.8%	6.4%
Grocery Stores	$286,033	$71,508	25.0%	4.4%	1.1%
Specialty Food Stores	$9,287	$2,322	25.0%	0.1%	0.0%
Liquor Stores	$13,746	$13,169	95.8%	0.2%	0.2%
Eating Places	$335,803	$335,803	100.0%	5.1%	5.1%
Building Materials And	$0	$0	0.0%	0.0%	0.0%
Homefurnishings Group	$122,213	$122,213	100.0%	1.9%	1.9%
Automotive Group	$557,734	$540,685	93.3%	8.5%	8.2%
Sub-Total Retail	$1,834,167	$1,482,214	80.8%	27.9%	22.5%
SERVICES					
Rental Services	$12,078	$0	0.0%	0.2%	0.0%
Professional Services	$4,065	$0	0.0%	0.1%	0.0%
Medical Services					
Eyecare	$37,695	$18,848	50.0%	0.6%	0.3%
Other Medical	$112,395	$0	0.0%	1.7%	0.0%
Repair Services					
Auto Repair	$27,609	$11,043	40.0%	0.4%	0.2%
Other Repair	$13,066	$0	0.0%	0.2%	0.0%
Personal Services					
Personal Care Services	$26,063	$2,606	10.0%	0.4%	0.0%
Other Personal	$16,474	$0	0.0%	0.3%	0.0%
Entertainment/Recreation					
Movie, Theater, Opera, Ballet	$25,227	$2,523	10.0%	0.4%	0.0%
Sporting Events	$7,721	$772	10.0%	0.1%	0.0%
Other Entertainment	$53,534	$0	0.0%	0.8%	0.0%
Sub-Total Services	$335,926	$35,792	10.7%	5.1%	0.5%
GRAND TOTAL	**$2,170,093**	**$1,518,006**	**70.0%**	**33.0%**	**23.1%**

Source: ADE, Inc.; retail demand model derived from U.S. Economic Census, Bureau of Labor Statistics Consumer Expenditure Survey and PUMS database.

Appendix 5: David J. Powers Environmental Analysis

9212 Environmental Analysis

An Initiative amending the Envision San José 2040 General Plan to: (1) Create a Senior Housing Overlay land use designation for converting employment lands to senior housing citywide; (2) Apply the Senior Housing Overlay to a specific Industrial Site in Evergreen; (3) Amend the Evergreen-East Hills Development Policy to address application of the Senior Housing Overlay in Evergreen; (4) Adopt the Evergreen Senior Homes Specific Plan for the Industrial Site; and (5) Related Municipal Code changes.

Prepared for:

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Prepared by:

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ENVIRONMENTAL CONSULTANTS & PLANNERS

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TABLE OF CONTENTS

Tables

SECTION 1.0 INTRODUCTION AND SUMMARY OF INITIATIVE

The purpose of this report is to analyze the environmental impacts of a proposed initiative for inclusion in an Elections Code 9212 report (9212 Report). The Initiative[1] would:

(1) Create a Senior Housing Overlay General Plan land use designation for converting employment lands to senior housing citywide;
(2) Apply the Senior Housing Overlay to a specific Campus Industrial Site (Evergreen Senior Housing Overlay [ESHO] site) in Evergreen;
(3) Amend the Evergreen-East Hills Development Policy (EEHDP) to address application of the Senior Housing Overlay in Evergreen;
(4) Adopt the Evergreen Senior Homes Specific Plan (ESHSP) for the ESHO site; and
(5) Related Municipal Code changes.

The Initiative's amendments to *Envision San José 2040 General Plan* (General Plan) diagrams (i.e., the Planned Growth Areas Diagram, Transportation Network Diagram, Land Use/Transportation Diagram, and Plan Horizons – Urban Villages – Planned Housing Growth Areas Diagram) and Appendix 5, amendments to the Zoning Ordinance, and proposed Evergreen Senior Homes Specific Plan (ESHSP) are attached as Exhibits A-G to the Initiative.

A detailed description of the Initiative is included in the 9212 Report.

[1] The City Attorney's official Ballot Title for the Initiative is: "An Initiative amending the *Envision San José 2040 General Plan* to: (1) Create a Senior Housing Overlay land use designation for converting employment lands to senior housing citywide; (2) Apply the Senior Housing Overlay to a specific industrial site in Evergreen; (3) Amend the Evergreen-East Hills Development Policy to address application of the Senior Housing Overlay in Evergreen; (4) Adopt the Evergreen Senior Homes Specific Plan for the industrial site; and (5) Related Municipal Code changes." Pursuant to Section 1 of the Initiative, the short title used by the Initiative's proponents is: "Evergreen Senior Homes Initiative" or the "Initiative."

SECTION 2.0 ENVIRONMENTAL ANALYSIS

2.1 APPROACH

Pursuant to Elections Code Section 9212 and the City Council's resolution authorizing preparation of a 9212 Report, this environmental analysis examines the differences between the adopted General Plan (i.e., without the Initiative) at buildout and the proposed General Plan with Initiative at buildout. In this way, the analysis, where possible, calculates and evaluates what the actual environmental impacts of the Initiative will be. This analysis is not a review of the Initiative under the California Environmental Quality Act (CEQA).

The primary change proposed by the Initiative that would have environmental effects, and is the focus of this environmental analysis, is allowing development of senior housing in place of jobs on the Industrial Site and "underutilized employment lands"[2] citywide. Because the Initiative proposes changes to the General Plan, this environmental analysis compares the changes proposed by the Initiative with what would occur under the adopted General Plan. The study scenarios, therefore, are:

- Adopted General Plan (approved/baseline for analysis) and
- General Plan with Initiative (proposed).

This environmental analysis is a high-level analysis that is primarily qualitative and based on the professional judgement of the City's environmental consultant, current standards and practices, available information, and previous environmental review completed for the ESHO site and General Plan. The most recent and applicable environmental review completed by the City for the ESHO site include the certified 2006 *EIR for the Evergreen-East Hills Vision Strategy Project* (EEHVS EIR)[3] and 2008 *Supplemental Environmental Impact Report for Revision of the Evergreen Development Policy*.[4] The most applicable environmental review of the General Plan buildout includes the certified 2011 *Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan* (General Plan EIR),[5] 2015 *Supplemental Environmental Impact Report for the Envision San José 2040 General Plan* (Supplemental General Plan EIR),[6] 2016 *Addendum to the Envision San José 2040 General Plan Final Program Environmental Impact Report and Supplemental Program Environmental Impact Report* (Addendum to the General Plan EIR),[7]and addenda thereto.

Table 5 at the end of this section provides a summary comparison of the environmental impacts discussed in this section.

[2] *Initiative Measure to be Submitted Directly to the Voters.* Page 2.
[3] City of San José. *Draft EIR for the Evergreen-East Hills Vision Strategy Project.* SCH#2005102007. February 2006. Certified December 12, 2006.
[4] City of San José. *Supplemental Environmental Impact Report for Revision of the Evergreen Development Policy.* SCH#200510200. August 2008. Certified November 2008.
[5] City of San José. *Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan.* SCH# 2009072096. September 2011. Certified November 1, 2011.
[6] City of San José. *Final Supplemental Program Environmental Impact Report for the Envision San José 2040 General Plan.* SCH# 2009072096. November 2015. Certified November 15, 2015.
[7] City of San José. *Addendum to the Envision San José 2040 General Plan Final Program Environmental Impact Report and Supplemental Program Environmental Impact Report.* SCH# 2009072096. November 2016.

2.2 ESHO SITE ANALYSIS

The ESHO site subject of the Initiative is located on the east side of San José, in the Evergreen area. The ESHO site consists of several parcels (Assessor Parcel Numbers: 659-02-010, 660-33-002, -001, -026, -027, -028, -025, -013, -020, -029, -014, and -011) and is approximately 200 acres in size. The ESHO site is located to the east of Altia Avenue and Yerba Buena Road, south of Aborn Road, and west of the Urban Growth Boundary. It is mostly undeveloped except for two residences on the southern portion of the site, which occupy approximately one acre of the 200-acre site.

2.2.1 Study Scenario Assumptions

2.2.1.1 *Adopted General Plan Scenario*

The ESHO site has a General Plan land use designation of Industrial Park (IP), which allows for a maximum floor-area-ratio (FAR) of 10.0 (two to 15 stories tall). The existing IP land use designation allows for the maximum development of about 87.1 million square feet of campus industrial uses onsite. The adopted General Plan, however, has growth assumptions which assume 5,460 jobs (or approximately 2.184 million square feet of industrial uses) onsite. The site has existing Planned Development (PD) zonings (PDC82-006 and PDC98-035) for the development of 2.0 million square feet of industrial uses with a maximum building height of 45 feet and an approximately three-acre park.

The existing PD zonings onsite were proposed and approved for development by the City. The existing PD zonings onsite represent a real development that could occur on the ESHO site, compared to the development of 87.1 million square feet or 2.184 million square feet of campus industrial uses onsite which are speculative because no application or project has come forward proposing those amounts of development. For this reason, for the purpose of this analysis, the existing entitlement on the ESHO site is assumed to represent development on the ESHO site under the adopted General Plan scenario.

2.2.1.2 *Proposed General Plan with Initiative Scenario*

The Initiative includes the creation of a Senior Housing Overlay land use designation for converting employment lands to senior housing, applying the Senior Housing Overlay to the ESHO site, and adoption of the ESHSP for the ESHO site. The adoption of the ESHSP would result in the development of the ESHO site with 910 senior housing units (719 single-family dwelling units and 191 multi-family units). Of the 200 acre ESHO site, 111 of the acres would be for the housing development, 46 acres would be for passive open space, and the remaining 43 acres would consist of roads and other miscellaneous areas. The maximum building height allowed for single-family senior housing development is 35 feet and the maximum building height allowed for multi-family senior development is 45 feet.[8]

A summary of the industrial square footage, jobs, senior housing units, and population at the ESHO site under the adopted General Plan and proposed General Plan with Initiative is provided in Table 1.

[8] *Initiative Measure to be Submitted Directly to the Voters.* Table 3-1 on page G-49.

Table 1: Comparison of Development of the ESHO Site under the Adopted General Plan and Proposed General Plan with Initiative			
ESHO Site (approximately 200 acres in size)			**Net Change with Initiative**
	Adopted General Plan	**Proposed General Plan with Initiative**	
Industrial (square footage)	2.0 million	0	-2.0 million
Jobs	5,000	0	-5,000
Senior Housing (units)	0	910	+910
Population (residents)	0	2,160	+2,160
Source: ADE. *Evergreen Senior Homes Initiative 9212 Fiscal Analysis.* December 8, 2017.			

The ESHO site-specific analysis for each environmental resource area includes the following:

(1) **Environmental Impacts and Constraints –** The potential environmental impacts or constraints that could result from developing the ESHO site under the adopted General Plan and proposed General Plan with Initiative scenarios are identified and compared;
(2) **Adequacy of Environmental Design Features (EDFs) –** The adequacy of the ESHSP's EDFs to mitigate or avoid environmental impacts compared to mitigation and conditions of approval the City would typically require for such impacts under the standard development and/or CEQA review processes are discussed;
(3) **Conclusion –** The conclusion of whether developing the ESHO site under the Initiative results in lesser, similar, or greater environmental impacts than developing the ESHO site under the adopted General Plan is provided.

The environmental analysis looks at effects of implementing the Initiative on the following environmental resources:

Infrastructure

- Transportation
- School Services
- Other Public Services (police, fire, library)
- Utilities and Service Systems

Other Environmental Issues

- Aesthetics/Community Form
- Air Quality
- Agricultural and Forestry Resources
- Biological Resources
- Cultural Resources
- Geology and Soils
- Greenhouse Gas Emissions
- Hazards and Hazardous Materials
- Noise

2.2.2 Infrastructure

2.2.2.1 *School Services*

Environmental Impacts or Constraints

As required Education Code 17620, all new development is required to pay school impact fees based on a development's square footage. Under state law, payment of school impact fees provide full and complete school facilities mitigation for new development.

Generally, local schools are directly impacted by residential development in that school-age children living in the new development would attend the local public schools. Non-residential development (e.g., commercial, office, and industrial development) does not directly generate residents or school-age children. Residential and non-residential developments, however, are both required to pay school impact fees. With the school impact fees collected, local school districts can implement facility improvements, as necessary.

The ESHO site is located within the Evergreen Elementary School District and East Side Union High School District. Students in the ESHO site area attend Tom Matsumoto Elementary School, Chaboya Middle School, and Evergreen Valley High School. It is anticipated that one to two new schools would be required by the Evergreen School District and a new or expanded high school would be required by the East Side Union High School District to serve the planned residential growth in the adopted General Plan.[9]

Because non-residential land uses do not result in direct impacts to local schools, development of the ESHO site under the adopted General Plan would not directly impact local schools.

Under the proposed General Plan with Initiative, the ESHO site would be developed with 910 senior dwelling units. Currently, there are four students from the existing Villages senior housing development in Evergreen attending local schools in the Evergreen Elementary School District.[10] Using a student generation rate of 0.002 students per senior housing unit,[11] the development of 910 senior dwelling units could generate two elementary and/or middle school children. The estimated additional students do not represent a substantial increase above what is anticipated under the buildout of the adopted General Plan (1,087 elementary and middle school students and 6,231 high school students).[12]

East Side Union High School District does not know of any students from The Villages attending their high schools and does not anticipate a consequential number of high school students from senior development.[13]

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[9] City of San José. *Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan.* SCH# 2009072096. September 2011. Certified November 1, 2011. Table 3.9-4 on page 631.
[10] Navarro, Rick. Evergreen Elementary School District Director of Operations. Personal Communications. December 1, 2017.
[11] An estimated student generation rate from senior housing of 0.002 was based on four students from The Villages development, which has 2,536 units. 4 students ÷ 2,536 senior units = 0.002 students per senior unit.
[12] City of San José. Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan. SCH# 2009072096. September 2011. Certified November 1, 2011. Table 3.9-4 on page 631.
[13] Funk, Chris. East Side Union High School District Superintendent. Personal Communications. November 29, 2017.

Adequacy of EDFs

No EDFs pertaining to school facilities were proposed.

Conclusion

In general, senior housing generates a nominal number of school-aged children and its impact to school facilities is negligible. Development of the ESHO site under the proposed General Plan with Initiative would have slightly greater direct impacts to school facilities than development of the ESHO site under the adopted General Plan.

2.2.2.2 *Other Public Services*

Police Protection

Environmental Impacts or Constraints

The General Plan does not have a service per capita goal for police. The San José Police Department evaluates the need for additional police services based on the Federal Bureau of Investigation's (FBI's) average ratio of 2.6 officers per 1,000 capita (i.e., residents).[14] The City has a current population of 1,046,079 residents and 1,109 police officers, which results in 1.060 police officers per 1,000 residents.[15] The City is not currently meeting the FBI's per capital service goal.

Development of the ESHO site under either the adopted General Plan or proposed General Plan with Initiative would require police protection services. The development of the ESHO site under the proposed General Plan with Initiative would increase the population of the City by 2,160 residents and, therefore, decrease the City's police officers per capita ratio from 1.060 to 1.058 police officers per 1,000 residents. Development of the ESHO site under the proposed General Plan with Initiative would result in a 0.2 percent decrease in the City's current service per capita ratio. Approximately two additional police officers would be needed for SJPD to maintain their existing service ratio. Development of the ESHO site under the proposed General Plan with Initiative would result in a slight increase in demand on police protection services compared to development under the adopted General Plan.

Adequacy of EDFs

No EDFs pertaining to police protection services were proposed.

Conclusion

The development of the ESHO site under the proposed General Plan with Initiative would result in a slightly greater impact and need for police services compared to development under the adopted General Plan.

[14] Perez, Lisa. San José Police Department Fiscal and Personnel Division Manager. Personal Communications. December 5, 2017.
[15] Sources: City population = City of San José. "Population." Accessed: December 5, 2017. Available at: http://www.sanjoseca.gov/index.aspx?NID=2044. Number of police officers = Perez, Lisa. San José Police Department Fiscal and Personnel Division Manager. Personal Communications. December 5, 2017.

Fire Protection

Environmental Impacts or Constraints

In general, new or expanded fire protection services are based upon anticipated or potential future call volume verses the output level that is currently experienced. The service demand for new development depends on a number of factors including density (i.e., number of proposed new residents), structure type (i.e., high density vs. single frame),[16] and acreage of new development.[17]

Currently, the San José Fire Department (SJFD) has challenges meeting its response time goals in the ESHO site area.[18] Development of the currently vacant ESHO site under either the adopted General Plan or proposed General Plan with Initiative could adversely impact response time of the SJFD.

The service demand on the SJFD to serve residential uses verses employment uses is similar. While senior housing developments may have more calls to the SJFD for medical emergencies, the volume of calls from senior housing development for other types of emergencies (fire, rescue, structure collapse) would typically be less. In contrast, employment uses may have more calls to the SJFD for fire, rescue, structure collapse than medical emergencies.[19]

Under the standard development review process, new development would be reviewed by SJFD for adequate emergency road access, water volume/pressure, and requirements for fire protection engineered systems.

Adequacy of EDFs

No EDFs pertaining to fire protection services were proposed.

Conclusion

Development of the ESHO site under the proposed General Plan with Initiative would result in a similar impact and need for fire protection services as development under the adopted General Plan because the overall fire protection demands for residential (including senior residential) versus employment land uses is similar.

Library Services

Environmental Impacts or Constraints

In general, while employees can use the library facilities where they work, General Plan Policy ES-2.2 focuses on providing adequate services for City residents. General Plan Policy ES-2.2 identifies providing at least 0.59 square feet of library facility space per capita. The San José Public Library system has a total of approximately 648,232 square feet of library facilities, which includes the nearby Village Square Branch Library located at 4001 Evergreen Village Square and Evergreen Branch Library located at 2635 Aborn Road. City library facilities and the entire Martin Luther King

[16] According to current SJFD protocols, fires in structures four stories or taller in height require response from more than one fire station.
[17] Lee, Ivan D. San José Fire Department Bureau of Fire Prevention Fire Marshall. Personal Communications. November 20, 2017.
[18] Ibid. November 27, 2017.
[19] Ibid. December 5, 2017.

Jr. Main Library (MLK) (which is a jointly owned library by the City and San José State University) total approximately 928,482 square feet. The City owns 41 percent of MLK and San José State University owns the remaining 59 percent.[20]

Buildout of the adopted General Plan is projected to result in a resident population of 1,313,811. Under the adopted General Plan (which assumes development of the ESHO site with campus industrial uses), 0.7067 square feet of library facilities per capita would be provided citywide.

Buildout of the proposed General Plan with Initiative would develop the ESHO site with 910 senior dwelling units, which is estimated to generate approximately 2,160 new residents beyond what is anticipated from buildout of the adopted General Plan. The proposed General Plan with Initiative would result in 0.7055 square feet of library facilities per capita citywide (a slight reduction in per capita facilities compared to the adopted General Plan); however, the City's library service goal of at least 0.59 square feet per capita would still be exceeded.

Adequacy of EDFs

No EDFs pertaining to library facilities were proposed.

Conclusion

The proposed General Plan with Initiative would result in slightly greater impacts to library services (though the City's library service goal of at least 0.59 square feet per capita would still be exceeded) compared to the adopted General Plan because it would allow for additional residents.

2.2.2.3 *Utilities and Service Systems*

Water Supply

Environmental Impacts or Constraints

The General Plan EIR concluded that implementation of the adopted General Plan would increase the demand for water from the Santa Clara Valley Water District and the three water retailers (San José Municipal Water System, San José Water Company, and Great Oaks Water Company) serving the City, and the water demand could exceed water supply during dry and multiple-dry years.[21] Existing regulations (e.g., SB X7-7, California Green Building Standards Code, Urban Environmental Accords, San José Green Vision, Green Building Policy, and Private Sector Green Building Policy) and General Plan policies (including Policies MS-3.1 through -3.3, MS-17.1, MS-17.2, MS-18.1, MS-19.1, and MS-19.4) would substantially reduce water demand from current and future development under the adopted General Plan.

Under the adopted General Plan, the ESHO site would be developed with 2.0 million square feet of industrial uses, which would have a water demand of approximately 700 acre feet per year (AFY).[22]

[20] Bourne, Jill. San José Public Library City Librarian. Personal Communications. December 5, 2017.
[21] City of San José. *Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan.* SCH# 2009072096. September 2011. Certified November 1, 2011. Page 670.
[22] Water generation was based on the following rates: 0.14 acre AFY per industrial job, 0.330 AFY per single-family unit, and 0.206 AFY per multi-family unit (Source: City of San José. *Water Supply Assessment for Envision San José 2040 General Plan Update.* September 2010. Page 5.). It is assumed that the water generation from

The proposed General Plan with Initiative would replace the industrial uses with 910 senior housing units. It is estimated that 910 residential units would have a water demand of approximately 277 AFY. Development under both the adopted General Plan and proposed General Plan with Initiative would install recycled water infrastructure for landscape irrigation.[23,24] According to San José Municipal Water Company, the water retailer for the site, there is recycled water supply available to serve the site.[25] Actual availability of recycled water depends upon how much water the development will need and what San José Municipal Water Company's current recycled water demands are at the time.[26] To be conservative, however, the water demand discussed above is assumed to be met with all potable water.

According to the ESHSP, "new development within the Specific Plan Area requires the construction of adequate potable water systems and infrastructure for recycled water"[27] and "water line sizing, looping requirements and layout shall comply with all applicable local and state regulations."[28]

Adequacy of EDFs

No EDFs pertaining to water supply were proposed.

Conclusion

Development of the ESHO site under the proposed General Plan with Initiative would have approximately 61 percent (or 434 AFY) less water demand and, therefore, lesser impact on water supply than development under the adopted General Plan.

Wastewater Treatment and Sanitary Sewer System Capacity

Environmental Impacts or Constraints

Wastewater generated within the City is treated at the Regional Wastewater Facility (RWF). The City's share of RWF's treatment capacity is approximately 108.6 million gallons per day (mgd). It is estimated that sewage generation under the adopted General Plan would be 100.6 mgd.[29] For this reason, the General Plan EIR concluded there was sufficient capacity at the RWF to treat sewage generated from buildout of the adopted General Plan.

Under the adopted General Plan, the ESHO site would be developed with 2.0 million square feet of industrial uses and generate approximately 875,500 mgd of sewage per day.[30] The proposed General

recreational centers and other ancillary facilities associated with residential developments are reflected in the City's residential water generation rates.

[23] PDC98-035. General Development Plan. April 23, 1998.

[24] *Initiative Measure to be Submitted Directly to the Voters.* Page G-132.

[25] Lasat, Darwin. San José Municipal Water Company. Personal Communications. December 11, 2017.

[26] Provenzano, Jeff. San José Municipal Water Company Water Resources Division Deputy Director. Personal Communications. December 11, 2017.

[27] *Initiative Measure to be Submitted Directly to the Voters.* Page G-131.

[28] Ibid. Page G-46.

[29] City of San José. *Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan.* SCH# 2009072096. September 2011. Certified November 1, 2011. Page 674.

[30] Sewage generation was assumed to be 85 percent of water use onsite. The approximately three acre park that would be developed onsite under the adopted General Plan scenario is not counted towards the sewage generation. Sewage generation was based on the following daily water demand rates: 206 gallons per day (gpd) per industrial

Plan with Initiative would replace the industrial uses with 910 senior housing units. It is estimated that 910 residential units would generate approximately 209,390 mgd of sewage per day. The sanitary sewer system downstream of the site is currently at capacity. Development of the site under the adopted General Plan or proposed General Plan with Initiative would require the construction of three diversion pipes, which are identified improvements (EVG-3 and EVG-4) in the City's *Sanitary Sewer Master Plan Capacity Assessment*.[31]

According to the ESHSP, "the wastewater improvements will consist of a conventional on-site gravity system with mains, manholes, and laterals designed in accordance with the City of San Jose design standards."[32]

Adequacy of EDFs

No EDFs pertaining to the sewer system were proposed, although the ESHSP states "each phase of new development shall provide infrastructure needed to meet the utility and infrastructure demands of that phase."[33] Under the standard CEQA review process, development of the site would be required to construct the necessary improvement to provide adequate sewer capacity prior to occupancy of the site.

Conclusion

Development of the ESHO site under the proposed General Plan with Initiative would have approximately 76 percent (or 666,110 mgd) less sewage generation and, therefore, lesser impact on the sewer system than development under the adopted General Plan.

Solid Waste Disposal

Environmental Impacts or Constraints

There are five landfills serving the City: Guadalupe Mines, Kirby Canyon, Newby Island, Zanker Road Materials Processing Facility, and Zanker Road. The General Plan EIR concluded that, with the implementation and conformance with existing regulation and General Plan policies, there would be sufficient landfill capacity to serve buildout of the adopted General Plan.[34]

Under the adopted General Plan, the ESHO site would be developed with 2.0 million square feet of industrial uses and generate approximately 5,000 tons of solid waste per year.[35] The proposed

employee, 294 gpd per single-family unit, and 183 gpd per multi-family unit (Source: City of San José. *Water Supply Assessment for Envision San José 2040 General Plan Update.* September 2010. Page 5.).

[31] EVG-3 is the installation of two segments of new eight-inch pipe at Ruby Avenue and Delta Road and Ruby Avenue and Beckley Way to allow flow diversions between existing parallel lines. EVG-4 is the removal of a plug in an existing 21-inch pipe near the intersection of Aborn Road and Lyter Way and lowering the 21-inch pipe. Sources: 1) City of San José. *Sanitary Sewer Master Plan Capacity Assessment, Phase II and Update of Phase I.* April 2013. 2) Do, Ryan. Department of Public Works Division Manager, City of San José. Personal Communications. November 30, 2017.

[32] *Initiative Measure to be Submitted Directly to the Voters.* Page G-135.

[33] Ibid. Page G-46.

[34] City of San José. *Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan.* SCH# 2009072096. September 2011. Certified November 1, 2011. Page 685.

[35] Solid waste generation was estimated based on the following rates: 8.93 pounds/employee/day for industrial uses, 31.6 pounds/week/single-family dwelling unit, and 31.1 pounds/week/multi-family unit (Source: City of San José.

General Plan with Initiative would replace the industrial uses with 910 senior housing units. It is estimated that 910 residential units would generate approximately 745 tons of solid waste per year, which is less waste than assumed for the site under the adopted General Plan.

Adequacy of EDFs

No EDFs pertaining to solid waste facilities were proposed.

Conclusion

Development of the ESHO site under the proposed General Plan with Initiative would generate approximately 85 percent (or 4,255 tons) less solid waste and, therefore, lesser impact on landfill capacity than development under the adopted General Plan.

2.2.3 Other Environmental Issues

2.2.3.1 *Aesthetics/Community Form*

Environmental Impacts or Constraints

Development of the ESHO site under either the adopted General Plan or proposed General Plan with Initiative scenarios would change the visual character of the site and area because: 1) the site is currently undeveloped and vacant except for two single-family houses that occupy a combined one acre, 2) existing trees would be removed and replaced accordingly, and 3) new sources of light would be created in the area.

Development under either scenario would have a maximum building height of 45 feet. Campus industrial development, however, is generally larger in mass with less articulation than residential development. Parking for the campus industrial development on the ESHO site would be provided in several parking lots that would be set back and screened from public streets with berms or mounds and substantial landscaping.[36] Parking for the ESHSP would be provided in surface parking lots and integrated with the residential units and buildings in the form of parking garages. Development of the ESHO site under the adopted General Plan would have a total of approximately 74 acres of open space (including a three acre park)[37] compared to development under the proposed General Plan with Initiative, which would have approximately 46 acres of passive open space.

Development under either scenario would include setbacks from adjacent land uses and planting of new landscaping to reduce aesthetic impacts. Development under the adopted General Plan would be required to conform to the City's exterior lighting policies (City Council Policy 4-3 and Interim Lighting Policy Broad Spectrum Lighting (LED) for Private Development) to provide for adequate lighting and reduced light pollution. The ESHSP includes exterior lighting design guidelines that recommend exterior lighting be directed downward and not cause glare, spillover, or light pollution.[38] Development under either scenario would result in new light sources in the area.

Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan. SCH# 2009072096. September 2011. Certified November 1, 2011. Page 681.)

[36] Sources: 1) PDC82-01-006 Performance Standards. March 1981. 2) PDC98-035 Development Standards. April 23, 1998.

[37] PDC82-01-006. General Development Plan. March 1981.

[38] *Initiative Measure to be Submitted Directly to the Voters.* Page G-97.

Development of the ESHO site under the adopted General Plan would be consistent with the visual character of the existing industrial development directly south of the site. Development of the ESHO site under the proposed General Plan with Initiative would be consistent with the visual character of the existing residential development east of the site.

While the development of campus industrial and residential uses are different from each other in terms of visual character and effect, both uses exist in the immediate site vicinity. For the reasons discussed above, the aesthetic impacts of development under either scenario would be similar.

Adequacy of EDFs

No EDFs pertaining to aesthetics were proposed.

Conclusion

Development of the ESHO site under the proposed General Plan with Initiative would result in similar aesthetic impacts to development of the ESHO site under the adopted General Plan.

2.2.3.2 *Air Quality*

Environmental Impacts or Constraints

Development of the ESHO site under either the adopted General Plan or proposed General Plan with Initiative scenarios would result in significant air quality impacts from construction and operation due to the magnitude of development that would occur.

Adequacy of EDFs

The ESHSP includes the following EDFs to minimize construction-related air quality impacts:

> ***EDF AIR-1 Dust Control:*** *Best management practices for dust control shall be required for all construction activities. These measures will reduce dust emissions primarily during soil movement, grading and demolition activities, but also during vehicle and equipment movement on unpaved surfaces within the Plan Area:*
>
> 1. *All exposed surfaces (e.g., parking areas, staging areas, soil piles, graded areas, and unpaved access roads) shall be watered two times per day.*
> 2. *All haul trucks transporting soil, sand, or other loose material off-site shall be covered.*
> 3. *All visible mud or dirt track-out onto adjacent public roads shall be removed using wet power vacuum street sweepers at least once per day. The use of dry power sweeping is prohibited.*
> 4. *All vehicle speeds on unpaved roads shall be limited to 15 mph.*
> 5. *All streets, driveways, and sidewalks to be paved shall be completed as soon as possible. Building pads shall be laid as soon as possible after grading unless seeding or soil binders are used.*
> 6. *Idling times shall be minimized either by shutting equipment off when not in use or reducing the maximum idling time to 5 minutes. Clear signage shall be provided for construction workers at all access points.*
> 7. *All construction equipment shall be maintained and properly tuned in accordance with manufacturer's specifications. All equipment shall be checked by a certified mechanic and determined to be running in proper condition prior to operation.*
> 8. *A publicly visible sign shall be posted with the telephone number and person to contact at the City of San José regarding dust complaints. This person shall respond and take corrective action within 48 hours. Bay Area Air Quality Management District's ("BAAQMD") phone number shall also be visible to ensure compliance with applicable regulations.*

EDF AIR-2 Construction Emissions Minimization: Grading: *During grading activities south of Fowler Road, the construction equipment shall include the following design features:*

- *Equipment idling shall be limited to 2 minutes;*
- *All off-road construction equipment, except water trucks, shall have at least a Tier 3 engine with a Level 3 Verified Diesel Emissions Control Strategy (VDECS).*

EDF AIR-3 Construction Emissions Minimization: Grading and Building Construction: *During grading activities north of Fowler Road and project construction, the construction equipment shall include the following design features:*

- *Equipment idling shall be limited to 2 minutes;*
- *Off-road construction equipment, except water trucks, shall have at least Tier 2 engines with Level 3 VDECS.*

ESHSP EDF AIR-1 through -3 are consistent with what the City would typically require to reduce construction-related air quality impacts during under the standard CEQA review process. Under the standard CEQA review process, the City would also likely require the following measures to further reduce construction-related air quality impacts:

- All exposed surfaces shall be watered at a frequency adequate to maintain minimum soil moisture of 12 percent. Moisture content can be verified by lab samples or moisture probe.
- All excavation, grading, and/or demolition activities shall be suspended when average wind speeds exceed 20 miles per hour.
- Wind breaks (e.g., trees, fences) shall be installed on the windward side(s) of actively disturbed areas of construction. Wind breaks should have at maximum 50 percent air porosity.
- Vegetative ground cover (e.g., fast-germinating native grass seed) shall be planted in disturbed areas as soon as possible and watered appropriately until vegetation is established.
- The simultaneous occurrence of excavation, grading, and ground-disturbing construction activities on the same area at any one time shall be limited. Activities shall be phased to reduce the amount of disturbed surfaces at any one time.
- All trucks and equipment, including their tires, shall be washed off prior to leaving the site.
- Site accesses to a distance of 100 feet from the paved road shall be treated with a six to 12 inch compacted layer of wood chips, mulch, or gravel.
- Sandbags or other erosion control measures shall be installed to prevent silt runoff to public roadways from sites with a slope greater than one percent.
- Use low VOC (i.e., reactive organic gases) coatings beyond the local requirements (i.e., Regulation 8, Rule 3: Architectural Coatings).
- Requiring that all construction equipment, diesel trucks, and generators be equipped with Best Available Control Technology for emission reductions of NOx and PM.
- Requiring all contractors use equipment that meets CARB's most recent certification standard for off-road heavy duty diesel engines.

A primary source of operation-related air pollutants is vehicle trips. The ESHSP states Transportation Demand Management (TDM) measures would be implemented to reduce single-occupancy vehicle trips. The ESHSP identified the following examples of TDMs that could be implemented: constructing transit amenities, providing pedestrian access to transit stops and adjacent development, providing bicycle lanes/sidewalks/paths, providing bicycle parking, providing transit information kiosks, offering transit incentive programs, and providing a website for residents to

organize carpools.[39] The examples of TDM measures provided in the ESHSP are consistent with what the City would typically require to reduce operation-related air pollutant emissions under the standard CEQA review process. In addition to TDM measures to reduce operational air pollutant emissions, under the standard CEQA review process, the City would also likely require that all buildings include outdoor electrical outlets to encourage the use of electric landscape maintenance equipment to reduce operation-related air pollutant emissions.

Conclusion

Development of the ESHO site under the adopted General Plan and proposed General Plan with Initiative would both result in significant air quality impacts. A primary source of operational air pollutant emissions is vehicle trips. Development of industrial uses onsite under the adopted General Plan is estimated to generate 16,000 daily trips and development of senior housing onsite under the proposed General Plan with Initiative is estimated to generate 2,657 daily trips.[40] Because development of senior housing would generate fewer vehicle trips than development of industrial uses onsite, it is concluded that development of the ESHO site under the proposed General Plan with Initiative would result in lesser air quality impacts than development under the adopted General Plan.

2.2.3.3 *Biological Resources*

Environmental Impacts or Constraints

The ESHO site is identified as urban, agriculture and valley floor lands, and ranchlands and natural lands in the adopted Santa Clara Valley Habitat Plan and is subject to land cover fees (for agriculture and valley floor lands and ranchlands and natural lands) and the nitrogen deposition fee. Based on a preliminary search on the Habitat Agency Geobrowser, the development of the ESHO site would not likely be subject to other resource-specific fees such as the wetland fee and serpentine fee because it would not have impacts on those resources.[41] Based on the analysis of the ESHO site in the certified EEHVS EIR, the ESHO site did not include sensitive habitat (such as riparian habitat, wetlands, or other sensitive natural communities). Fowler Creek, which crosses the northern portion of the site, is an ephemeral ditch that contains only ruderal grassland vegetation. No evidence of wetland or riparian vegetation was observed.[42]

The loggerhead shrike was known to be present onsite and the northern harrier and white-tailed kite had the potential to use the site from time to time.[43] The EEHVS EIR concluded that the ESHO site did not constitute a major wildlife movement corridor. The ESHO site includes over 100 trees, including native species, which could provide nesting habitat for birds (including the loggerhead shrike).

[39] *Initiative Measure to be Submitted Directly to the Voters.* Page G-46.
[40] Hexagon Transportation Consultants, Inc. *Evergreen Senior Homes Initiative Traffic Analysis.* November 28, 2017.
[41] Santa Clara Valley Habitat Agency. "Habitat Agency Geobrowser." Accessed on: November 17, 2017. Available at: http://www.hcpmaps.com/habitat/.
[42] City of San José. *Draft EIR for the Evergreen-East Hills Vision Strategy Project.* SCH#2005102007. February 2006. Certified December 12, 2006. Page 206.
[43] Ibid. Table 42 on pages 201 and 202.

Adequacy of EDFs

The ESHSP includes the following EDFs to minimize impacts to biological resources:

> ***EDF BIO-1 Nesting Birds and Raptors:*** *To the maximum extent practicable, trees planned for removal shall be removed during the non-breeding season (September 1 through January 31).*
>
> ***EDF BIO-2 Nesting Birds and Raptors – Pre-construction Surveys:*** *If tree removal, grading, or construction is planned to occur within the breeding season (i.e., between February 1 and August 31), a qualified biologist shall conduct pre-construction surveys on the portion of the site where these activities are planned and within 250 feet of that portion of the site, where accessible, for active nests of birds of prey and migratory birds within 14 days of the onset of these activities. If these activities are carried out in phases, separate pre-construction surveys shall be conducted for each phase. If such activities are planned to commence outside the breeding season, no pre-construction surveys are required for nesting birds and raptors.*
>
> ***EDF BIO-3 Nesting Birds and Raptors – Establish Buffers:*** *If nesting raptors or other migratory birds are detected on or adjacent to the site during the survey, a suitable construction-free buffer shall be established around all active nests. The precise dimension of the buffer, which is typically up to 250 feet, shall be determined by a qualified biologist at that time and may vary depending on such factors as location, species, topography, line of sight to the construction area, and type of activity that would occur in the vicinity of the nest. The buffer area shall be enclosed with temporary fencing, and construction equipment and personnel shall not enter the enclosed area. Buffers shall remain in place for the duration of the breeding season or until it has been confirmed by a qualified biologist that all chicks have fledged and are independent of their parent.*
>
> ***EDF BIO-4 Western Burrowing Owl – Monitoring****: Monitoring prior to construction, in compliance with applicable requirements of the San José Municipal Code shall be conducted to determine if burrowing owls are using the site primarily as overwintering habitat or if they are breeding on the site.*
>
> ***EDF BIO-5 American Badger Surveys:*** *Pre-construction surveys shall be conducted to determine the presence or absence of badgers in the area where development activities are proposed. These surveys can be done concurrently with pre-construction surveys conducted for burrowing owls, if needed, to comply with the applicable requirements of the San José Municipal Code. If an active badger den is identified during pre-construction surveys within or immediately adjacent to the construction envelope, a construction-free buffer of up to 300 feet as specified by a qualified biologist will be established around the den. Because badgers are known to use multiple burrows in a breeding burrow complex, if badgers are present, a biological monitor shall be present onsite during construction activities for the applicable phase to ensure the buffer is adequate to avoid direct impact to individuals or nest abandonment. The monitor will be necessary onsite until it is determined by the qualified biologist that young are of an independent age and construction activities would not harm individual badgers. Once it has been determined by the qualified biologist that badgers have vacated the site, the burrows can be collapsed or excavated, and ground disturbance can proceed. If development activities are carried out in phases, pre-construction surveys shall be conducted for each phase and cover the area to be developed in that phase.*
>
> ***EDF BIO-6 Construction Fencing Around Riparian Setback:*** *Prior to any grading or construction activities that would be within 25 feet of the Fowler Creek riparian setback line, temporary construction fencing shall be installed along the portion of Fowler Creek riparian setback line nearest to where the grading or construction would occur.*
>
> ***EDF BIO-7 Wetland Delineation:*** *A formal wetland delineation of wetlands as defined by federal law and waters of the U.S. analysis shall be completed and verified by the U.S. Army Corps of Engineers to determine the extent of jurisdictional waters within the Plan Area.*

EDF BIO-8 Avoidance of Jurisdictional Waters: *If the U.S. Army Corps of Engineers identifies Waters of the United States, the project shall be sited to avoid impacts to Waters of the United States to the maximum extent practicable. If Waters of the United States cannot be avoided, the project applicant shall comply with the mitigation requirements that may be set forth by the U.S. Army Corps of Engineers.*

EDF BIO-9 Wetland Creation: *In the event that the project impacts wetlands or other waters under the jurisdiction of the Regional Water Quality Control Board (RWQCB), then in addition to payment of any applicable wetland fee, at a minimum, the project applicant shall designate a location within areas proposed as open space and shall provide replacement wetlands at a minimum 1:1 creation-to-loss ratio based on area of impact. A restoration plan shall be developed with the goal of creating, restoring, and/or enhancing wetland habitats with habitat functions and values greater than or equal to those existing in the impact zone. The restoration plan shall include:*

- *The location of all enhancement and/or restoration activities;*
- *Evidence of a suitable water budget to support any created habitats;*
- *Planting specifications;*
- *Site maintenance and management requirements;*
- *Monitoring requirements;*
- *Adaptive management procedures; and*
- *A long-term funding mechanism for site management into perpetuity.*

The monitoring period shall be a minimum of five years to ensure that the success criteria have been achieved.

- *In addition, the project applicant shall satisfy the applicable regulatory requirements that may be set forth by the Regional Water Quality Control Board (RWQCB) for impacts to wetlands or other waters under RWQCB's jurisdiction.*

EDF BIO-10 Revegetation of the Debris Basin: *The debris basin shall be reseeded with a native seed mix to prevent soil erosion.*

EDF BIO-11 Tree Permit and Replacement: *The City requires replacement of removed trees at the following ratios:*

Tree Replacement-to-Removal Ratios

Diameter of Tree to be Removed	***Type of Tree to be Removed***			***Minimum Size of Replacement Trees***
	Native	***Non-Native***	***Orchard***	
≥ 18"	*5:1*	*4:1*	*3:1*	*24" box*
≥ 12" but	*3:1*	*2:1*	*None*	*24" box*
< 12"	*1:1*	*1:1*	*None*	*15-gallon container*
Note: *Trees greater than 18" diameter shall not be removed unless a Tree Removal Permit, or equivalent, has been approved for the removal of such trees.* *x:x = tree replacement to tree loss ratio*				

The recommended tree mitigation measures would ensure that the project would have less than significant impacts on the urban forest. As such, a minimum of 199 trees shall be planted to mitigate for the removal of 80 trees; refer to Estimated Number of Replacement Trees, below. The species of replacement trees shall be determined in consultation with the City Arborist and with the Director of the Department of Planning, Building and Code Enforcement.

Estimated Number of Replacement Trees

Diameter of Tree to be Removed	*Type of Tree to be Removed*			*Required # of Replacement Trees*
	Native	*Non-Native*	*Orchard*	
≥ 18″	*40*	*48*	*63*	*151*
≥ 12″ but < 18″	*21*	*18*	*None*	*39*
< 12″	*6*	*3*	*None*	*9*
Total				***199***

EDF BIO 12 Tree Preservation: *For trees to be preserved within the Plan Area, a tree preservation plan shall be prepared for the project that complies with applicable requirements of the City's tree ordinance and Tree Removal Permit process.*

ESHSP EDF BIO-1 through -12 are consistent with what the City would typically require to reduce impacts to biological resources under the standard CEQA review process. Under the standard CEQA review process, the City would likely clarify that the buffer areas for nesting birds and badgers would be determined in consultation with the California Department of Fish and Wildlife (CDFW). Unless it was identified during the standard CEQA review process, it is possible the City would not require monitoring for American badgers because previous environmental review for the site had not identified this need and the City is not currently aware of their presence in this area.

Conclusion

The impacts to biological resources from development of the ESHO site would be the same under the adopted General Plan and proposed General Plan with Initiative because both scenarios would result in the development of the site and be subject to conformance with the Habitat Plan and payment of applicable Habitat Plan fees.

2.2.3.4 *Cultural Resources*

Environmental Impacts or Constraints

Based on analysis of the ESHO site in the certified EEHVS EIR, there is a potential for the discovery of cultural materials near the easterly margins of the site where there are two known prehistoric/historic sites.[44] The two existing ranch-style residences onsite were constructed in the late 1950s or early 1960s. The residences, therefore, are over 50 years old and would need to be surveyed and analyzed for their historic significance, and could be considered historic structures.

Local Native American tribes were contacted during the preparation of the Addendum to the General Plan EIR pursuant to SB 18. At that time, no tribes expressed interest or concern over the development of the ESHO site.[45] No Native American tribes have requested notification from the City for development proposals under Assembly Bill (AB) 52. A Sacred Lands File search was

[44] City of San José. *Draft EIR for the Evergreen-East Hills Vision Strategy Project.* SCH#2005102007. February 2006. Certified December 12, 2006. Pages 192, 196, and 197.
[45] City of San José. *Addendum to the Envision San José 2040 General Plan Final Program Environmental Impact Report and Supplemental Program Environmental Impact Report.* SCH# 2009072096. November 2016. Page 34.

completed by the Native American Heritage Commission and had negative results.[46] Given the time constraints of the 9212 Report, local tribes were not contacted. Therefore, there is a potential for tribal cultural resources at the ESHO site.

Adequacy of EDFs

The ESHSP includes the following EDFs to minimize impacts to cultural resources:

> ***EDF CUL-1 Discovery or Unknown Cultural Resources:*** *Prior to the issuance of any grading permits, or any permit authorizing ground disturbance, the project applicant shall, to the satisfaction of the Planning, Building, and Code Enforcement Director, demonstrate that a qualified archaeologist (an archaeologist meeting the Secretary of the Interior's Professional Qualifications Standards in prehistoric or historical archaeology, as appropriate) has been retained to be present during brushing and clearing, excavation, or any mass grading activities. If any prehistoric or historic artifacts, human remains or other indications of archaeological resources are found during grading and construction activities, the archaeologist shall halt all construction activities within 50 feet and immediately notify the City. The qualified archaeologist shall inspect the findings within 24 hours of the discovery. If the resource is determined to be a unique archeological or tribal cultural resource and cannot be avoided, the archaeologist shall prepare, in consultation with the City and Native American representatives, a treatment plan to identify, record, report, evaluate, and recover the resource, as appropriate, that complies with the requirements for such plans in the California Environmental Quality Act. The project applicant shall implement the treatment plan. Construction within the area of the find shall not recommence until the treatment plan is implemented. Work may proceed on other parts of the Plan Area outside the buffer zone while avoidance measures for unique archaeological resources are being carried out.*
>
> ***EDF CUL-2 Unknown Paleontological Resources:*** *Prior to the issuance of any grading permits, or any permit authorizing ground disturbance, the project applicant shall, to the satisfaction of the Planning, Building, and Code Enforcement Director, demonstrate that a qualified paleontological monitor has been retained to be present during brushing and clearing, excavation, or any mass grading activities. In the event that fossils or fossil-bearing deposits are discovered during construction, excavations within 50 feet of the find shall be temporarily halted or diverted. The paleontologist shall document the discovery as needed in accordance with generally accepted academic standards, evaluate the potential resource, and assess the significance of the find in compliance with applicable CEQA guidelines. The paleontologist shall notify the appropriate agencies to determine procedures that would be followed before construction is allowed to resume at the location of the find. If, after consultation with the paleontologist and project applicant, City staff determines that avoidance is not feasible, the paleontologist shall prepare an excavation and salvage plan for reducing the effect of the project on the qualities that make the resource important. The plan shall be submitted to the City for review and approval and the project applicant shall implement the approved plan.*
>
> ***EDF CUL-3 Unknown Human Remains:*** *Prior to the issuance of any grading permits, or any permit authorizing ground disturbance, the project applicant shall, to the satisfaction of the Planning, Building, and Code Enforcement Director, demonstrate that a note regarding the discovery of human remains, in compliance with generally applicable law and CEQA guidelines, is included on any grading plans. If human remains are discovered, all generally applicable laws and CEQA guidelines shall be followed. If the county coroner determines that any remains discovered are Native American, the project applicant shall adhere to all required policies, ordinances or laws.*

ESHSP EDF CUL-1 through -3 are consistent with what the City would typically require to reduce impacts to unknown buried archaeological resources, paleontological resources, and human remains (if present onsite) under the standard CEQA review process.

[46] Native American Heritage Commission. *Evergreen Senior Homes Initiative, Santa Clara County.* December 5, 2017.

The City also typically requires a historic analysis of structures 50 years or older for proposed development projects. If the two existing structures were found historically significant under CEQA, the City would start with avoidance of such impact. If it is not feasible to avoid the impact, reduction of the impact would be considered. Total removal of a historic resource is a significant impact under CEQA that would require mitigation (such as relocation and/or documentation) to reduce the significant impact.

In addition, the City would request consultation with local Native American tribes in accordance with SB 18 (although no tribes responded with interest or concern over the site's future development during the preparation of the Addendum to the General Plan EIR). While no local tribes requested notification by the City of project applications under AB 52, the City would typically initiate contact with local Native American tribes to confirm whether there are existing tribal cultural resources onsite and begin a consultation process to identify measures to mitigate or avoid a significant effect (if a significant effect exists to a tribal cultural resource).

Conclusion

The impacts to cultural resources from development of the ESHO site would be the same under the adopted General Plan and proposed General Plan with Initiative, assuming subsequent discretionary approvals for implementation of the ESHSP would be subject to CEQA and complete a historic analysis of the structures onsite and notify local tribes.

2.2.3.5 *Geology and Soils*

Environmental Impacts or Constraints

The ESHO site is located within the seismically active Bay Area. Based on analysis of the ESHO site in the certified EEHVS EIR, there is a landslide in a corner of the ESHO site along its easterly boundary at the location where the south fork of Fowler Creek intersects the property.[47] The Quimby Fault is located along the easterly edge of the site and, therefore, this portion of the site is located within the City's fault rupture hazard zone. As a result, a building-exclusion zone was established along the easterly edge of the site to avoid impacts associated with potential movement on the mapped landslide and potential movement/ground rupture along the Quimby Fault. The conceptual land plan (Figure 3-4) in the ESHSP shows no buildings within the building-exclusion zone.

Based on previous environmental review for the site, the soils onsite do not pose a significant geologic constraint (i.e., potential for soil erosion, liquefaction, seismic settlement, and differential compaction) to development.[48]

Adequacy of EDFs

The ESHSP includes the following EDFs to minimize geology and soil hazards:

> ***EDF GEO-1 Exclusion Zone:*** *The project applicant shall comply with applicable City regulations regarding geologic hazard clearance (e.g., submitting the required application, undertaking requested design-level geologic investigations, and complying with all conditions).*

[47] City of San José. *Draft EIR for the Evergreen-East Hills Vision Strategy Project.* SCH#2005102007. February 2006. Certified December 12, 2006. Pages 231 and 233.
[48] Ibid. Page 231.

EDF GEO-2 Design Level Geotechnical Investigation and Report: *The project applicant shall have a registered geotechnical engineer conduct a design-level geotechnical investigation and prepare a report that includes a description of the geological conditions at the site and an evaluation of site-specific seismic hazards including an evaluation of colluvial deposit areas, the potential for localized slope instability, and the lateral extent and depth of fill or debris, if any, in areas to be developed with habitable structures. The report shall also contain construction and design recommendations such that all habitable structures will comply with all applicable state and local codes related to structural integrity, including identification of areas that require excavation of fill, requirements for foundations, and engineering solutions to prevent erosion of slopes. The report shall be submitted to the City for review and approval and the project applicant shall follow all recommendations in the approved report.*

EDF GEO-3 Excavation and Borings in Fill Areas: *If required by City regulations, additional exploration, such as performing additional shallow excavations or borings, shall be performed to better define the lateral extent and depth of potential fill or debris in this area. Once the lateral extent of existing fill is defined, any undocumented fill located within future development areas shall be over-excavated and re-compacted provided the fill material is suitable for re-use.*

EDF GEO-4 Foundation Systems: *Slabs-on-grade shall have sufficient reinforcement and be supported on a layer of non-expansive fill; footings shall extend below the zone of seasonal moisture fluctuation. If structures are underlain by expansive soils, all foundation systems shall be able to tolerate or resist any potentially damaging soil movements. Additionally, moisture changes shall be limited in surficial soils by using positive drainage away from buildings as well as limiting landscaping watering.*

ESHSP EDF GEO-1 through -4 are consistent with what the City would typically require to reduce geology and soil hazards onsite under the standard development review and CEQA review process.

Conclusion

The type of development proposed on the ESHO site does not affect the existing geology and soil hazards onsite. Therefore, the hazards from geology and soils to development on the ESHO site would be the same under the adopted General Plan and proposed General Plan with Initiative.

2.2.3.6 *Greenhouse Gas Emissions*

Environmental Impacts or Constraints

A primary source of a development's greenhouse gas emissions is vehicle trips. Development of campus industrial uses on the ESHO site under the adopted General Plan is estimated to generate 16,000 daily trips and development of senior housing onsite under the proposed General Plan with Initiative is estimated to generate 2,657 daily trips.[49] Development of senior housing on the ESHO site under the proposed General Plan with Initiative would generate fewer trips and, therefore, lesser greenhouse gas emissions than development under the adopted General Plan.

Consistency with the City's adopted Greenhouse Gas Reduction Strategy is based on a project's consistency with the existing General Plan land use/transportation diagram, implementation of green building measures, and implementation of measures to promote auto-alternative modes of transportation. Development of senior housing on the ESHO site would be consistent with the City's adopted Greenhouse Gas Reduction Strategy by installing solar panels (or similar solar technology),

[49] Hexagon Transportation Consultants, Inc. *Evergeen Senior Homes Initiative Traffic Analysis.* November 28, 2017.

using recycled water where feasible, and including TDM measures. The ESHSP is not wholly consistent with the City's adopted Greenhouse Gas Reduction Plan because it is inconsistent with the existing land use designation onsite.

Adequacy of EDFs

No EDFs pertaining to greenhouse gas emissions were proposed. The ESHSP, however, specifies TDM measures would be implemented to reduce single-occupancy vehicle trips. The TDMs could include constructing transit amenities, providing pedestrian access to transit stops and adjacent development, providing bicycle lanes/sidewalks/paths, providing bicycle parking, providing transit information kiosks, offering transit incentive programs, and providing a website for residents to organize carpools.[50] The examples of TDM measures provided in the ESHSP are consistent with what the City would typically require to reduce greenhouse gas emissions under the standard CEQA review process.

In addition, the ESHSP identifies the following green building requirements:

- *Tankless water heaters are required for all single-family homes.*
- *Rooftop solar panels or similar solar technology, such as solar films, solar glass, or solar roof tiles, are required for all single-family homes.*
- *Cross-linked polyethylene (PEX) or chlorinated polyvinyl chloride (CPVC) plumbing systems are required.*
- *Appliances and fans shall meet Energy Star® or equivalent energy-efficiency requirements.*
- *Air conditioning systems shall use non-HCFC refrigerants and thermostatic expansive valves.*
- *High-efficiency HVAC filters shall be used on all appropriate HVAC equipment.*
- *Insulation and simulated wood trim products shall be low emitting for formaldehyde and volatile organic compounds.*
- *All light switches for interior lights in residences for rooms other than hallways, bedrooms, bathrooms, and unfinished spaces, and in non-residential buildings shall operate with dimmer switches or motion sensors.*
- *Toilets shall be high efficiency with a maximum of 1.28 gallons per flush.*
- *All construction and buildings shall comply with applicable state and local green building standards, including the standards related to the recycling of construction waste.*[51]

Conclusion

Because development of senior housing would generate fewer vehicle trips than development of industrial uses onsite, it is concluded that the development of the ESHO site under the proposed General Plan with Initiative would result in lesser greenhouse gas emissions than development under the adopted General Plan.

[50] *Initiative Measure to be Submitted Directly to the Voters.* Page G-46.
[51] *Initiative Measure to be Submitted Directly to the Voters.* Page G-40.

2.2.3.7 *Hazards and Hazardous Materials*

Environmental Impacts or Constraints

The EEHVS EIR evaluated several development scenarios including developing the ESHO site with industrial uses or, alternatively, residential uses. Besides the likely presence of lead-based paint and asbestos containing materials in the two existing residences, no other hazardous material conditions were found onsite that posed a risk to the development of industrial or residential uses.[52]

Mitigation measures were identified for development of industrial uses in the EEHVS EIR to minimize the impact to Chaboya Middle School, which is located within one-quarter mile of the site. The adverse health effects from exposure to hazardous substances are known to be more acute in children than healthy adults. Further, the nature of a population of school children is such that the ability to rapidly evacuate the area is more difficult than in other situations. For these reasons, special precautions are employed when hazardous materials are proposed to be stored or used in proximity to schools. The mitigation measures were as follows:

MM 4.9-9 *No manufacturing operation that produces odors, fumes, smoke, or other air-borne pollutants detectable, without instruments, at the property line of the property or which produces any dangerous emissions whatsoever, shall be permitted.*

MM 4.9-10 *No storage of hazardous material, as defined by Chapter 17.68 of the San José Municipal Code, shall be permitted underground within one-quarter mile of Chaboya Middle School unless such storage has been approved by the San José Fire Department. Any person, firm, or corporation responsible for the use or storage of such material shall comply with all applicable requirements of the San José Hazardous Materials Storage Ordinance.*

MM 4.9-11 *There shall be no incineration of any waste materials on the property within one-quarter mile of Chaboya Middle School.*

MM 4.9-12 *The storage, handling and use of acutely hazardous materials shall be prohibited within one-quarter mile of Chaboya Middle School. Acutely hazardous materials are defined as hazardous materials meeting the California Occupational Health and Safety Administration's (Cal/OSHA) definition of a material that presents a potential for catastrophic event per California Code of Regulations (Title 8) §5189, Appendix A, List of Acutely Hazardous Chemicals, Toxics and Reactives.*

MM 4.9-13 *Group H-Occupancies, as defined in the Uniform Fire Code and Uniform Building Code, as buildings or structures, or portions thereof, that involve the manufacturing, processing, generation or storage of materials that constitute a high fire, explosion or health hazard, shall not be allowed on the site within one-quarter mile of Chaboya Middle School unless it can be demonstrated to the San José Fire Department that hazardous materials used, stored or transported to the site would not adversely affect the safety or welfare of persons in the surrounding area. Allowable hazardous materials use shall be specified under conditions of individual Planned Development Permits.*

MM 4.9-14 *Aboveground storage tanks or outside storage of flammable or explosive materials shall be prohibited within one-quarter mile of Chaboya Middle School unless specific storage facilities and locations are evaluated and determined by the San José Fire Department to not pose an unacceptable hazard to the school.*

[52] City of San José. *Draft EIR for the Evergreen-East Hills Vision Strategy Project.* SCH#2005102007. February 2006. Certified December 12, 2006. Pages 255 and 256.

The EEHVS EIR stated that future residential development on the ESHO site would be required to provide appropriate setbacks from industrial uses.[53] It should be noted that most of the Hitachi buildings adjacent to the south of the site are set back several hundred feet from the shared property line, which would further minimize potential hazards.

Adequacy of EDFs

The ESHSP includes the following EDFs to minimize hazards and hazardous materials impacts:

> ***EDF HAZ-1 Soil Management Plan:*** *Prior to issuance of a grading permit, a Soil Management Plan for all development activities shall be prepared by the project applicant for future development to ensure that excavated soils are sampled and properly handled/disposed and that imported fill materials are screened/analyzed before their use on the property.*
>
> ***EDF HAZ-2 Renovation or Demolition of Existing Structures:*** *Before conducting renovation or demolition activities that might disturb potential asbestos, or painted surfaces, the project applicant shall comply with best management practices for management and abatement of asbestos-containing materials, and with all applicable requirements regarding proper handling and disposal of lead-based paint.*
>
> ***EDF HAZ-3 Agriculture Well Abandonment:*** *Prior to development of each phase, the project applicant shall abandon and close on-site agriculture wells in the area covered by that phase in accordance with applicable regulatory agency requirements.*
>
> ***EDF HAZ-4 Drum and Transformer Disposal:*** *Prior to development of each phase, the project applicant shall properly dispose of drums and transformers located within the area of that phase in accordance with applicable regulatory agency requirements.*

ESHSP EDF HAZ-1 through -4 are consistent with what the City would typically require to reduce hazards and hazardous materials impacts under the standard CEQA review process.

Conclusion

The development of either industrial uses or residential uses on the ESHO site would result in less than significant hazardous materials impacts. The operation of industrial uses onsite would be restricted in order to minimize hazards to Chaboya Middle School. The development of residential uses (per the proposed General Plan with Initiative) would place sensitive receptors near existing hazardous materials users (e.g., the Hitachi development south of the ESHO site) and be required to provide appropriate setbacks to minimize land use incompatibility impacts.

[53] Ibid. Page 256.

2.2.3.8 *Noise*

Environmental Impacts or Constraints

The average ambient noise levels at the ESHO site ranges from approximately 58-62 decibels (dBA).[54] The noise environment primarily results from local vehicular traffic. Based on analysis completed for the General Plan EIR, at buildout of the adopted General Plan, most of the site would have noise levels of less than 55 dBA from traffic except for the northern portion of the site near Aborn Road, which is estimated to have noise levels of up to 75 dBA.[55]

The development of the ESHO site under the adopted General Plan would be compatible with the existing and projected ambient noise levels and would be required to comply with General Plan Policy EC-1.3 to ensure the noise generated by the industrial uses onsite at the property line with existing sensitive land uses (e.g., residential and public/quasi-public uses) is 55 dBA DNL or less.

Based on the projected noise levels in General Plan EIR, the development of residential uses on the ESHO site under the proposed General Plan with Initiative would be compatible with the existing and estimated ambient noise levels with the following exceptions:

- Near Aborn Road where ambient noise levels exceed the General Plan Policy EC-1.1 that identifies an exterior noise goal of 60 dBA DNL for residential uses, and
- At the southern property line shared with Hitachi which could generate noise exceeding 55 dBA DNL at the shared property line.

In addition, the ESHSP identifies recreational centers which could generate noise that would exceed 55 dBA DNL at residential property lines.

Given the amount of development that would be constructed under either the adopted General Plan or proposed General Plan with Initiative, it is likely development under either scenario would result in significant construction-related noise impacts.

Adequacy of EDFs

The ESHSP includes the following EDFs to minimize noise impacts and compatibility issues:

> ***EDF NOI-1 Recreation Center HVAC and Pool Equipment:*** *Prior to issuance of building permits for the recreation centers, the project applicant shall have a qualified noise consultant prepare a noise study that demonstrates that the HVAC units and pool equipment of the Primary and Secondary Recreation Centers have been be designed so that noise from this equipment does not exceed 55 dBA L_{dn} at the property line of a residence. The report shall specify the measures, such as acoustical barriers, enclosures, shielding, or operational constraints that shall be undertaken, as necessary, to meet the noise standard. The study shall be submitted to the City Planning Division for review and approval and the project applicant shall implement the noise reduction measures in the approved study.*

[54] City of San José. *Draft EIR for the Evergreen-East Hills Vision Strategy Project.* SCH#2005102007. February 2006. Certified December 12, 2006. Page 159.
[55] City of San José. *Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan.* SCH# 2009072096. September 2011. Certified November 1, 2011. Figure 3.3-2. Page 328.

EDF NOI-2: Site Preparation, Grading, Building Construction and Paving: *During site preparation, grading, building construction and paving, the project applicant shall:*

- *When operating within 500 feet of an existing residential area, limit weekday construction hours to between 7 a.m. and 4 p.m., and at no time during weekends.*
- *Require all construction equipment be fitted with properly sized mufflers, and if necessary to meet applicable noise standards, engine intake silencers.*
- *Require all construction equipment be in good working order.*
- *Use quieter construction equipment models, if available, and whenever possible use pneumatic tools rather than diesel or gas-powered tools.*
- *Place portable stationary equipment as far as possible from existing residential areas, and if necessary to meet applicable noise standards, place temporary barriers around stationary equipment.*
- *At the start of the construction program, assign a noise disturbance officer to respond to and investigate noise complaints. Implement a noise complaint hot-line and post the hot-line phone number on nearby visible signs and online. Require that either the noise disturbance officer or a designated person be available at all times to answer hot-line calls and ensure that follow-up and/or corrective action is taken, if necessary.*
- *Ensure that construction activities do not occur within approximately 500 feet of any existing residential use for a continuous period of greater than one (1) year.*
- *When construction activities are ongoing for greater than one (1) year, prepare and implement a 24-hour construction-noise monitoring program for the remaining construction time within 500 feet of those residential uses. The number of monitors and their location will depend on the extent of the construction area and on the nature of the affected residential uses. The noise monitoring program would continuously monitor construction noise levels and alert a designated person(s) when noise levels exceed allowable limits (60 dBA and 5 dBA above background levels). If noise levels are found to exceed applicable construction noise limits, corrective action shall be taken, such as halting or moving specific construction activities, fixing faulty or poorly operating equipment, installing portable barriers, and others.*

ESHSP EDFs NOI-1 and -2 (as well as EDFs AIR-2 and -3 limiting equipment idling) are consistent with what the City would typically require to reduce noise/land use compatibility issues within a site under the standard CEQA review process. Under the standard CEQA review process, the City would also likely require:

- A project-specific noise analysis that evaluates noise levels at new residences in proximity to the existing Hitachi industrial development south of the site and identifies measures to implement (if needed) to ensure noise/land use compatibility; and
- Early and frequent notification and communication with the neighborhood of the construction activities and schedule.

Conclusion

Development of the ESHO site under either the adopted General Plan or proposed General Plan with Initiative would result in significant short-term construction-related impacts and less than significant long-term noise impacts assuming the development meets applicable noise goals and standards.

2.2.4 Environmental Resources Not Evaluated

The environmental analysis does not discuss the Initiative's impact on the following environmental resources for the reasons specified below:

- **Agricultural and Forestry Resources** – The ESHO site is not designated or used for agricultural or forestry uses; nor are properties adjacent to the ESHO site designated or used for agricultural or forestry uses.[56]

- **Hydrology and Water Quality** – Impacts to hydrology (including the storm drain system) and water quality from development of the ESHO site under the adopted General Plan and proposed General Plan with Initiative would be mitigated and avoided through compliance with existing policies and regulations. As stated in the ESHSP, "water quality requirements for discharge to storm drains for the Specific Plan Area shall meet the applicable requirements of federal and state law."[57] Based on preliminary review by the City's Public Works Department, the storm drain improvements and stormwater management proposed in the ESHSP and the ESHSP EDFs are consistent with what the City would typically require during the standard development review process.[58] The ESHSP states that the "storm drainage management within the Specific Plan may consist of debris basins, storage basins, bio-filtration basins, and hydromodification management plan (HMP) basins."[59] The ESHSP EDFs to reduce hydrology and water quality impacts are as follows:

  > ***EDF HWQ-1 Bioretention and Landscapes:*** *Future development within the Specific Plan Area shall implement the addition of the bioretention areas and landscape areas adjacent to walkways and impervious pedestrian improvements.*
  >
  > ***EDF HWQ-2 Maintenance of Stormwater Filtration Devices:*** *The property owner or the Home Owner's Association (HOA), as appropriate, shall enter into an agreement with the City of San José for maintenance of the stormwater filtration devices required to be installed on development within the Specific Plan Area by City of San José's Stormwater Discharge Permit and all amendments or modifications. The agreement shall specify that certain routine maintenance, including catch basin cleaning and pavement sweeping, shall be performed by the property owner or HOA, as applicable, and shall specify device maintenance reporting requirements. The agreement also shall specify routine inspection requirements, permits and payment of fees. The agreement shall be recorded prior to release of any occupancy permits.*
  >
  > ***EDF HWQ-3 Erosion Control Plans:*** *Interim and final erosion control plans shall be prepared and submitted to the Public Works Department for review and approval. A Notice of Intent (NOI) and Storm Water Pollution Prevention Plan (SWPPP) that meets applicable state and regional water quality measures shall be submitted to the San Francisco Bay Regional Water Quality Control Board. The SWPPP must include specifications for best management practices (BMPs) that would be implemented during project construction to control degradation of surface water by preventing soil erosion or the discharge of pollutants from the construction area and must describe measures to prevent or control runoff after construction is complete. A maximum of two weeks is allowed between clearing of an area and stabilizing/building on an area if grading is allowed during the rainy season. Interim erosion control measures to be carried out during*

[56] California Department of Conservation. *Santa Clara County Important Farmlands 2014.* Map. October 2016.
[57] *Initiative Measure to be Submitted Directly to the Voters.* Page G-137.
[58] Do, Ryan. City of San José Department of Public Works Division Manager. Personal Communications. November 22, 2017.
[59] *Initiative Measure to be Submitted Directly to the Voters.* Page G-139.

construction and before installation of the final landscaping shall be included in the SWPPP. Interim erosion control methods could include, but are not limited to: silt fences, fiber rolls (with locations and details), erosion control blankets, City of San José standard seeding specification, filter berms, check dams, retention basins, etc. Erosion control measures to protect downstream water quality during winter months shall also be specified in the SWPPP. The project applicant shall comply with the approved erosion control plans and SWPPP.

- **Mineral Resources** – The ESHO site does not contain any known mineral resource, and is not designated as a locally important mineral resource recovery site.[60]

A discussion of the Initiative's impacts on parks/open space, population and housing, transportation, and land use are discussed in the 9212 Report.

2.3 CITYWIDE ANALYSIS

The Initiative creates a Senior Housing Overlay land use designation for use on "underutilized employment lands" citywide.[61] This Overlay, when applied, would allow senior housing development in areas designated as employment lands, subject to a General Plan amendment and adoption of a specific plan or other City approvals. The Initiative also adds goals for development of housing for seniors and military veterans citywide.

The term "underutilized" is not defined in the Initiative and, for this analysis, it is assumed that all vacant lands may be considered underutilized and potentially subject to the application of the Senior Housing Overlay. To evaluate the citywide implications of the Initiative, the following General Plan designations are considered as employment lands:

- Combined Industrial/Commercial,
- Commercial Downtown,
- Heavy Industrial,
- Industrial Park,
- Light Industrial,
- Mixed Use Commercial,
- Neighborhood/Community Commercial,
- Regional Commercial,
- Transit Employment Center,
- Urban Village, and
- Urban Village Commercial.

All vacant lands within the City (as of November 2017) with the above land use designations total 3,247 acres. Table 2 summarizes the development assumptions citywide on these underutilized employment lands under both the adopted General Plan and the proposed General Plan with Initiative. A more detailed breakdown is provided in the 9212 Report. Table 2 also provides a comparison of population and jobs for the underutilized employment lands citywide under the adopted General Plan and proposed General Plan with Initiative.

[60] City of San José. *Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan.* SCH# 2009072096. September 2011. Certified November 1, 2011. Pages 516-517.
[61] *Initiative Measure to be Submitted Directly to the Voters.* Page 2.

Table 2: Comparison of the Development of Underutilized Employment Lands Citywide under the Adopted General Plan and Proposed General Plan with Initiative			
Underutilized Employment Lands			**Net Change Citywide**
Land Uses	**Adopted General Plan**	**Proposed General Plan with Initiative**	
Employment Lands (acres)	3,247	0	-3,247
Jobs	129,498	0	-129,498
Residential (units)	0	86,010	+86,010
Population (residents)	0	168,160	+168,160
Source: ADE. *Evergreen Senior Homes Initiative 9212 Fiscal Analysis.* December 8, 2017.			

The citywide analysis for each environmental resource area includes the following:

(1) **Environmental Impacts or Constraints –** The potential environmental impacts or constraints that could result from developing the 3,247 acres of vacant employment land under the adopted General Plan and proposed General Plan with Initiative scenarios are identified and compared; and
(2) **Conclusion –** The conclusion of whether developing the 3,247 acres of employment lands under the proposed General Plan with Initiative scenario would result in lesser, similar, or greater impacts than under the adopted General Plan is provided.

The environmental analysis looks at effects of implementing the Initiative on the following environmental resources:

Infrastructure

- Transportation
- School Services
- Other Public Services (police, fire, library)
- Utilities and Service Systems

Other Environmental Issues

- Air Quality
- Agricultural and Forestry Resources
- Greenhouse Gas Emissions
- Hazards and Hazardous Materials
- Noise

2.3.1 Infrastructure

2.3.1.1 *School Services*

Environmental Impacts or Constraints

Under the proposed General Plan with Initiative scenario, 3,247 acres of employment lands would be converted to senior housing. The 3,247 acres of senior housing would result in approximately 86,010 senior housing units. The senior housing units would be located within the following school districts:

- Alum Rock Union
- Berryessa Union
- Cambrian
- Campbell Union
- Cupertino Union
- East Side Union High
- Evergreen
- Franklin-McKinley
- Luther Burbank
- Moreland
- Morgan Hill Unified
- Mount Pleasant Elementary
- Oak Grove
- Orchard
- San José Unified
- Santa Clara Unified
- Union

All of the above school districts were contacted and none anticipate students would be generated from senior housing development on the vacant employment lands, except for Evergreen Elementary School District and Oak Grove School District.[62] Evergreen Elementary School anticipates student generation similar to that of The Villages (0.002 students per senior unit) and Oak Grove Elementary School anticipates 0.01 students per multi-family unit.

Applying the student generation rates provided citywide, 86,010 senior housing units could generate 172 to 860 students. Buildout of the proposed General Plan with Initiative could result in 760 to 860

[62] Sources: 1) Chheng, Kolvira. Alum Rock School District Assistant Superintendent of Business Services. Personal Communications. December 6, 2017. 2) Le, Phuong. Berryessa Union School District Deputy Superintendent Administrative Services. Personal Communications. December 6, 2017. 3) Vann, Jason E. Cambrian School District Chief Financial Officer. Personal Communications. November 30, 2017. 4) Crawford, James. Campbell Union School District Deputy Superintendent. Personal Communications. December 5, 2017. 5) Jew, Chris. Cupertino Union School District Chief Business Officer. Personal Communications. December 6, 2017. 6) Navarro, Rick. Evergreen Elementary School District Director of Operations. Personal Communications. December 1, 2017. 7) Funk, Chris. East Side Union High School District Superintendent. Personal Communications. November 29, 2017. 8) Enriquez, Otilia. Franklin-McKinley School District Executive Assistant - Business Services. Personal Communications. December 6, 2017. 9) Avalos, Ruby. Luther Burbank School District Chief Business Official. Personal Communications. December 6, 2017. 10) Ernsherger, Patti. Moreland School District Assistant Superintendent. Personal Communications. December 6, 2017. 11) Espinosa, Anessa. Morgan Hill Unified School District Director Facilities/Maintenance. Personal Communications. December 4, 2017. 12) Huynh, Tracy. Mount Pleasant Elementary School District Director of Business Services. Personal Communications. December 6, 2017. 13) Phan, Laura. Oak Grove School District Assistant Superintendent. Personal Communications. December 1, 2017. 14) Moreno, Jenina. Orchard School District Chief Business Officer. Personal Communications. December 1, 2017. 15) Case, Jill. San José Unified School District Director of Student Operational Services. Personal Communications. November 30, 2017. 16) Healy, Michal. Santa Clara Unified School District Director of Facility Development and Planning. Personal Communications. December 7, 2017. 17) Martinez, Jason. Cooperative Strategies, Union School District demographer. Personal Communications. December 15, 2018.

(or 0.5 to 2.5 percent) more students citywide and, therefore, greater impacts to schools than buildout under the adopted General Plan (34,605 students).[63]

Per state law, payment of school impact fees provide full and complete school facilities mitigation for new development. With the school impact fees collected, local school districts can implement facility improvements, as necessary.

Conclusion

Buildout of the proposed General Plan with Initiative would result in a greater impacts to school facilities than buildout of the adopted General Plan.

2.3.1.2 *Other Public Services*

Police Protection

Environmental Impacts or Constraints

As discussed in Section 2.2.2.2, the City has a current service ratio of 1.06 police officers per 1,000 residents. Citywide development under the adopted General Plan or proposed General Plan with Initiative would require police protection services. Citywide development under the proposed General Plan with Initiative would increase the population of the City by 168,160 residents and, therefore, decrease the City's police officers per capita ratio from 1.06 to 0.91 police officers per 1,000 residents. Citywide development under the proposed General Plan with Initiative would result in a 14 percent decrease in the City's current service per capita ratio. Approximately 168 additional police officers would be needed for SJPD to maintain their existing service ratio. The buildout of the proposed General Plan with Initiative would have a greater number of residents citywide and, therefore, greater demand on police protection services than buildout under the adopted General Plan.

Conclusion

Buildout under the proposed General Plan with Initiative would result in a greater impact and need for police protection services than development under the adopted General Plan.

Fire Protection

Environmental Impacts or Constraints

In general, development of currently vacant lands would increase demand for fire protection services. Currently, SJFD has challenges meeting its response time goals in the outlying areas of the City, including the areas where most of the 3,247 acres are located.[64] Development of the currently vacant 3,247 acres under the adopted General Plan or proposed General Plan with Initiative would have similar impacts on fire protection services. As discussed in Section 2.2.2, the service demand on the SJFD to serve residential uses verses employment uses is similar.

[63] City of San José. Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan. SCH# 2009072096. September 2011. Certified November 1, 2011. Table 3.9-4 on page 631.
[64] Lee, Ivan D. Bureau of Fire Prevention Fire Marshall, San José Fire Department. Personal Communications. November 27, 2017.

Conclusion

Buildout under the proposed General Plan with Initiative would result in a similar impact and need for fire protection services as development under the adopted General Plan because the overall fire protection demands for residential (including senior residential) versus employment land uses is similar.

Library Services

Environmental Impacts or Constraints

As discussed in Section 2.2.2.3 Other Public Services, buildout of the adopted General Plan is projected to result in a population of 1,313,811 residents and is estimated to provide approximately 0.71 square feet of library facilities per capita. Buildout of the proposed General Plan with Initiative (which would result in approximately 168,160 additional residents) is estimate to result in a citywide population of 1,481,971 and is estimated to provide approximately 0.63 square feet of library facilities per capita.

Conclusion

Buildout of the proposed General Plan with Initiative would result in slightly greater impacts to library services (though the City's library service goal of at least 0.59 square feet of library facility space per capita would still be exceeded) compared to the buildout of the adopted General Plan, because it would allow for additional residents.

2.3.1.3 *Utilities and Service Systems*

Water Supply

Environmental Impacts or Constraints

The water demand for development of the 3,247 acres of employment lands is summarized in Table 3 below. As shown in Table 3, under the adopted General Plan, the 3,247 acres of employment uses would have a water demand of approximately 15,107 AFY. The proposed General Plan with Initiative would replace the employment uses on the 3,247 acres with approximately 86,010 senior housing units (14,719 single-family units and 71,291 multi-family units),[65] which would have a water demand of approximately 19,543 AFY. Development under the proposed General Plan with Initiative would have approximately 1.3 times (or 4,436 AFY) greater water demand and, therefore, greater impact on water supply than development under the adopted General Plan.

Conclusion

Based on the water supply and demand analysis in the General Plan EIR, development under the proposed General Plan with Initiative (as well as development under the adopted General Plan scenario) served by the San José Municipal Water Company and Great Oaks Water Company would have sufficient supply during normal years.[66] Water demand from development under the proposed

[65] ADE. *Evergreen Senior Homes Initiative 9212 Fiscal Analysis.* December 8, 2017.

[66] It is estimated that San José Municipal Water Systems would have a potable water supply of 46,500 AFY and development from the adopted General Plan within its service area would have a water demand of 38,428 AFY. It is estimated that water demand from development of the adopted General Plan within the service area of the San José

General Plan with Initiative (as well as development under the adopted General Plan scenario) would exceed San José Water Company's estimated water supply under normal years. The water demand under the proposed General Plan with Initiative (as well as development under the adopted General Plan) would exceed projected water supply for all retailers in single and multiple dry years.

Table 3: Summary of Water Demand for 3,247 acres of Underutilized Employment Land Citywide Under the Adopted General Plan and General Plan with Initiative

Land Use	Estimated Number of Jobs/Units	Water Demand Rate	Estimated Water Demand (AFY)
Adopted General Plan Scenario			
Office and Industrial	77,403	0.14 AFY/employee	10,836
Retail	30,222	0.04 AFY/employee	1,209
Hotel, Institutional, and Other	21,873	0.14 AFY/employee	3,062
Subtotal			*15,107*
Proposed General Plan with Initiative Scenario			
Single-Family	14,719	0.330 AFY/unit	4,857
Multi-Family	71,291	0.206 AFY/unit	14,686
Subtotal			*19,543*

Source for jobs/units: ADE. *Evergreen Senior Homes Initiative 9212 Fiscal Analysis.* December 8, 2017.
Source for water demand rates: City of San José. *Water Supply Assessment for Envision San José 2040 General Plan Update.* September 2010. Page 5. The land use categories and their associated water demand rates used to calculate water demand from buildout of the General Plan were: office and industrial jobs, retail jobs, restaurant jobs, single-family homes, multi-family homes, and parkland. A water demand rate for hotel, institutional, and other uses was not specified. The office and industrial water demand rate was selected to calculate hotel, institutional, and other uses because it would result in a more conservative analysis (i.e., greater water demand).

Wastewater Treatment and Sanitary Sewer System Capacity

Environmental Impacts or Constraints

Under the adopted General Plan, the 3,247 acres of vacant employment land would be built out with employment uses and generate approximately 12,841 AFY of sewage.[67] The proposed General Plan with Initiative would replace the employment uses with 86,010 senior housing units. It is estimated that 86,010 senior housing units would generate approximately 16,612 AFY of sewage.

While development of the 3,247 acres with employment uses under the adopted General Plan would generate less sewage annually, it would generate a higher daily sewage generation than development of senior housing under the proposed General Plan with Initiative because the sewage would be

Water Company would exceed its water supply by 24,000 AFY. It is estimated that Great Oaks Water Company would have a water supply of 62,030 AFY and development from the adopted General Plan within its service area would have a water demand of 31,030 AFY. Source: City of San José. *Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan.* September 2011. Certified November 1, 2011. Pages 663-665.

[67] Sewage generation was assumed to be 85 percent of water use onsite.

generated over fewer days in the year (225 work days for employment uses vs. 365 days for residential uses).[68]

Conclusion

Development under the proposed General Plan with Initiative would generate approximately 1.3 times (or 3,771 acre feet) more sewage annually than development under the adopted General Plan. Development under the proposed General Plan with Initiative, however, would generate less sewage on a daily basis and result in lesser impact on wastewater treatment and sewer system capacity than development under the adopted General Plan.

Solid Waste Disposal

Environmental Impacts or Constraints

The solid waste generation for development of the 3,247 acres of underutilized employment lands under the General Plan and General Plan with Initiative is summarized in Table 4 below. As shown in Table 4, under the adopted General Plan, the 3,247 acres of vacant employment lands would be built out with employment uses and generate approximately 86,850 tons of solid waste per year. The proposed General Plan with Initiative would replace the employment uses with 86,010 senior housing units, which would generate approximately 69,732 tons of solid waste per year.

Table 4: Summary of Solid Waste Generation of 3,247 acres of Underutilized Employment Lands Under the Adopted General Plan and General Plan with Initiative

Land Use	Estimated Number of Jobs/Units	Solid Waste Generation Rate	Estimated Solid Waste Generation
Adopted General Plan			
Industrial	35,353	8.93 pounds/employee/day	315,702 pounds/day
Office	42,050	1.24 pounds/employee/day	54,142 pounds/day
Retail	30,222	10.53 pounds/employee/day	318,227 pounds/day
Institutional/Other	20,876	3.55 pounds/employee/day	74,110 pounds/day
Hotel	997	10.53 pounds/employee/day	10,498 pounds/day
Subtotal			*772,679 pounds/day (or 86,850 tons/year)*
Proposed General Plan with Initiative			
Single-Family	14,719	31.6 pounds/unit/week	465,120 pounds/week
Multi-Family	71,291	31.1 pounds/unit/week	2,217,150 pounds/week
Subtotal			*2,682,270 pounds/week (or 69,732 tons/year)*

Source for waste generation rates: City of San José. *Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan.* September 2011. Certified November 1, 2011. Page 681. The land use categories and their associated solid waste generation rates used to calculate solid waste generation from buildout of the adopted General Plan were: industrial uses, office uses, retail uses, institutional uses, single-family household, and multi-family household. The retail waste generation rate was selected from the waste generation rates used to for the General Plan to calculate the waste generated by hotels because it would result in a more conservative analysis (i.e., greater solid waste generation). The calculation assumes 225 work days that solid waste is generated by employment lands and 365 days that solid waste is generated by residential land uses.

[68] The number of days sewage is estimated to be generated for the different uses is consistent with the assumptions for number of days water demand is assumed in the water supply assessment for the General Plan.

Conclusion

Development under the proposed General Plan with Initiative would generate approximately 20 percent (or 17,118 tons) less solid waste and, therefore, lesser impact on landfill capacity than development under the adopted General Plan.

2.3.2 Other Environmental Issues

2.3.2.1 *Air Quality*

Environmental Impacts or Constraints

Buildout of the either the adopted General Plan or proposed General Plan with Initiative would result in significant air quality impacts. One of the primary sources of operational air quality emissions is vehicle trips. Since employment uses generate more vehicle trips than senior housing, it is assumed that the buildout of the proposed General Plan with Initiative scenario would result in lesser air quality impacts than buildout under the adopted General Plan.

Conclusion

The buildout of the proposed General Plan with Initiative scenario would result in lesser air quality impacts than buildout under the adopted General Plan.

2.3.2.2 *Greenhouse Gas Emissions*

Environmental Impacts or Constraints

Buildout of the either the adopted General Plan or proposed General Plan with Initiative would result in significant greenhouse gas emissions. Since employment uses generate more vehicle trips than senior housing, it is assumed that the buildout of the proposed General Plan with Initiative scenario would result in lesser greenhouse gas emission impacts than buildout under the adopted General Plan.

Conclusion

The buildout of the proposed General Plan with Initiative scenario would result in lesser greenhouse gas emission impacts than buildout under the adopted General Plan.

2.3.3 Environmental Resources Not Evaluated

The environmental analysis does not discuss the Initiative's impact on the following resources because the impacts under the General Plan and proposed General Plan with Initiative would be similar for the reasons specified below:

- **Aesthetics** – Development of 3,247 acres of employment lands under either the adopted General Plan or proposed General Plan with Initiative would be subject to design guidelines to ensure aesthetic compatibility with the surrounding neighborhood, the City's Outdoor Lighting Policy to reduce light and glare impacts, and the City's Tree Preservation Ordinance to reduce aesthetic impacts from tree removal.

- **Agricultural and Forestry Resources** – Of the 3,247 acres, 1,296 acres (or 40 percent) are designated or used for agricultural uses by the California Department of Conservation.[69] None of the lands are designated or used for forestry uses. The development and conversion of these lands is planned in the adopted General Plan. Development of the 3,247 acres would result in the same impacts to agricultural resources under the adopted General Plan or proposed General Plan with Initiative.

- **Biological Resources** – Development under either the adopted General Plan or proposed General Plan with Initiative would be required to comply with existing laws, regulations, and policies protecting biological resources including the Federal Endangered Species Act, Migratory Bird Treaty Act, California Endangered Species Act, California Native Plant Protection Act, California Fish and Game Code, CEQA, Santa Clara Valley Habitat Plan, General Plan policies (including ER-4.3, ER-5.1, ER-5.2, ER-6.3, ER-6.5, MS-21.4, MS-21.5, and MS-21.6), and City Tree Protection Ordinance.

- **Cultural Resources** – Development under either the adopted General Plan or proposed General Plan with Initiative would be required to comply with existing laws, regulations, and policies protecting cultural resources including the SB 18, AB 52, National Historic Preservation Act, Secretary of Interior's Standards for Treatment of Historic Properties, California Public Resources Code, CEQA, General Plan policies (including ER-10.1 through -10.3), and City Historic Preservation Code.

- **Geology and Soils** – Development under either the adopted General Plan or proposed General Plan with Initiative would be required to comply with existing laws, regulations, and policies to protect people and the built environment from geology and soil hazards including California Building Codes, Municipal Code, and General Plan policies (including ES-4.9, EC-4.1, EC-4.2, EC-4.4, EC-4.7, and LU-18.1 through -18.5).

- **Hydrology and Water Quality** – Impacts to hydrology (including the storm drain system) and water quality from development under either the adopted General Plan or proposed General Plan with Initiative would be mitigated and avoided through compliance with existing policies and regulations including the National Flood Insurance Program, Clean Water Act, Porter-Cologne Act, National Pollution Discharge Elimination System permit program, Basin Plan, General Plan policies (including EC-5.1, EC-5.7, MS-3.4, MS-3.5, ER-2.3, ER-8.1, ER-8.3, and ER-8.5), City Post-Construction Urban Runoff Management Policy, and City Post-Construction Hydromodification Management Policy.

- **Hazards and Hazardous Materials** – Development under either the adopted General Plan or proposed General Plan with Initiative is required to comply with existing laws, regulations, and policies to protect the environment and people from hazards and hazardous materials including those by the California Environmental Protection Agency, Department of Toxic Substances Control, BAAQMD, Regional Water Quality Control Board, Santa Clara County Department of Environmental Health, and City. The development of industrial uses in proximity to sensitive receptors or vice versa could require additional mitigation measures

[69] California Department of Conservation. *Santa Clara County Important Farmlands 2014.* Map. October 2016.

such as additional setbacks between incompatible land uses and restrictions on industrial operations.

- **Mineral Resources** – Of the 3,247 acres of underutilized employment lands, none contain known mineral resource, and none are designated as a locally important mineral resource recovery site.[70]

- **Noise and Vibration** – Development under either the adopted General Plan or proposed General Plan with Initiative would be required to comply with existing laws, regulations, and policies to ensure noise/land use compatibility including the state building code, General Plan policies (including EC-1.1, EC-1.2, EC-1.7, EC-1.9, EC-2.3), Municipal Code. Mitigation measures may be required to attenuate noise generated from proposed employment uses if introduced adjacent to a sensitive receptor or, conversely, if a residential development were introduced in an incompatible noise environment, mitigation may be required of the residential development to construct noise attenuating improvements to existing, noise generating sources.

A discussion of the Initiative's citywide impacts on parks/open space, population and housing, transportation, and land use are discussed in the 9212 Report.

[70] City of San José. *Integrated Final Program Environmental Impact Report for the Envision San José 2040 General Plan.* SCH# 2009072096. September 2011. Certified November 1, 2011. Pages 516-517.

Table 5: Summary of Comparison of Environmental Impacts and EDF Consistency with the City's Typical Mitigation or Conditions of Approval						
Environmental Resource	**Compared to the Impacts under the Adopted General Plan, Impacts of the Proposed General Plan with Initiative are:**			**Compared to the City's Typical Mitigation or Conditions of Approval, the ESHSP EDFs are:**		
	Less	**Same/ Similar**	**Greater**	**Consistent**	**Inconsistent**	**Insufficient**
ESHO Site Analysis						
Infrastructure						
• School Services			X			
• Other Public Services						
– Police Protection			X			
– Fire Protection		X				
– Library Services			X			
• Utilities and Service Systems						
– Water Supply	X					
– Wastewater Treatment and Sanitary Sewer System Capacity	X					X
– Solid Waste Disposal	X					
Other Environmental Issues						
• Aesthetics/Community Form		X				
• Agricultural and Forestry Resources		X				
• Air Quality	X			X		X
• Biological Resources		X		X		
• Cultural Resources		X		X		X
• Geology and Soils		X		X		
• Greenhouse Gas Emissions	X					
• Hazards and Hazardous Materials		X		X		
• Hydrology and Water Quality		X		X		
• Mineral Resources		X				
• Noise		X		X		X
Citywide Analysis						
Infrastructure						
• School Services			X			
• Other Public Services						
– Police Protection			X			
– Fire Protection		X				
– Library Services			X			
• Utilities and Service Systems						
– Water Supply			X			
– Wastewater Treatment and Sanitary Sewer System Capacity	X					
– Solid Waste Disposal	X					
Other Environmental Issues						
• Aesthetics/Community Form		X				

Table 5: Summary of Comparison of Environmental Impacts and EDF Consistency with the City's Typical Mitigation or Conditions of Approval						
Environmental Resource	**Compared to the Impacts under the Adopted General Plan, Impacts of the Proposed General Plan with Initiative are:**			**Compared to the City's Typical Mitigation or Conditions of Approval, the ESHSP EDFs are:**		
	Less	**Same/ Similar**	**Greater**	**Consistent**	**Inconsistent**	**Insufficient**
• Agricultural and Forestry Resources		X				
• Air Quality	X					
• Biological Resources		X				
• Cultural Resources		X				
• Geology and Soils		X				
• Greenhouse Gas Emissions	X					
• Hazards and Hazardous Materials		X				
• Hydrology and Water Quality		X				
• Mineral Resources		X				
• Noise		X				
Note: Refer to the body of the report for a complete discussion of the environmental impacts and EDF consistency with the City's typical mitigation or conditions of approval.						

SECTION 3.0 REFERENCES

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---. *Final Supplemental Program Environmental Impact Report for the Envision San José 2040 General Plan*. SCH# 2009072096. November 2015. Certified November 15, 2015.

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Appendix 6: Hexagon Transportation Analysis

HEXAGON TRANSPORTATION CONSULTANTS, INC.

Evergreen Senior Homes Initiative Elections Code § 9212 Report

Traffic Impact Analysis

Prepared for:

City of San Jose

December 22, 2017

Hexagon Transportation Consultants, Inc.
Hexagon Office: 4 North Second Street, Suite 400
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Table of Contents

List of Tables

List of Figures

Executive Summary

This report presents the results of a traffic study conducted for the City of San Jose regarding the Evergreen Senior Homes Initiative (ESHI), which has recently been submitted as a ballot initiative regarding the land use designation of a 200-acre site in the Evergreen area of San Jose. The subject land parcel is currently approved for 2.0 million square feet (msf) of Campus Industrial space. The initiative proposes an Evergreen Senior Housing Overlay (ESHO) and an Evergreen Senior Homes Specific Plan (ESHSP) to convert that site to a residential designation in order to accommodate up to 910 senior housing units. Such a conversion would be inconsistent with the City's current General Plan and the Evergreen-East Hills Development Policy (EEHDP).

This study compares the traffic conditions for the following scenarios:

- Existing Conditions
- Existing Plus Project Conditions (Approved 2.0 msf of Campus Industrial Space): The trips related to the approved 2.0 msf of campus industrial space were added to existing traffic volumes.
- Existing Plus Project Conditions (Proposed 910 Senior Housing Units): The trips related to the proposed 910 senior housing units were added to existing traffic volumes.
- Background Conditions: Build-out of the approved Campus Industrial site. Projected volumes from the City of San Jose ATI database were added to existing volumes and a reassignment of existing traffic volumes to account for the internalization of trips within the Evergreen area was conducted.
- Background Plus Project Conditions: The trips related to the Campus Industrial use were subtracted, and the trips related to the 910 senior housing units were added to the background volumes.

The study intersections include a total of 19 signalized intersections located within the EEHDP area and include the seven Evergreen gateway intersections. The gateway intersections are all of the intersections on the edge of EEHDP area that provide access to the area. All traffic in and out of the Evergreen area must pass through at least one gateway intersection.

Existing Conditions

Under existing conditions, four of the nineteen intersections currently operate at an unacceptable level of service during at least one of the peak hours. Field observations indicated that lengthy vehicle queues are prevalent at intersections along the gateway corridors, and vehicle queues do not dissipate during each cycle. Each of the gateway intersections serve as an access point to regional freeways that are used to reach destinations (employment) that are external to the Evergreen area.

Policy Context for the Evergreen Area

A review of the planning efforts for the Evergreen area through the years is provided, along with key policies and planned improvements. The reasoning behind the City's desire to foster an employment base within the Evergreen area can be summarized as follows:

- **Reverse Commute**: The employees who commute to the Evergreen Campus Industrial Employment Area would be travelling in the "reverse commute" or "off-peak" direction, i.e., the opposite direction that Evergreen residents travel when leaving the area to get to work or when returning home in the evening. The off-peak direction of the roadway network (i.e. inbound in the morning and outbound in the evening) has unused capacity to accommodate these reverse commute vehicle trips.
- **Reduced Congestion at Gateways**: Providing a job base within the Evergreen area would relieve traffic congestion in the outbound direction during the AM peak hour and the inbound direction during the PM peak hour at the gateway intersections and along the gateway corridors.
- **Internalization of Trips within Evergreen**: The EEHDP EIR estimated that 45% of the jobs on the Campus Industrial land would be filled by residents from within the EEHDP area. Since these workers would both live and work within the EEHDP area, these trips are called "internalized" trips. These internalized trips would have short trip lengths, as the distance between home and workplace would be much shorter than trips for people who commute out of the Evergreen area.

Trip Generation Estimates for Proposed Senior Housing and Approved Campus Industrial Uses

The number of trips generated by the proposed ESH initiative was estimated using trip rates recommended by the Institute of Transportation Engineers (ITE) *Trip Generation Manual, 10th Edition (2017).* This reference publishes the results of 30 surveys of detached senior adult housing around the country (land use category 251). The average rates from the surveys for detached senior housing are 4.27 daily trips per unit with 0.24 and 0.30 trips per unit during the AM and PM peak hours, respectively.

As additional verification of the ITE trip generation rates, Hexagon surveyed The Villages, which is an existing senior housing development in the Evergreen area. Based on the driveway counts, the trip generation rate for the Villages was calculated to be 2.92 daily trips per unit, with 0.17 and 0.24 trips per unit during the AM and PM peak hours, respectively.

The comparison of trip generation rates for senior housing based on the surveyed Village rates with those of ITE indicate that the ITE rates are 20-30 percent higher than the rates based on the survey. It is important to note that the ITE rates are based on a wide variety of senior housing types ranging from communities with very active, working residents to communities with older, retired residents. Thus, ITE recommends that factors such as average age of residents, development location and size, affluence of residents, employment status, and vehicular access be considered when estimating trips for senior housing.

Details with regard to the amount of different types of housing, on-site amenities, and age of residents of the proposed ESHI development are not known at this time. Therefore, given the survey results and published ITE rates, it is the professional opinion of Hexagon that the use of ITE rates provides the most conservative estimation of trips that could be potentially generated by the proposed ESHI development. Based on the ITE rates, it is estimated that the proposed senior housing units would

generate 3,886 daily trips, with 218 trips (72 inbound and 146 outbound) occurring during the AM peak hour and 273 trips (167 inbound and 106 outbound) occurring during the PM peak hour.

Trip generation for the approved campus industrial use was estimated using the City of San Jose's R&D trip generation rate, Previous traffic studies for the EDP and the EEHDP have used the City of San Jose's trip generation rate for research and development (R&D) space (*City of San Jose Traffic Impact Guidelines*, November 2009) to estimate the number of trips that would be generated by the Campus Industrial areas. To maintain consistency with those analyses, the San Jose R&D rate was used in this study as well. The approved 2.0 msf of Campus Industrial space would generate 16,000 daily trips, with 2,560 trips (2,048 inbound and 512 outbound) occurring during the AM peak hour and 2,240 trips (224 inbound and 2,240 outbound) occurring during the PM peak hour.

Trip Distribution and Assignment

The trip distribution pattern for senior housing was estimated based on trip distribution patterns utilized for previous residential development within the Evergreen area. The trip distribution pattern for the Campus Industrial is consistent with that assumed for the approved Campus Industrial space in past traffic studies. Just under one half (45%) of the trips generated by the Campus Industrial space are estimated to come from within the Evergreen area. These trips are the internalized trips, and would primarily be Evergreen residents who work at the Evergreen Campus Industrial space. The remaining 55% of trips generated by the approved Campus Industrial space would travel to and from locations outside the Evergreen area.

Intersection Level of Service Analysis

The impact criteria set forth in the EEHDP have been applied to the comparison of background and background plus project conditions.

Under existing conditions, there are four intersections operating at an unacceptable level of service, as shown in Table ES-1. The table also shows that four intersections are projected to operate at LOS E or LOS F conditions during at least one peak hour under existing plus project conditions with both the approved campus industrial space and senior housing units. Traffic due to the approved industrial space would result in impacts at two intersections while the traffic due to the proposed senior housing units would result in impacts to each of the four deficient intersections.

Under background conditions, the scenario that includes development of the Campus Industrial site as approved, eight of the 19 study intersections would operate at LOS E or LOS F. Under background plus project conditions, the scenario that includes the proposed Senior Housing project, only four of the 19 intersections would operate at LOS E or LOS F. At three of the four intersections that would remain at an unacceptable level of service, the proposed senior housing project would add trips – which is defined as a significant impact under the criteria that apply to the Evergreen area.

Freeway Ramp Analysis

An analysis of metered freeway ramps providing access to US 101 from the Evergreen area was performed to identify the effect of the proposed land use conversion on delay at the metered freeway on-ramps. Note that only the proposed senior housing was evaluated under existing plus project conditions. As shown in Table ES-2, the freeway ramp analysis indicates that the wait time at the U.S. 101 northbound on-ramp at Capitol Expressway is projected to increase by approximately 14 seconds under existing plus project conditions. Wait times at the northbound on-ramp at Yerba Buena Road are projected to increase five seconds under existing plus project conditions. Thus, the freeway ramp

analysis indicates that the conversion of land use to accommodate the senior housing units would result in increases in delay at the metered U.S. 101 freeway ramps.

Gateway Intersection Peak Period Delay

Intersection level of service analysis is based on the average delay for all turn movements at an intersection. Average delay may not always reflect the experience of motorists at intersections where traffic flow is predominantly in one direction (peak directional flow). In such cases, the addition of traffic to peak directions may have a greater effect on motorists than would be reflected by average delay. Therefore, peak direction delay at each of the gateway intersections also was reviewed.

As shown in Table ES-3, the review indicates that the approved Campus Industrial development would result in a reduction in peak direction delay at two gateway intersections during the AM peak hour when compared to existing conditions, and a decrease of 2.1 seconds for all intersections combined. The proposed senior housing units would result in an increase of 3.5 seconds in peak direction delay during the AM peak hour for all intersections combined.

During the PM peak hour, the approved Campus Industrial development would result in an increase of 2.6 seconds of delay for all intersections combined. The proposed senior housing units would result in an increase of 7.9 seconds in peak direction delay during the PM peak hour for all intersections combined. Thus, the proposed senior housing units would result in more peak direction delay than the Campus Industrial development during both the AM and PM peak hours.

Gateway Corridor ADT Analysis

Using Average Daily Traffic (ADT) data collected in November 2017, the level of service for roadway segments that are part of the seven gateway corridors was calculated. As shown in Table ES-4, under existing conditions, one of the seven roadway segments currently operates at LOS F, and the other six operate at LOS D. Compared to existing conditions, the proposed senior housing units would not result in any change to the level of service on any of the roadway segments evaluated. Note that only the proposed senior housing was evaluated under existing plus project conditions.

Under both background conditions (with the Campus Industrial space) and background plus project conditions (with the Senior Housing units), four of the seven roadway segments would operate at an unacceptable level of service. The segment of Tully Road, between Alvin Avenue and Seacliff Way, would deteriorate from LOS E to LOS F with the proposed senior housing initiative.

Citywide Policy

The proposed initiative does not define the term “underutilized employment lands” which is used throughout the initiative as areas where the senior housing overlay would apply. For the purposes of this analysis, we define the term to apply to all vacant employment lands within the City, although the term could also be interpreted broadly enough to apply to any land where maximum development potential has not been desired or realized by the property owner. The conversion of vacant or underutilized employment lands to senior housing will jeopardize the City of San Jose's jobs-first priorities in its adopted General Plan and other land use related policies. A qualitative evaluation of the effects of the potential conversion of other employment lands within the City to senior housing was conducted.

Sites converted to senior housing may reduce the amount of commute trips added to the roadway system in the proximate area, and therefore improve the traffic during the commute peak

hours. However, the land use conversions would result in an adverse effect on the citywide transportation system when considered cumulatively along with the balance of housing and employment Citywide. The City historically has had an imbalance in jobs to housing ratio that resulted in more residents than jobs within the City. The imbalance results in San Jose residents commuting longer distances to employment located outside of the City limits. The land use policies and plan of the General Plan provide for opportunities, such as the Evergreen Campus Industrial lands, to provide more jobs within the City limits for its residents. The additional jobs create the opportunity for internal trip making and trip length reduction to employment within the City.

Most of the vacant employment lands are located in the City's Planned Growth Areas, which would support the General Plan's focused and balanced growth strategy by bringing jobs to the areas and bringing people closer to the places they need to go. Converting these employment lands to residential use would result in an imbalance of jobs and housing in the Planned Growth Areas and diverge from the City's focused and balanced growth strategy.

Table ES-1
Intersection Level of Service Summary

Study Number	Intersection	LOS Standard	Peak Hour	Existing Avg. Delay	Existing LOS	Existing Plus Project: 2.0 m.s.f of Campus Industrial Avg. Delay	LOS	Incr. In Crit. Delay	Incr. In Crit. V/C	Existing Plus Project: Senior Housing Avg. Delay	LOS	Added Trips	Background Avg. Delay	Background LOS	Background Plus Project Avg. Delay	LOS	Net Added Trips
1	White Road and Story Road	D	AM	50.1	D	50.1	D	-0.1	-0.001	50.1	D		51.1	D	51.0	D	
			PM	48.4	D	48.2	D	-0.1	-0.004	48.4	D		49.4	D	49.5	D	
2	Capitol Expressway and Story Road *	D	AM	54.4	D	53.2	D	-2.0	-0.027	54.4	D		53.6	D	54.7	D	
			PM	**59.3**	**E**	**59.0**	**E**	**0.1**	**0.003**	**59.3**	**E**	**8**	**61.1**	**E**	**61.4**	**E**	**134**
3	Jackson Avenue and Story Road	D	AM	32.2	C	32.2	C	0.0	-0.001	32.2	C		32.2	C	32.2	C	
			PM	37.4	D	37.4	D	-0.1	-0.001	37.4	D		37.5	D	37.5	D	
4	King Road and Story Road	D	AM	44.9	D	44.7	D	-0.1	-0.017	44.9	D		45.1	D	45.4	D	
			PM	47.9	D	47.8	D	-0.2	-0.005	47.9	D		48.3	D	48.5	D	
5	King Road and Tully Road *	D	AM	45.9	D	46.2	D	0.7	-0.027	45.9	D		46.8	D	46.6	D	
			PM	47.2	D	47.9	D	1.7	-0.021	47.2	D		49.9	D	49.7	D	
6	Capitol Expressway and Silver Creek Road *	D	AM	**61.4**	**E**	**59.9**	**E**	**0.4**	**0.035**	**61.9**	**E**	**68**	**60.6**	**E**	**61.6**	**E**	**-34**
			PM	**58.8**	**E**	**63.0**	**E**	**9.1**	**0.046**	**59.2**	**E**	**52**	**92.5**	**F**	**72.4**	**E**	**14**
7	Silver Creek Road and Yerba Buena Road	D	AM	26.9	C	25.3	C	0.5	0.016	26.9	C		25.4	C	25.7	C	
			PM	22.6	C	24.2	C	8.1	0.031	22.5	C		25.9	C	24.6	C	
8	Capitol Expressway and Aborn Road *	D	AM	**65.0**	**E**	**59.1**	**E**	**-7.9**	**0.031**	**68.3**	**E**	**91**	**64.6**	**E**	**64.6**	**E**	**-282**
			PM	**91.4**	**F**	**81.3**	**F**	**-24.6**	**-0.129**	**94.7**	**F**	**91**	**115.3**	**F**	**80.3**	**F**	**-205**
9	Capitol Expressway and Nieman Boulevard	D	AM	6.8	A	7.6	A	1.4	0.033	6.9	A		9.0	A	8.2	A	
			PM	9.5	A	9.2	A	-0.5	-0.012	9.6	A		10.4	B	10.9	B	
10	Capitol Expressway and Quimby Road *	D	AM	54.5	D	52.8	D	-3.0	-0.017	54.5	D		**61.5**	**E**	**63.6**	**E**	**-72**
			PM	53.8	D	53.9	D	0.6	0.016	54.0	D		**63.7**	**E**	**64.4**	**E**	**24**
11	Capitol Expressway and Tully Road *	D	AM	**55.4**	**E**	51.9	D	-17.9	-0.196	**55.4**	**E**	**18**	52.0	D	54.9	D	
			PM	49.0	D	49.1	D	0.1	0.001	49.0	D		51.7	D	51.4	D	
12	Nieman Boulevard and Aborn Road	D	AM	31.5	C	38.3	D	9.5	0.090	31.5	C		**56.4**	**E**	41.2	D	
			PM	39.2	D	39.1	D	5.1	0.009	39.6	D		43.8	D	45.5	D	
13	San Felipe Road/White Road and Aborn Road	D	AM	47.9	D	47.0	D	-3.4	-0.014	48.5	D		53.1	D	48.1	D	
			PM	43.8	D	46.0	D	-4.5	0.021	43.9	D		**68.5**	**E**	50.7	D	
14	San Felipe Road and Yerba Buena Road (S)	D	AM	42.2	D	41.8	D	3.2	0.032	42.8	D		43.8	D	41.3	D	
			PM	34.4	C	41.8	D	9.1	0.129	34.8	C		42.9	D	40.0	D	
15	Nieman Blvd/Silver Creek Valley Rd and Yerba Buena Rd	D	AM	39.3	D	**55.9**	**E**	**32.9**	**0.269**	39.5	D		**106.7**	**F**	54.9	D	
			PM	39.8	D	41.3	D	6.0	0.062	40.1	D		41.9	D	39.6	D	
16	US 101 and Capitol Expressway (E)	D	AM	7.7	A	7.5	A	-0.1	-0.002	7.7	A		7.7	A	7.8	A	
			PM	13.2	B	12.3	B	7.9	-0.029	13.1	B		11.6	B	12.6	B	
17	US 101 and Capitol Expressway (W)	D	AM	14.1	B	15.1	B	4.3	0.069	14.2	B		17.1	B	17.0	B	
			PM	18.9	B	18.6	B	-0.7	-0.039	19.0	B		18.9	B	18.8	B	
18	US 101 and Yerba Buena Road (E) *	D	AM	30.8	C	30.4	C	3.7	0.051	34.1	C		33.4	C	26.8	C	
			PM	18.7	B	19.3	B	8.4	0.102	18.9	B		23.0	C	21.7	C	
19	US 101 and Yerba Buena Road (W) *	D	AM	22.0	C	25.1	C	3.9	0.106	22.3	C		35.7	D	27.6	C	
			PM	27.0	C	38.0	D	18.7	0.103	27.8	C		**63.5**	**E**	45.3	D	
		Total Delay		**1493.3**		**1521.5**				**1508.4**			**1775.6**		**1598.0**		

* Denotes CMP Intersection
Bold indicates unacceptable level of service.
Bold and boxed indicate significant impact.

Table ES-2
Freeway Ramp Analysis

Freeway Ramp	Peak Hour	Existing[1] Volume[3] Total	MF	HOV	Queue Length (Veh.) Total	MF	HOV	MF Wait Time[4] (min:sec)	Existing Plus Project (Proposed Senior Housing)[2] Project Trips	Volume[3] Total	MF	HOV	Queue Length (Veh.) Total	MF	HOV	MF Wait Time[4] (min:sec)
US 101 NB On-Ramp from WB Capitol Exp	AM	1,145	822	323	139	100	39	7:30	38	1,183	849	334	144	103	41	7:44
US 101 NB On-Ramp from Yerba Buena Rd	AM	1,089	1,089	--	56	56	--	2:20	38	1,127	1,127	--	58	58	--	2:25

Notes:
[1] Existing queue lengths and wait times represent the longest queue observed in the mixed-flow (MF) lane during the peak-hour. Existing wait times were estimated based on peak ramp meter rates observed in November 2017.
[2] Existing plus project (proposed senior housing) conditions queue lengths were estimated based on the ratio between the existing volumes on the ramp and the project trips added to the ramp.
[3] Split between mixed-flow and HOV lanes were obtained from 2016 VTA CMP Monitoring Report for northbound US 101 between Capitol Expressway and Tully Road.
[4] Wait times were estimated based on the queue length and the measured meter's service rate for mixed-flow lane. HOV lane has shorter wait time due to having faster meter rate than mixed-flow lane.

Table ES-3
Gateway Intersection Peak Period Delay

Study Number	Intersection	AM Peak Hour Delay Existing Conditions	Background Conditions	Background Plus Project Conditions	PM Peak Hour Delay Existing Conditions	Background Conditions	Background Plus Project Conditions
1	White Road and Story Road	40.3	40.6	40.8	41.7	43.4	43.3
2	Capitol Expressway and Story Road *	50.1	46.5	49.9	51.9	50.1	51.8
3	Jackson Avenue and Story Road	44.5	44.6	44.6	48.2	48.3	48.2
4	King Road and Story Road	102.4	104.6	104.6	92.8	92.0	92.9
5	King Road and Tully Road *	40.6	44.5	42.3	36.2	44.0	41.8
6	Capitol Expressway and Silver Creek Road *	62.8	57.4	61.4	46.7	40.5	44.3
7	Silver Creek Road and Yerba Buena Road	20.6	21.0	21.2	13.4	15.2	16.5
	Total Peak Direction Delay	**361.3**	**359.2**	**364.8**	**330.9**	**333.5**	**338.8**
	Change Compared to Existing		**-2.1**	**3.5**		**2.6**	**7.9**

Table ES-4
Gateway Corridor ADT Analysis

#	Segment	Direction	Existing				Existing Plus Project[1]				Difference			Background				Background Plus Project				Difference		
			AM	PM	ADT	LOS	AM	PM	ADT	LOS	AM	PM	ADT	AM	PM	ADT	LOS	AM	PM	ADT	LOS	AM	PM	ADT
1	Yerba Buena Road, between Whinney Place Way and Gardie Place Way	EB	883	**1,469**	15,099		906	**1,508**	15,500		+23	**+39**	+401	1,869	**1,349**	13,866		1,446	**1,472**	15,130		-423	**123**	+1264
		WB	**1,540**	1,098	16,878		**1,587**	1,123	17,262		**+47**	+25	+384	**1,595**	2,099	32,265		**1,645**	1,669	25,655		**50**	-430	-6610
		Total	2,423	2,567	31,977	D	2,493	2,631	32,762	D	+70	+64	+785	3,464	3,448	46,131	**F**	3,091	3,141	40,785	**F**	-373	-307	-5346
2	Capitol Expressway, between Silver Creek Road and US 101	NB	1,151	**1,872**	23,371		1,173	**1,904**	23,771		+22	**+32**	+400	1,959	**1,422**	17,753		1,659	**1,736**	21,673		-300	**314**	+3920
		SB	**1,694**	1,582	23,731		**1,740**	1,602	24,031		**+46**	+20	+300	**1,401**	2,480	37,202		**1,648**	2,147	32,206		**247**	-333	-4995
		Total	2,845	3,454	47,102	D	2,913	3,506	47,802	D	+68	+52	+700	3,360	3,902	54,955	D	3,307	3,883	53,879	D	-53	-19	-1075
3	Tully Road, between Alvin Avenue and Seacliff Way	EB	1,103	**2,072**	26,159		1,105	**2,079**	26,247		+2	**+7**	+88	1,230	**1,894**	23,912		1,268	**2,129**	26,879		38	**235**	+2967
		WB	**2,006**	1,569	26,816		**2,010**	1,573	26,884		**+4**	+4	+68	**1,846**	1,802	30,798		**2,069**	1,812	30,969		**223**	10	+171
		Total	3,109	3,641	52,975	D	3,115	3,652	53,132	D	+6	+11	+157	3,076	3,696	54,710	**E**	3,337	3,941	57,848	**F**	261	245	+3138
4	Story Road, between Knox Avenue and King Road	EB	1,198	**1,672**	20,660		1,198	**1,672**	20,660		0	**0**	0	1,341	**1,930**	23,848		1,341	**1,930**	23,848		0	**0**	0
		WB	**1,382**	1,595	21,137		**1,382**	1,595	21,137		**0**	0	0	**1,559**	1,857	24,609		**1,559**	1,857	24,609		**0**	0	0
		Total	2,580	3,267	41,797	D	2,580	3,267	41,797	D	0	0	0	2,900	3,787	48,457	D	2,900	3,787	48,457	D	0	0	0
5	King Road, between Lido Way and I-680 EB Ramps	NB	**2,014**	1,370	19,494		**2,015**	1,371	19,508		**+1**	+1	+14	**1,958**	1,500	21,344		**2,021**	1,506	21,429		**63**	6	+85
		SB	1,248	**1,583**	20,943		1,249	**1,585**	20,969		+1	**+2**	+26	1,325	**1,642**	21,724		1,342	**1,688**	22,332		17	**46**	+609
		Total	3,262	2,953	40,437	**F**	3,264	2,956	40,478	**F**	+2	+3	+41	3,283	3,142	43,067	**F**	3,363	3,194	43,761	**F**	80	52	+694
6	Capitol Expressway, between Story Rd and Capitol Ave	NB	**3,117**	2,013	36,884		**3,123**	2,016	36,939		**+6**	+3	+55	**2,919**	2,214	40,567		**3,116**	2,186	40,054		**197**	-28	-513
		SB	1,368	**2,746**	32,017		1,371	**2,751**	32,075		+3	**+5**	+58	1,502	**2,619**	30,536		1,507	**2,773**	32,332		5	**154**	+1796
		Total	4,485	4,759	68,901	D	4,494	4,767	69,014	D	+9	+8	+113	4,421	4,833	71,103	**E**	4,623	4,959	72,386	**E**	202	126	+1283
7	White Road, between Milford Way and Buckner Dr	NB	**1,371**	840	12,200		**1,372**	841	12,215		**+1**	+1	+15	**1,407**	956	13,885		**1,408**	918	13,333		**1**	-38	-552
		SB	793	**1,220**	12,175		794	**1,222**	12,195		+1	**+2**	+20	904	**1,239**	12,365		866	**1,254**	12,514		-38	**15**	+150
		Total	2,164	2,060	24,375	D	2,166	2,063	24,409	D	+2	+3	+34	2,311	2,195	26,249	D	2,274	2,172	25,847	D	-37	-23	-402

ADT = Average Daily Traffic
[1] Project refers to proposed senior housing development.
Bold numbers indicate peak direction during peak hour. **Bold** LOS indicates unacceptable LOS (E or F)

1. Introduction

This report presents the results of a traffic study conducted for the City of San Jose in response to the proposed Evergreen Senior Homes Initiative (ESHI), which has recently been submitted as a ballot initiative regarding the land use designation of a 200-acre site in the Evergreen area of San Jose. The subject land parcel is currently approved for 2.0 million square feet (msf) of Campus Industrial space. The initiative proposes an Evergreen Senior Housing Overlay (ESHO) and an Evergreen Senior Homes Specific Plan (ESHSP) to convert that site to a residential designation in order to accommodate up to 910 senior housing units. Such a conversion would be inconsistent with the City's current General Plan and the Evergreen-East Hills Development Policy (EEHDP). This study compares the traffic conditions resulting from the approved Campus Industrial land use designation to the traffic conditions resulting from the proposed Senior Housing designation.

The site that is the subject of the proposed initiative is part of the Evergreen-East Hills Development Policy area, as shown on Figure 1. Figure 1 highlights the 370-acre area within the EEHDP that has been designated for 4.25 msf of Campus Industrial space, of which 2.0 msf would be converted to residential uses under the proposed initiative. The land is currently vacant except for an approximately 386,000 sf industrial building that is currently unoccupied and two homes.

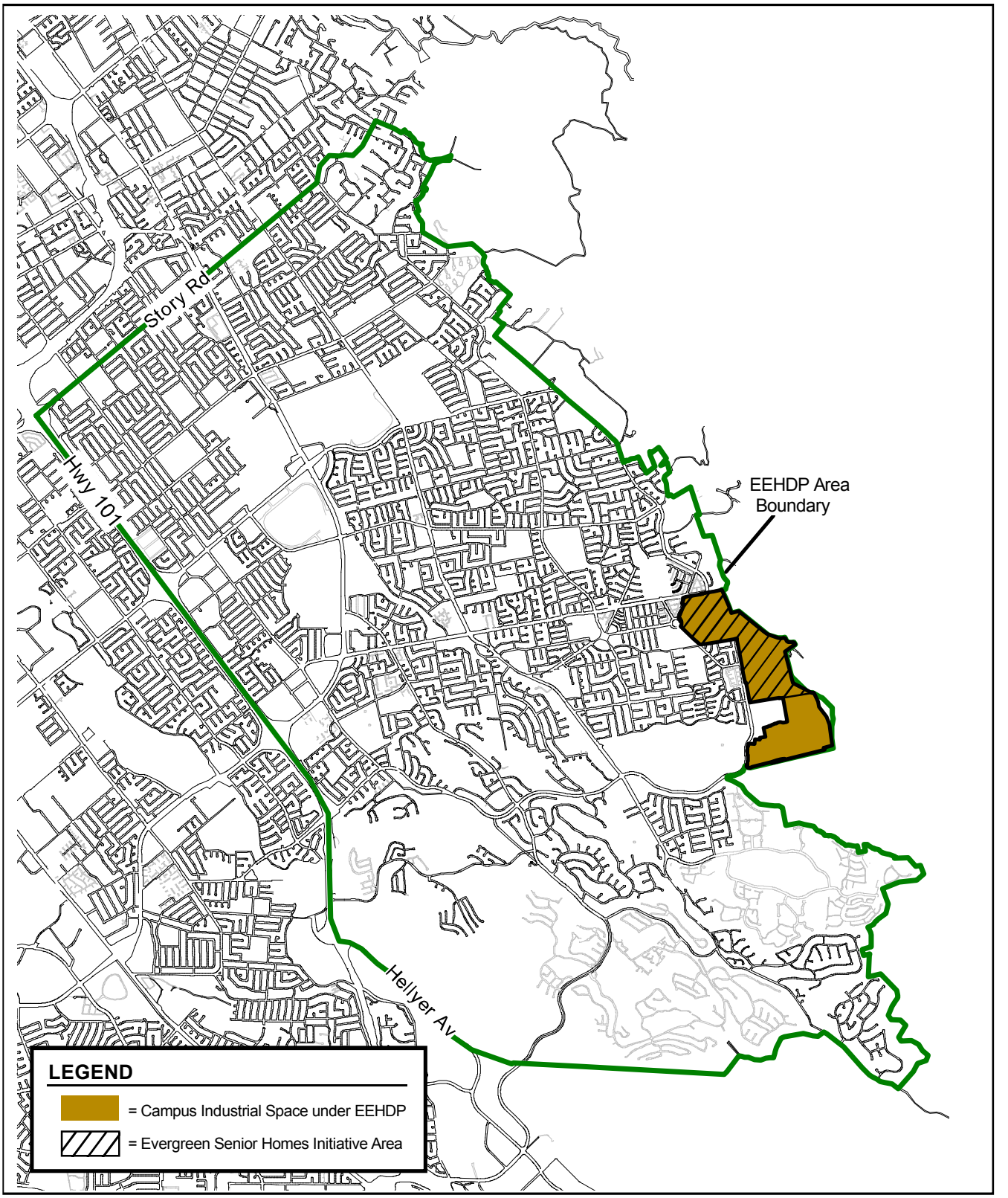
Scope of Study

This study provides an evaluation of traffic conditions during the weekday AM and PM peak hours at key intersections in the EEHDP area and the need for further roadway improvements due to the proposed land use conversion at the studied roadway facilities. The evaluation focuses on major intersections and roadways that are located within and provide access to the EEHDP area. The evaluation does not represent a comprehensive analysis of the effects that the proposed land use conversion may have at other roadway facilities within or outside of the EEHDP area. This study identifies the potential traffic impacts related to the proposed initiative, both in relation to existing traffic conditions and in relation to the conditions that would occur if the subject parcel were developed as approved (i.e., as Campus Industrial). The potential impacts of the proposed initiative on the Evergreen area transportation network were evaluated in accordance with the standards set forth by the City of San Jose in its Evergreen-East Hills Development Policy and by the Santa Clara Valley Transportation Authority Congestion Management Program (CMP).

Project Understanding

The "project", as referred to in this study, is the conversion of 2.0 msf of Campus Industrial space to 910 senior residential units, as proposed in the Evergreen Senior Homes Initiative. It is assumed that the units would be age-restricted single-family homes for seniors. Because the original Evergreen

Figure 1
Evergreen-East Hills Development Policy Area



Development Policy approved 4.25 msf of Campus Industrial space, the area would still include 2.25 msf of approved Campus Industrial space if the proposed initiative were approved.

The proposed senior housing initiative is not consistent with the 2008 Evergreen-East Hills Development Policy or the City's adopted General Plan. Additional detail regarding the EEHDP and the specific policies that pertain to the proposed initiative are included in Chapter 2.

Study Intersections

The study intersections include a total of 19 signalized intersections located within the EEHDP area and include the seven Evergreen Gateway intersections (see Figure 2). The Gateway intersections, also referred to as "screenline" intersections, are all of the intersections on the edge of EEHDP area that provide access to the area. All traffic in and out of the Evergreen area must pass through at least one Gateway intersection. Because of this, the Gateway intersections and the corridors leading to them have the greatest potential for heavy traffic volumes and are of critical importance to the entire Evergreen area. The Gateway intersections currently experience traffic flows that are primarily outbound during the AM peak hour and inbound during the PM peak hour.

In addition to the intersection analysis, an evaluation of gateway corridor segments and freeway ramp operations were completed as part of this study. The roadway segments that function as gateway corridors and where average daily traffic volumes were counted are shown in Figure 2.

Gateway Study Intersections

1. White Road and Story Road
2. Capitol Expressway and Story Road*
3. Jackson Avenue and Story Road
4. King Road and Story Road
5. King Road and Tully Road*
6. Silver Creek Road and Capitol Expressway*
7. Silver Creek Road and Yerba Buena Road

Other Study Intersections

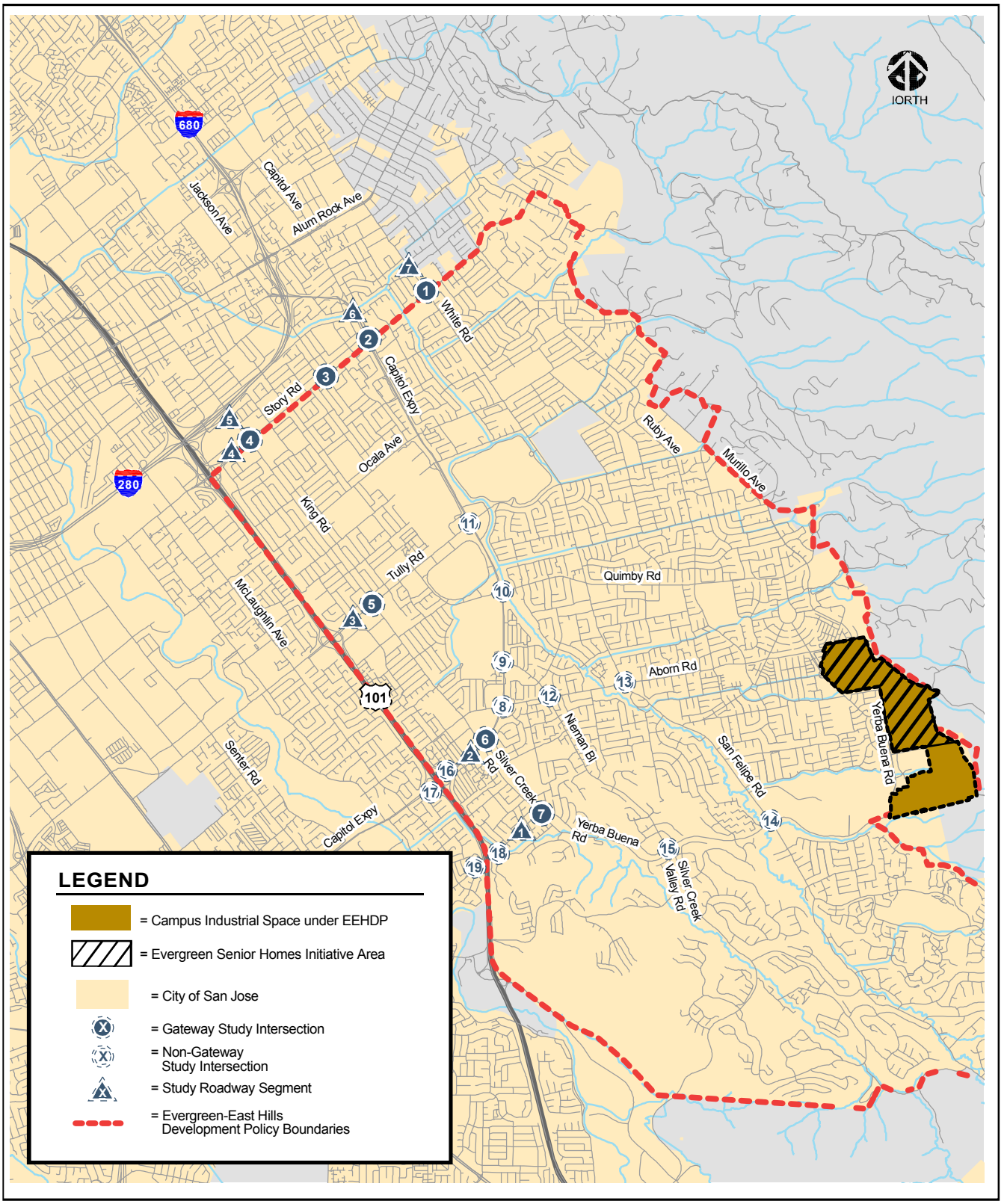
8. Capitol Expressway and Aborn Road*
9. Capitol Expressway and Nieman Boulevard
10. Capitol Expressway and Quimby Road*
11. Capitol Expressway and Tully Road*
12. Nieman Boulevard and Aborn Road
13. White Road and Aborn Road
14. San Felipe Road and Yerba Buena Road (S)
15. Nieman Boulevard and Yerba Buena Road
16. US 101 and Capitol Expressway (E)
17. US 101 and Capitol Expressway (W)
18. US 101 and Yerba Buena Road (E)*
19. US 101 and Yerba Buena Road (W)*

* = denotes a VTA CMP intersection

Freeway Ramps

US 101 and Capitol Expressway Northbound On-Ramp
US 101 and Yerba Buena Road Northbound On-Ramp

Figure 2
Study Intersections



Intersections marked with an asterisk (*) are designated as Congestion Management Project (CMP) intersections by VTA, indicating they have regional importance. Traffic conditions at the study intersections were analyzed for the weekday AM and PM peak hours of traffic. The AM peak hour is expected to occur between 7:00 AM and 9:00 AM and the PM peak hour is expected to occur between 4:00 PM and 6:00 PM on a regular weekday. These are the peak commute hours during which most traffic congestion occurs on the roadways.

Study Scenarios

Traffic conditions were evaluated for the following five scenarios:

Scenario 1: *Existing Conditions.* Year 2016-2017 counts were utilized for all study intersections to represent existing conditions. This scenario includes any of the original EDP and updated EEHDP development that is currently constructed, since that development's traffic volume is already included within the existing traffic counts. Because the parcel that is the subject of the proposed ESHI is currently vacant, existing conditions do not include traffic related to the approved use (campus industrial) or the proposed use (senior housing).

Scenario 2: *Existing Plus Project Conditions (Approved 2.0 msf Campus Industrial).* Existing plus project conditions were estimated by adding to existing traffic volumes the additional traffic generated by the approved 2.0 msf campus industrial. Existing plus project conditions were evaluated relative to existing conditions in order to determine the effects the project would have on the existing roadway network and the existing levels of congestion.

Scenario 3: *Existing Plus Project Conditions (*910 senior housing units*).* Existing plus project conditions were estimated by adding to existing traffic volumes the additional traffic generated by the proposed project (910 senior housing units). Existing plus project conditions were evaluated relative to existing conditions in order to determine the effects the project would have on the existing roadway network and the existing levels of congestion.

Scenario 4: *Background Conditions (Build-out of Approved Campus Industrial).* Background traffic volumes are represented by adding to the existing volumes the projected volumes from approved developments that have not yet been constructed and occupied. Approved project trips and/or approved projects information were obtained from the City of San Jose ATI database. The ATI database includes trips associated with the residential units, retail space, and office space that were originally approved as part of the EDP and EEHDP. The trips associated with the approved 4.25 msf of Campus Industrial space also were added to the existing traffic volumes. A reassignment of existing traffic volumes to account for the internalization of trips within the Evergreen area due to the introduction of employment also is included in this scenario. Background conditions represent the baseline conditions to which project conditions are compared for the purpose of determining project impacts.

Scenario 5: *Background Plus Project Conditions* (*Proposed Senior Housing Conversion).* This scenario includes the replacement of trips for 2.0 msf of the 4.25 msf of Campus Industrial with trips for 910 senior housing trips on the project site. Since this scenario eliminates 2.0 msf of the 4.25 msf of Campus Industrial use, a proportional share of the reassignment of existing traffic due to internalization of trips also was removed. A comparison of the identified impacts for Scenario 4

(Approved Campus Industrial) versus those of Scenario 5 (Proposed Senior Housing) is made to determine whether the proposed land conversion would result in further impacts to the roadway system than already identified in the EDP and EEHDP for the approved Campus Industrial uses.

The approved Campus Industrial space would result in the introduction of a significant number of jobs within the Evergreen area, which is currently predominantly residential. The establishment of a job base within the Evergreen area would result in the internalization of many trips between home and workplace within the area and a reduction in trips leaving the EEHDP area at its gateways. Therefore, traffic volumes in Scenario 4 include a reassignment of existing traffic volumes to reflect the internalization of trips equivalent to 45% of the trips that are estimated to be generated by the approved 4.25 msf of Campus Industrial space. The reassignment of existing traffic to reflect internalization of trips results in the removal of traffic along travel routes to and at the gateways to the Evergreen area and the addition of traffic to destinations within Evergreen. Traffic volumes in Scenario 5 also include reassignment due to internalization, but less than Scenario 4. Scenario 5 includes reassignment of existing traffic volumes to reflect the internalization of trips related to the remaining 2.25 msf of Campus Industrial space. .

Methodology

This section presents the methods used to determine the traffic conditions for each scenario described above. It includes descriptions of the data requirements, the analysis methodologies, and the applicable level of service standards.

Data Requirements

The data required for the analysis were obtained from recent counts, the City of San Jose, and field observations. The following data were collected from these sources:

- existing traffic volumes
- existing lane configurations
- signal timing and phasing

Analysis Methodology for Signalized Intersections

Traffic conditions at the study intersections were evaluated using level of service (LOS). *Level of Service* is a qualitative description of operating conditions ranging from LOS A, or free-flow conditions with little or no delay, to LOS F, or jammed conditions with excessive delays. The City of San Jose evaluates level of service at signalized intersections based on the *2000 Highway Capacity Manual* (HCM) level of service methodology using TRAFFIX software. This method evaluates signalized intersection operations on the basis of average control delay time for all vehicles at the intersection. Table 1 shows the level of service definitions for signalized intersections.

Level of Service Standard and Impact Criteria

The City of San Jose's level of service standard for signalized intersections is LOS D.

Significance criteria are used to establish what constitutes a significant impact. Because the Initiative's senior housing project is within the Evergreen-East Hills Development Policy Area, this analysis uses the following EEHDP policy definition of impacts for intersections (P. 17, Level of Service Standards – EEHDP Area Projects) within the EDP area to determine the significance of traffic impacts:

Table 1
Signalized Intersection Level of Service Definitions Based on Control Delay

Level of Service	Description	Average Control Delay Per Vehicle (Sec.)
A	Operations with very low delay occurring with favorable progression and/or short cycle lengths.	Up to 10.0
B	Operations with low delay occurring with good progression and/or short cycle lengths.	10.1 to 20.0
C	Operation with average delays resulting from fair progression and/or longer cycle lengths. Individual cycle failures begin to appear.	20.1 to 35.0
D	Operations with longer delays due to a combination of unfavorable progression, long cycle lengths or high V/C ratios. Many vehicles stop and individual cycle failures are noticeable.	35.1 to 55.0
E	Operations with high delay values indicating poor progression, long cycle lengths, and high V/C ratios. Individual cycle failures are frequent occurrences. This is considered to be the limit of acceptable delay.	55.1 to 80.0
F	Operations with delays unacceptable to most drivers occurring due to over saturation, poor progression, or very long cycle lengths.	Greater than 80.0

Source: Transportation Research Board,*2000 Highway Capacity Manual*, (Washington, D.C., 2000)

"Impact Criteria. A project is said to create a significant adverse impact on traffic conditions at a signalized intersection located in the EDP Area if for during peak hours:

1. The level of service at the intersection degrades to a worse letter grade level of service, or

2. a) For non-residential projects, the level of service at the intersection is an unacceptable Level of Service E or F and the addition of project traffic creates an increase critical delay value by 2 seconds or more and an increase in critical V/C ratio of 0.005 or more.
   b) For residential projects, one or more added trips to an intersection operating at an unacceptable Level of Service E or F. "

A significant impact can be satisfactorily mitigated when measures are implemented that would restore the intersection level of service to background conditions or better.

Roadway Segment Analysis

Traffic operations along the gateway corridors also were evaluated by comparing the average daily volumes (ADT) to the threshold capacities for various roadway types identified in the *Highway Capacity Manual, Transportation Research Board 2000 (HCM 2000),* which is the most recent applicable document. The HCM 2000 thresholds are based on the local roadway functional classification, and these values provide a planning-level analysis of the relative traffic load and approximate capacity on a particular roadway (see Table 2). It is important to note that daily volume thresholds are used for planning purposes, and traffic during the peak commute periods may result in worse operations than

illustrated by the daily LOS. The City of San Jose does not have a formally adopted roadway segment operating standard or significance criteria. For the purposes of this analysis, LOS D was used as a guideline for the evaluation of daily segment volumes to maintain consistency with the City's LOS D standard at intersections.

Table 2
Maximum ADT Thresholds by Roadway Classification

Roadway Type	Maximum Daily Volume (both directions except freeways)				
	LOS A	LOS B	LOS C	LOS D	LOS E
2-Lane Freeway[1]	11,100	20,100	28,800	35,700	40,100
2-Lane Freeway with Auxiliary Lane[1]	14,100	25,500	36,400	44,900	50,300
3-Lane Freeway[1]	17,000	30,800	44,000	54,100	60,600
3-Lane Freeway with Auxiliary Lane[1]	20,100	36,400	51,800	63,500	71,000
4-Lane Freeway[1]	23,200	42,000	59,500	72,800	81,400
4-Lane Freeway with Auxiliary Lane[1]	26,300	47,600	67,300	82,200	91,800
5-Lane Freeway[1]	32,800	53,700	75,500	91,700	102,300
2-Lane Highway	1,200	2,900	7,900	16,000	20,500
4-Lane Multilane Highway	21,400	35,200	50,600	65,600	73,000
6-Lane Multilane Highway	32,100	52,800	76,200	98,000	109,000
2-Lane Undivided Arterial[3]	N/A	N/A	9,100	16,700	17,700
2-Lane Divided Arterial[3]	N/A	N/A	9,700	17,600	18,700
3-Lane Arterial (2 in one direction)[3]	N/A	N/A	13,100	20,600	21,700
4-Lane Undivided Arterial[3]	N/A	N/A	17,500	27,400	28,900
4-Lane Divided Arterial[3]	N/A	N/A	19,200	35,400	37,400
5-Lane Divided Arterial (3 in one direction)[3]	N/A	N/A	22,600	44,300	46,700
6-Lane Divided Arterial[3]	N/A	N/A	27,100	53,200	56,000
8-Lane Divided Arterial[3]	N/A	N/A	37,200	71,100	74,700
1-Lane Ramp	5,000	7,500	10,500	13,000	15,000
2-Lane Rural Road	3,100	6,200	9,400	13,200	15,600
2-Lane Collector	2,600	5,200	7,800	11,000	12,900
2-Lane Local Street	1,900	3,900	5,800	8,200	9,600

Notes:
[1]LOS capacity thresholds based on one direction.
[2]The LOS capacity thresholds are based on HCM 2000 methodology and are generally appropriate for suburban and rural areas. All volumes are approximate and assume ideal roadway characteristics.
[3]LOS A and B are not achievable for arterial roadways using the HCM 2000 methods.

Therefore, the conclusions of the corridor analysis are presented for information purposes, but are not formal impact findings.

Report Organization

The remainder of this report is divided into six chapters, as follows:
Chapter 2 presents a brief history of the planning efforts for the Evergreen area through the years and summarizes some of the key policies and planned improvements for the area.
Chapter 3 describes the existing conditions in the Evergreen-East Hills Development Policy area, focusing on the primary roadways serving the area and existing intersection level of service.
Chapter 4 presents the methods used to estimate the trip generation and trip assignment of the proposed Evergreen Senior Homes Initiative and discusses the existing plus project scenarios results.
Chapter 5 compares the traffic conditions for the Campus Industrial scenario and the Senior Housing scenario.
Chapter 6 includes a summary of the study's conclusions.

2. Planning Background and Current Policy Context

The conversion of the land use designation from Campus Industrial to Senior Residential use, as proposed in the ESHI, is inconsistent with the City's adopted General Plan and with the Evergreen-East Hills Development Policy. To provide context for the discussion of potential impacts of the proposed initiative, the following discussion of the City's history of planning efforts for this area is provided. The current policy context for the Evergreen area and the mitigation measures and local improvements that have been approved for the area are also discussed.

Previous Plans and Policies

The City of San Jose adopted the original Evergreen Development Policy (EDP) in August 1976 to address the issues of flood protection and limited traffic capacity. The EDP was defined as the area south of Story Road, east of Highway 101; and generally north of Hellyer Avenue. The eastern boundary is formed by the Urban Service Boundary in the eastern hills. This area has a limited number of "gateway" streets that provide access into and out of the area via major regional freeways. All vehicular trips to and from the Evergreen area must pass through these few gateway intersections, creating the potential for severe traffic congestion. One of the goals of the original EDP was to limit the construction of new residential units so that traffic Level of Service D would be maintained at these key gateway intersections. Level of Service D corresponds to an average of between 35 and 55 seconds of delay at an intersection, and with LOS D not all vehicles are able to clear the intersection during each traffic signal cycle.

By 1989, the gateway intersections had reached their capacity, but the Evergreen area still had potential for 4,000 more dwelling units. The Evergreen Specific Plan (ESP) was undertaken in 1990, and the City revised the original EDP in 1991. General Plan changes associated with the specific plan were also concurrently approved in 1991. As part of this planning effort, additional traffic mitigation measures were identified to support the construction of 2,996 new residential units.

In 1995, the original EDP was revised again to provide the framework for the build-out of the EDP area consistent with the General Plan at that time. Additional street system improvements were identified to allow construction of 4,759 residential units and a Benefit Assessment District was formed for the area in order to finance the needed infrastructure enhancements. The original goal of maintaining a traffic Level of Service D in the Evergreen area was retained. A minor amendment was made to the original EDP in 1998 to refine the traffic analysis methodology in order to facilitate small-scale, non-residential development in the area.

In 2003, the Evergreen-East Hills Vision Strategy, a large community outreach process, was undertaken. The City's Strong Neighborhood Initiative Program and other planning activities also took place during this time period. In May 2007 the City Council requested the development policy be updated to allow for a more limited level of development than was proposed with the Evergreen-East Hills Vision Strategy..

The 2008 Evergreen-East Hills Development Policy

The Evergreen-East Hills Development Policy (EEHDP) was adopted in 2008 and remains the policy document that governs development in the area today, along with the City's adopted General Plan. Proposed development projects must substantially conform with all elements of the EEHDP. The same boundaries that were identified for the original EDP were retained, and all identified industrial lands within the original EDP remain industrial. The intersection level of service standard and impact criteria in the original EDP were modified to allow for some decreased vehicular traffic levels of service, but remains much more stringent than the impact criteria used in the rest of the city. (The impact criteria were presented in Chapter 1.)

The 370-acre Evergreen Campus Industrial Employment Area (which includes the 200-acre site that is the subject of the proposed initiative) is projected to generate approximately 10,000 jobs at full build-out. The Environmental Impact Report that was prepared for the EEHDP noted that many of these jobs could be filled by residents of the Evergreen area, thereby reducing out-commuting and congestion on the overcrowded gateway corridors. The following summarizes the reasoning behind the City's decision to retain 4.25 million square feet as Campus Industrial in the EEHDP area:

- **Reverse Commute**: The employees who commute to the Evergreen Campus Industrial Employment Area would be travelling in the "reverse commute" or "off-peak" direction, i.e., the opposite direction that Evergreen residents travel when leaving the area to get to work or when returning home in the evening. The off-peak direction of the roadway network (i.e. inbound in the morning and outbound in the evening) has unused capacity to accommodate these reverse commute vehicle trips.
- **Reduced Congestion at Gateways**: Providing a job base within the Evergreen area would greatly relieve traffic congestion in the outbound direction during the AM peak hour and the inbound direction during the PM peak hour at the gateway intersections and along the gateway corridors.
- **Internalization of Trips within Evergreen**: The EEHDP EIR estimated that 45% of the jobs on the Campus Industrial land would be filled by residents from within the EEHDP area. Since these workers would both live and work within the EEHDP area, these trips are called "internalized" trips. These internalized trips would have short trip lengths, as the distance between home and workplace would be much shorter than trips for people who commute out of the Evergreen area.

The City's adopted General Plan reiterates that developing Campus Industrial space to establish a reverse commute pattern in the Evergreen area would improve traffic conditions in the area. The proposed initiative would reduce the land available to establish a job base within the Evergreen area and thereby reduce the City's capacity to meet this long-term transportation goal.

Based on information provided by City staff, in addition to the approved 4.25 msf of Campus Industrial space within the EEHDP area (including the 2.0 msf campus industrial site that is the subject of the initiative), there also are 400,000 sf of office space, 37,000 sf of retail space, and 651 residential units

Table 3
Trip Generation of the Remaining Land Use Capacity in the Evergreen Area

			Daily		AM Peak Hour						PM Peak Hour					
					Pk-Hr	Split		Trip			Pk-Hr	Split		Trip		
Land Use	Trip Rate	Size	Rate[1]	Trip	Factor	In	Out	In	Out	Total	Factor	In	Out	In	Out	Total
Arcadia Site & Remaining Evergreen Residential Units	Single Family Detached	661 d.u.	9.9	6,544	10%	35%	65%	229	425	654	10%	65%	35%	425	229	654
Remaining Evergreen Office Space	General Office Building	7, s.f.	20.0	8,000	14%	90%	10%	1,008	112	1,120	14%	20%	80%	224	896	1,120
Remaining Evergreen Retail Space	Neighboorhood Shopping	37,000 s.f.	120.0	4,440	4%	60%	40%	107	71	178	11%	50%	50%	244	244	488
Campus Industrial	Research & Development	4,250,000 s.f.	8.00	34,000	16%	80%	20%	4,352	1,088	5,440	14%	10%	90%	476	4,284	4,760
Total Approved Trips				**52,984**				**5,696**	**1,696**	**7,392**				**1,369**	**5,653**	**7,022**

Notes:
[1]"Common Vehicular Trip Generation Rates for the San Jose Area", City of San Jose, March 1994. (Same rates used in the February 1, 2006 East Hills Vision Strategy TIA)

that were originally approved as part of the EDP and EEHDP that remain approved but unbuilt. Trip estimates for the remaining approved development within Evergreen are shown in Table 3.

As shown in Table 3, in addition to the Campus Industrial space, there is still remaining capacity for additional office space, retail space and residential units to be constructed. The remaining development approvals within the EDP and ESP will result in the addition of approximately 7,400 AM and 7,000 PM peak hour trips to the roadway system. The approved Campus Industrial space (including the 2.0 msf campus industrial site that is the subject of the initiative) accounts for the majority of the estimated additional trips, with an estimated 5,400 AM and 4,800 PM peak hour trips.

However, it is projected that nearly half of the additional trips that will be generated by the Campus Industrial space are anticipated to originate from residential areas within Evergreen during the AM peak hour and to return home to residential areas within Evergreen during the PM peak hour. The majority of peak hour trips currently generated by existing homes within Evergreen now leave the Evergreen area, bound for employment to the north. This results in a peak direction flow to US 101 north, I-280, and I-680 and congestion at the Evergreen gateways. The completion of the approved Campus Industrial space would result in a reduction in peak direction trips at the gateways that serve Evergreen by providing employment within Evergreen and reducing peak direction travel to the north.

Guiding Principles for Land Use and Transportation Planning in the Evergreen-East Hills Area

As part of the Evergreen-East Hills Vision Strategy task force process in 2003, as described above, several Guiding Principles were developed regarding land use and transportation in the area. These guiding principles were included in the EEHDP policy document in order to memorialize the community goals and preferences regarding new development in the Evergreen area. The proposed Evergreen Senior Homes Initiative does not comport with the goals listed under two of the "key outcomes" defined in that planning process.

Key Outcome #1: New development should follow the "sustainability" principles of equity, environment, and economic development. The Economic Development goal under this Key Outcome is "Create economic development opportunities for businesses of all sizes and types, consistent with the City's overall economic development goals."

The proposed senior housing initiative would remove a 200-acre parcel from the lands that the City has designated as "Employment Lands" that would support job development in San Jose. Locating jobs closer to residential areas also promotes the environmental sustainability of the area by reducing trip lengths and facilitating use of active transportation modes.

Key Outcome #3: Infrastructure and services should support the planned levels of residential and commercial/retail/office development. The "Auto Transportation" goals under this Key Outcome include the following:

- Create a traffic policy to maintain the flow of vehicular traffic on Evergreen streets without compromising livability and other modes of travel (e.g., bicycles, pedestrians, and transit).
- Attempt to minimize auto trips by locating jobs, housing, businesses, and services within close proximity to each other.
- Foster a "reverse commute."

The proposed senior housing initiative would violate all three of these goals. Internalizing trips within the Evergreen area would reduce congestion by allowing some people to work close to home. Due to the shorter trips lengths resulting from creation of a job base within the area, fewer people would need

to make single-occupant vehicle trips and more people would have the realistic option of bicycling or walking to work.

The purpose of the Campus Industrial land designation in the Evergreen area is precisely to foster a "reverse commute." The EEHDP notes that one of the reasons why traffic congestion has exceeded the Level of Service standard of LOS D has been that the Campus Industrial site has remained largely undeveloped while residential development has proceeded. The goals of fostering a reverse commute, shortening commute trip lengths, and facilitating bicycling and walking, however, are as important as ever.

Required Mitigation Measure Improvements

The following mitigation measures were identified in the Environmental Impact Report (EIR) prepared for the Evergreen-East Hills Development Policy. They are presented as Appendix F in the EEHDP document and are provided here as context for understanding the transportation infrastructure improvements that are planned for the Evergreen area. Because the EIR has been approved, the City is committed to implementing these mitigation measures, whether the parcel that is the subject of the proposed initiative is developed as Campus Industrial or as Senior Housing.

All of the following improvements have been included as part of the roadway network used in background scenarios for the intersection level of service evaluation.

1. Capitol Expressway and Quimby Road: Add exclusive northbound and eastbound right-turn lanes to this intersection.
2. Neiman Boulevard and Yerba Buena Road: Add a second westbound left-turn lane to this intersection.
3. Tully Road and McLaughlin Avenue: Add an exclusive northbound right-turn lane to this intersection.
4. White Road and Aborn Road: Add a second westbound left-turn lane to this intersection.
5. US 101 and Yerba Buena Road (East): Convert a westbound through lane into a shared through/right-turn lane at this intersection.
6. White Road and Quimby Road: Add a second northbound left-turn lane to this intersection.
7. San Felipe Road and Yerba Buena Road (South): Add a second eastbound left-turn lane and a second southbound left-turn lane to this intersection.

<u>New traffic signals or signal modifications are planned for the intersections at:</u>

- Ruby Avenue/Norwood Avenue
- I-680 Ramps (North)/Jackson Avenue
- Ruby Avenue/Tully Road/Murillo Avenue
- Story Road/Clayton Road
- Marten Avenue/ Mt. Rushmore Drive
- Marten Avenue/Flint Avenue
- Quimby Road/Scottsdale Drive
- Nieman Boulevard/Daniel Maloney Drive
- Story Road/Lancelot Drive
- Ocala Avenue/Hillmont Avenue
- Ocala Avenue/Adrian Way

Campus Industrial Site Conditions of Approval

When the City of San Jose approved the 2.0 msf campus industrial development on the site that is the subject of the initiative in 1981 (PDC 81-017), several Conditions of Approval were specified in order to enhance the transportation capacity of the Evergreen area. These improvements are distinct from the mitigation measures listed above, because they were not required as mitigation for significant adverse impacts, and the City is not the responsible party for implementing them. Because the City included them in the Conditions of Approval when the Campus Industrial site was entitled, their implementation is only assured if that site is developed as Campus Industrial, as approved. If the proposed initiative is approved by the voters, then these Conditions of Approval would no longer apply to the subject 200-acre site, and the enhancements would not be implemented. The following information is excerpted directly from the Conditions of Approval (PDC 81-03-17 and City of San Jose Public Works Memo dated March 16, 1999 for PDC 98-05-35) that were approved for the 2.0 msf of campus industrial uses for the 200-acre Campus Industrial site years ago.

"Transportation capacity now exists (or will be created by improvements to be provided by this developer) to accommodate the traffic to be generated by the first phase of this development consistent with the Evergreen Development Policy. This capacity is in addition to the capacity allocated to serve the 2,400 units of residential development programmed for Evergreen between now and 1984. This project-serving capacity is derived from three sources:

1. Improvements which the developer will provide at the Story Road/Capitol Expressway intersection which will create additional screen line intersection capacity.
2. Those trips which will be "internalized" within Evergreen and will not impact the screen line intersections.
3. Capacity created as a result of programs to be instituted by the developer to reduce peak-hour traffic generation by 30% (Trip Reduction Programs). Program elements may include staggered shifts, "flextime" programs, employer sponsored van pools or other appropriate techniques. Implementation of such programs was identified as a mitigation measure by the Draft EIR and is proposed as part of the project.

Capacity for future phases of development will be created by the extension of Yerba Buena Road over Route 101 and beyond Evergreen. This improvement will generate additional capacity in two ways:

1. It will create an additional gateway into the Evergreen area.
2. It will allow for reverse commute as workers enter Evergreen on the way to work and depart on the way home.

Street Improvements:

1. Off-site dedication and improvement of Aborn Road between White Road and project site with first phase of development.
2. Dedication and improvement of Aborn Road, Murillo Avenue, and Fowler Road to include median island on Murillo Avenue.
3. Dedication and improvement of the south side of Story Road between Capitol Expressway and McGuiness Avenue to accommodate three eastbound travel lanes.
4. Murillo Avenue and Aborn Road traffic signal
5. Altia Avenue - Half-street improvement from Fowler Creek Park Rotary to Cortona
6. Aborn Road – Half-street improvement from 48A western boundary to Yerba Buena Road
7. Traffic operational improvements at the following intersections:
    - White Road and Aborn Road
    - US 101/Yerba Buena Road (east)

- Nieman Boulevard and Yerba Buena Road
- San Felipe Road and Yerba Buena Road”

3. Existing Roadway Conditions

This chapter describes the existing conditions for the major roadway facilities in the Evergreen area. Existing level of service at the study intersections and existing Average Daily Traffic (ADT) on several arterials is also presented.

Existing Roadway Network

Regional access to the Evergreen area is provided by U.S. Highway 101, which forms the western boundary of the area. Interstate 280/680, which changes names at the U.S. 101 interchange, is just north of the Evergreen area.

The principal arterial serving the Evergreen area is Capitol Expressway, which has interchanges with both I-680 and U.S. 101, and then extends further west to Almaden Expressway. Other arterial roadways serving the area include Story Road, Tully Road, Quimby Road, Aborn Road, Yerba Buena Road, King Road, White Road, Silver Creek Valley Road, and San Felipe Road.

The Evergreen area has seven “Gateway”, or “screenline” intersections that provide access to the area, as was shown on Figure 2. As previously noted, all traffic in and out of the Evergreen area must pass through at least one Gateway intersection. Because of this, the Gateway intersections and the corridors leading to them have the greatest potential for heavy traffic volumes. – a fact that has been acknowledged in planning studies for the area since 1976. The Gateway intersections currently experience traffic flows that are primarily outbound during the AM peak hour and inbound during the PM peak hour.

The seven Gateway intersections serving the Evergreen area are as follows:

1. White Road and Story Road
2. Capitol Expressway and Story Road*
3. Jackson Avenue and Story Road
4. King Road and Story Road
5. King Road and Tully Road*
6. Silver Creek Road and Capitol Expressway*
7. Silver Creek Road and Yerba Buena Road

* = denotes CMP intersection

The gateway corridors leading to U.S. 101 are also affected by the metered on-ramps at the Capitol Expressway and the Yerba Buena Road interchanges. These on-ramps serve northbound U.S. 101 in

the peak commute direction during the AM peak period. Because of the metering lights at these on-ramps, queues can form as vehicles attempt to enter the freeway. More information regarding the analysis that was done at the metered freeway on-ramps is included in the next chapter.

Existing Intersection Levels of Service

The results of the intersection level of service analysis show that, measured against San Jose's level of service standard of LOS D, fifteen of the study intersections currently operate at an acceptable level of service during both the AM and PM peak hours (see Table 4). Four of the study intersections currently operate at an unacceptable level of service (LOS E or F) during at least one of the peak hours. All of the intersections that operate at an unacceptable level of service are located on Capitol Expressway. Two of these are Gateway intersections and two are not.

The following intersections operate at an unacceptable level of service under existing conditions:

- Capitol Expressway and Story Rd: LOS E during PM peak hour
- Capitol Expressway and Silver Creek Rd: LOS E during both AM and PM peak hours
- Capitol Expressway and Aborn Rd: LOS E in AM peak hour; LOS F in PM peak hour
- Capitol Expressway and Tully Rd: LOS E in AM peak hour

It is important to note that there are other traffic operational issues that may not be reflected in the intersection level of service calculations. Intersection level of service analysis does not consider the effects of upstream and downstream intersections and freeway ramps. It does not evaluate the effects of vehicle queues spilling out of turn-pockets and blocking adjacent through lanes, queues extending through upstream intersections, failure of vehicles to clear an intersection in the allotted green times (phase failures), and temporary blockages due to bus stops.

Field observations were completed along the major gateway corridors (Capitol Expressway, Tully Road, and Yerba Buena Road) that serve the US 101 and I-280/680 freeway interchanges. The field observations indicate that there are operational problems at several intersections along each of the gateway corridors at and near the freeway interchanges during the peak commute periods. Operational problems that are easily visible in the field are the number of phase failures and vehicle queues that exceed storage capacities. A phase failure is defined as a phase in which a queue fails to dissipate in a single cycle. Intersections where vehicle queues exceeded storage capacities of turn-pockets and/or spilled back through upstream intersections were also observed.

Also, ramp metering at the Capitol Expressway and Yerba Buena Road freeway on-ramps to US 101 results in lengthy queues on the gateway corridors and imbalanced lane usage that create operational issues that are not reflected in the gateway intersection level of service analysis.

Table 4
Existing Intersection Levels of Service

Study Number	Intersection	LOS Standard	Peak Hour	Existing Avg. Delay	Existing LOS
1	White Road and Story Road	D	AM	50.1	D
			PM	48.4	D
2	Capitol Expressway and Story Road *	D	AM	54.4	D
			PM	**59.3**	**E**
3	Jackson Avenue and Story Road	D	AM	32.2	C
			PM	37.4	D
4	King Road and Story Road	D	AM	44.9	D
			PM	47.9	D
5	King Road and Tully Road *	D	AM	45.9	D
			PM	47.2	D
6	Capitol Expressway and Silver Creek Road *	D	AM	**61.4**	**E**
			PM	**58.8**	**E**
7	Silver Creek Road and Yerba Buena Road	D	AM	26.9	C
			PM	22.6	C
8	Capitol Expressway and Aborn Road *	D	AM	**65.0**	**E**
			PM	**91.4**	**F**
9	Capitol Expressway and Nieman Boulevard	D	AM	6.8	A
			PM	9.5	A
10	Capitol Expressway and Quimby Road *	D	AM	54.5	D
			PM	53.8	D
11	Capitol Expressway and Tully Road *	D	AM	**55.4**	**E**
			PM	49.0	D
12	Nieman Boulevard and Aborn Road	D	AM	31.5	C
			PM	39.2	D
13	San Felipe Road/White Road and Aborn Road	D	AM	47.9	D
			PM	43.8	D
14	San Felipe Road and Yerba Buena Road (S)	D	AM	42.2	D
			PM	34.4	C
15	Nieman Boulevard/Silver Creek Valley Road and Yerba Buena Road	D	AM	39.3	D
			PM	39.8	D
16	US 101 and Capitol Expressway (E)	D	AM	7.7	A
			PM	13.2	B
17	US 101 and Capitol Expressway (W)	D	AM	14.1	B
			PM	18.9	B
18	US 101 and Yerba Buena Road (E) *	D	AM	30.8	C
			PM	18.7	B
19	US 101 and Yerba Buena Road (W) *	D	AM	22.0	C
			PM	27.0	C

* Denotes CMP Intersection
Bold indicates unacceptable level of service.

Gateway Corridor ADT Analysis

Average Daily Traffic (ADT) volumes along gateway corridor roadways under existing conditions are summarized in Table 5. The ADT level of service analysis indicates that all but one of the evaluated gateway corridors currently have ADT volumes that fall below the HCM 2000 maximum ADT threshold for operations of LOS D.

Table 5
Existing Gateway Corridor ADT Level of Service

#	Segment	Direction	AM	PM	ADT	LOS
1	Yerba Buena Road, between Whinney Place Way and Gardie Place Way	EB	883	**1,469**	15,099	
		WB	**1,540**	1,098	16,878	
		Total	2,423	2,567	31,977	D
2	Capitol Expressway, between Silver Creek Road and US 101	NB	1,151	**1,872**	23,371	
		SB	**1,694**	1,582	23,731	
		Total	2,845	3,454	47,102	D
3	Tully Road, between Alvin Avenue and Seacliff Way	EB	1,103	**2,072**	26,159	
		WB	**2,006**	1,569	26,816	
		Total	3,109	3,641	52,975	D
4	Story Road, between Knox Avenue and King Road	EB	1,198	**1,672**	20,660	
		WB	**1,382**	1,595	21,137	
		Total	2,580	3,267	41,797	D
5	King Road, between Lido Way and I-680 EB Ramps	NB	**2,014**	1,370	19,494	
		SB	1,248	**1,583**	20,943	
		Total	3,262	2,953	40,437	**F**
6	Capitol Expressway, between Story Road and Capitol Avenue	NB	**3,117**	2,013	36,884	
		SB	1,368	**2,746**	32,017	
		Total	4,485	4,759	68,901	D
7	White Road, between Milford Way and Buckner Drive	NB	**1,371**	840	12,200	
		SB	793	**1,220**	12,175	
		Total	2,164	2,060	24,375	D

ADT = Average Daily Traffic
Bold numbers indicate peak direction during peak hour. **Bold** LOS indicates unacceptable LOS (E or F)

In addition, the ADT data was evaluated to determine if there is any “spreading” of the peak periods. The ADT traffic data indicates that an increase in traffic volumes tends to occur earlier than the standard AM peak commute period between 7:00-9:00 AM. During the morning, the ADT data indicates that volumes at the gateways begin to increase as early as 5:00 AM, with steady increases until 8:00 AM. Traffic volumes at the gateways begin to decrease after 8:00 AM.

During the afternoon and evening, traffic volumes at the gateways tend to begin to increase prior to the standard PM peak commute period between 4:00-6:00 PM. Traffic volumes at the gateways begin the increase as early as 2:00 PM during the afternoon. However, traffic volumes also tend to decrease after 6:00 PM. The ADT data indicates that traffic volumes at the gateways tend to peak within the standard AM and PM commute periods. However, increases in traffic volumes are experienced earlier than the standard peak commute periods.

4. Existing Plus Project Conditions

This chapter describes existing plus project traffic conditions, including the method by which the approved industrial space and proposed senior housing units traffic is estimated. The existing plus project scenario most likely represents the traffic conditions that would occur in the near term if the proposed initiative were approved.

Project Trip Estimates

The magnitude of traffic produced by a new development and the locations where that traffic would appear were estimated using a three-step process: (1) trip generation, (2) trip distribution, and (3) trip assignment. In determining project trip generation, the magnitude of traffic traveling to and from the approved Campus Industrial and proposed Evergreen Senior Housing Overlay site was estimated for the AM and PM peak hours. As part of the project trip distribution, an estimate was made of the directions to and from which the trips would travel. In the project trip assignment, the project trips were assigned to specific streets and intersections. A trip re-assignment due to internalization as a result of the campus industrial space was also conducted.

To facilitate understanding of the differences between the approved land use and the proposed land use on the 200-acre site, a comparison of their trip generation projections is presented in Table 6. Project trip generation estimates were prepared for both the Campus Industrial space, which would be replaced by the proposed Senior Housing initiative, and for the proposed 910 senior residential units proposed by the ESHI.

Senior Housing Trip Generation Estimates (Proposed Land Use)

The number of trips generated by the proposed ESHI were estimated using trip rates recommended by the Institute of Transportation Engineers (ITE) *Trip Generation Manual, 10th Edition (2017).* This reference publishes the results of 30 surveys of detached senior adult housing around the country (land use category 251). The average rates from the surveys for detached senior housing are 4.27 daily trips per unit with 0.24 and 0.30 trips per unit during the AM and PM peak hours, respectively (see Table 6).

As additional verification of the ITE trip generation rates, Hexagon surveyed The Villages, which is an existing senior housing development in the Evergreen area. The Villages comprises 2,536 homes. Trip generation counts at The Villages were completed in November 2017. Based on the driveway counts, the trip generation rate for the Villages was calculated to be 2.92 daily trips per unit, with 0.17 and 0.24 trips per unit during the AM and PM peak hours, respectively.

Table 6
Proposed Evergreen Senior Housing Trip Generation Estimates

					AM Peak Hour						PM Peak Hour					
			Daily		Pk-Hr	Split		Trip			Pk-Hr	Split		Trip		
Land Use	Trip Rate	Size	Rate	Trip	Factor Rate	In	Out	In	Out	Total	Factor Rate	In	Out	In	Out	Total
Driveway Counts - The Villages																
Residential	The Villages (Driveway Count)[1]	2,536 dwelling units	2.92	7,414	0.17	37%	63%	158	270	428	0.24	54%	46%	329	277	606
Proposed Senior Housing Units																
Residential	Senior Housing Detached (ITE 251)[2]	910 dwelling units	4.27	3,886	0.24	33%	67%	72	146	218	0.30	61%	39%	167	106	273
Residential	The Villages (Driveway Count)[1]	910 dwelling units	2.92	2,657	0.17	37%	63%	57	98	155	0.24	54%	46%	118	100	218
Approved Campus Industrial																
Campus Industrial	Research & Development[3]	2,000,000 square feet	8.00	16,000	16%	80%	20%	2,048	512	2,560	14%	10%	90%	224	2,016	2,240
	Net Difference in Trips			**-12,114**				**-1,976**	**-366**	**-2,342**				**-57**	**-1,910**	**-1,967**

Notes:
[1]Based on driveway counts at the Villages conducted November 2017.
[2]Based on ITE Trip Generation Manual, 10th Edition 2017.

The comparison of trip generation rates for senior housing based on the surveyed Village rates with those of ITE, indicate that the ITE rates are 20-30 percent greater than the rates based on the survey. It is important to note that the ITE rates are based on a wide variety of senior housing types ranging from communities with very active, working residents to communities with older, retired residents. Thus, ITE recommends that factors such as average age of residents, development location and size, affluence of residents, employment status, and vehicular access be considered when estimating trips for senior housing.

By way of comparison, the ITE daily trip rate for single-family detached housing with no age restrictions (land use category 210) is 9.44 daily trips per unit, which is approximately 45 percent greater than the rates for senior housing.

Details with regard to the amount of different housing types, on-site amenities, and age of residents of the proposed ESHI development is not known at this time. Therefore, given the survey results and published ITE rates, it is the professional opinion of Hexagon that the use of ITE rates provides the most conservative estimation of trips that could be potentially generated by the proposed ESHI development. Based on the ITE trip generation rates, it is estimated that the proposed senior housing units would generate 3,886 daily trips, with 218 trips (72 inbound and 146 outbound) occurring during the AM peak hour and 273 trips (167 inbound and 106 outbound) occurring during the PM peak hour.

Campus Industrial Trip Generation Estimates (Approved Land Use)

Previous traffic studies for the EDP and the EEHDP have used the City of San Jose's trip generation rate (*City of San Jose Traffic Impact Guidelines*, November 2009) for research and development (R&D) space to estimate the number of trips that would be generated by the Campus Industrial areas. To maintain consistency with those analyses, the San Jose R&D rate was used in this study as well.

As shown in Table 6 for the "Approved Campus Industrial" use, the R&D rate has been applied to the 2.0 msf of space that would be replaced by the proposed 910 senior units. The approved 2.0 msf of Campus Industrial space would generate 16,000 daily trips, with 2,560 trips (2,048 inbound and 512 outbound) occurring during the AM peak hour and 2,240 trips (224 inbound and 2,240 outbound) occurring during the PM peak hour.

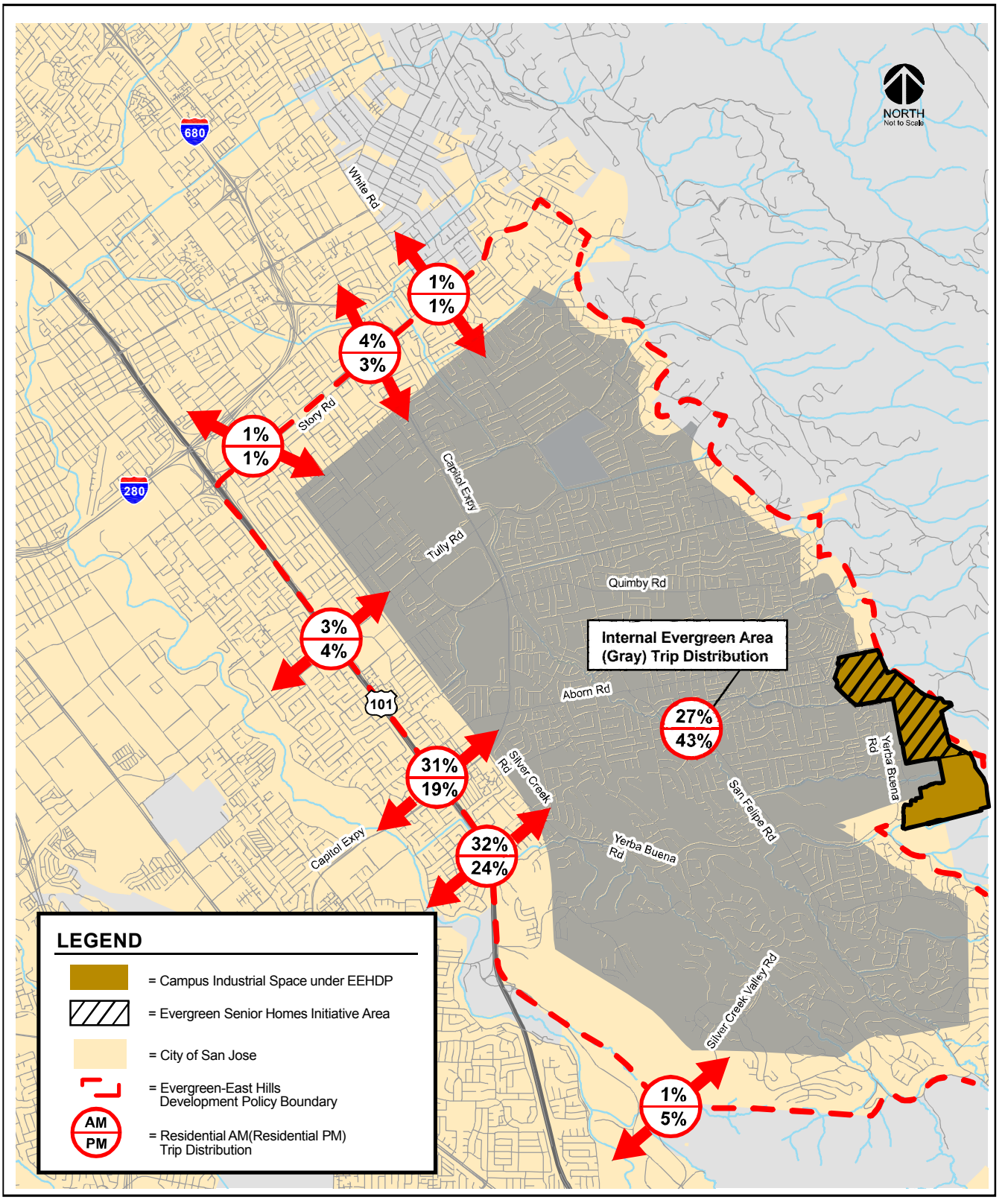
When compared with the number of trips that would be generated by the approved 2.0 msf of campus industrial space, the proposed 910 senior housing units would result in a reduction of 12,114 daily trips, including 2,342 AM peak hour trips and 1,967 PM peak hour trips.

Trip Distribution and Assignment

Different trip distribution patterns were used for the proposed senior housing use and the approved Campus Industrial use.

The distribution of trips generated by the proposed senior housing development is shown in Figure 3. The trip distribution pattern for senior housing is based on trip distribution patterns utilized for previous residential development within the Evergreen area. During the AM peak hour, it is estimated that 27% of the trips generated by the proposed senior housing would remain in the Evergreen area, while 73% would travel through one of the gateways at the edge of the Evergreen area. The high proportion of external trips (to/from locations outside Evergreen) is caused by the relatively small employment base in the area relative to the number of housing units. Likewise, during the PM peak hour, external trips generated by the proposed senior housing units would outnumber internal trips that are entirely contained within the Evergreen area by a 57% to 43% margin. The proportion of external trips is greater during the AM peak hour than during the PM peak hour because, in the morning, work trips comprise a

Figure 3
Trip Distribution– Proposed Senior Housing Use



higher percentage of all traffic than in the afternoon. Work trips generally have longer trip lengths than other trip purposes, such as shopping, which are more common during the PM peak hour.

As described in Chapter 1, the trip distribution and assignment processes for the approved campus industrial took into account that if the approved Campus Industrial land were built out, many vehicle trips that now leave the Evergreen area to travel to work would stay within the area. Figure 4 presents the trip distribution used for the Campus Industrial site.

The trip distribution pattern for the Campus Industrial is consistent with that assumed for the approved Campus Industrial space in past traffic studies. Just under one half (45%) of the trips generated by the Campus Industrial space are estimated to come from within the Evergreen area. These trips are the internalized trips, and would primarily be Evergreen residents who work at the Evergreen Campus Industrial space. The remaining 55% of trips generated by the approved Campus Industrial space would travel to and from locations outside the Evergreen area.

A reassignment of existing traffic volumes was completed by Hexagon to account for the internalization of Campus Industrial trips within Evergreen. Given that nearly all of the planned and approved residential units within Evergreen have been constructed, and none of the industrial lands have been developed, the reassignment results in a reduction in existing traffic volumes at each of the Evergreen gateways. The number of existing trips reassigned is equivalent to the 45% of trips estimated to be generated and internalized by the Campus Industrial space. Figure 5 indicates the percentage of reassigned traffic at each of the gateways. The percentages shown at all the gateways (both for AM and for PM) in Figure 5 add up to the 45% of trips that will remain within the Evergreen area, as was shown on Figure 4.

The internalization of trips was applied to only 2.25 msf of Campus Industrial space for the Existing Plus Project scenario. Therefore, the elimination of the planned Campus Industrial space, as proposed by the ESHI, would result in the removal of fewer trips from the Evergreen gateways due to internalization.

The peak-hour trips generated by the approved and proposed uses were assigned to the roadway system in accordance with the trip distribution patterns described above.

Figure 4
Trip Distribution – Approved Campus Industrial Use

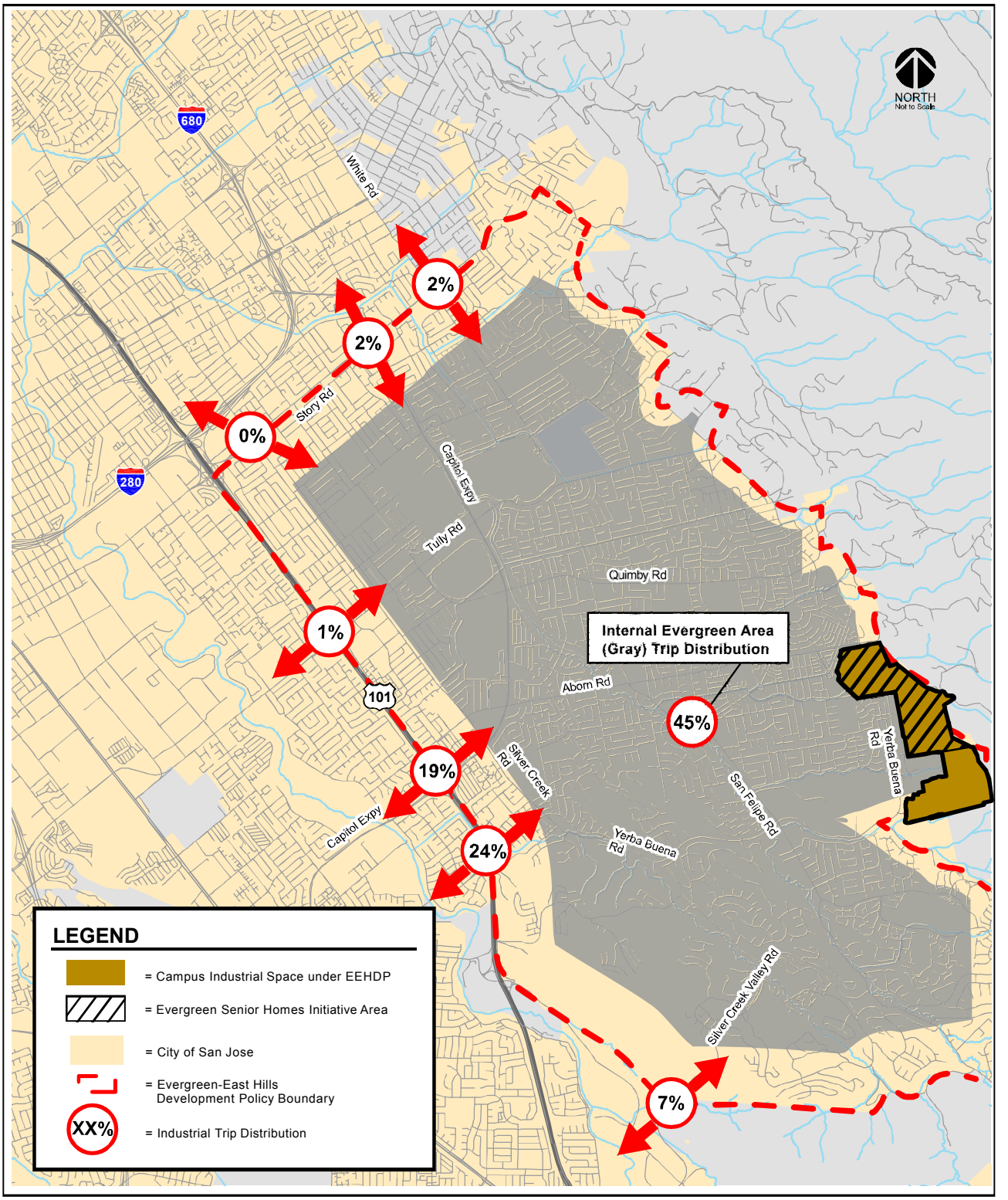
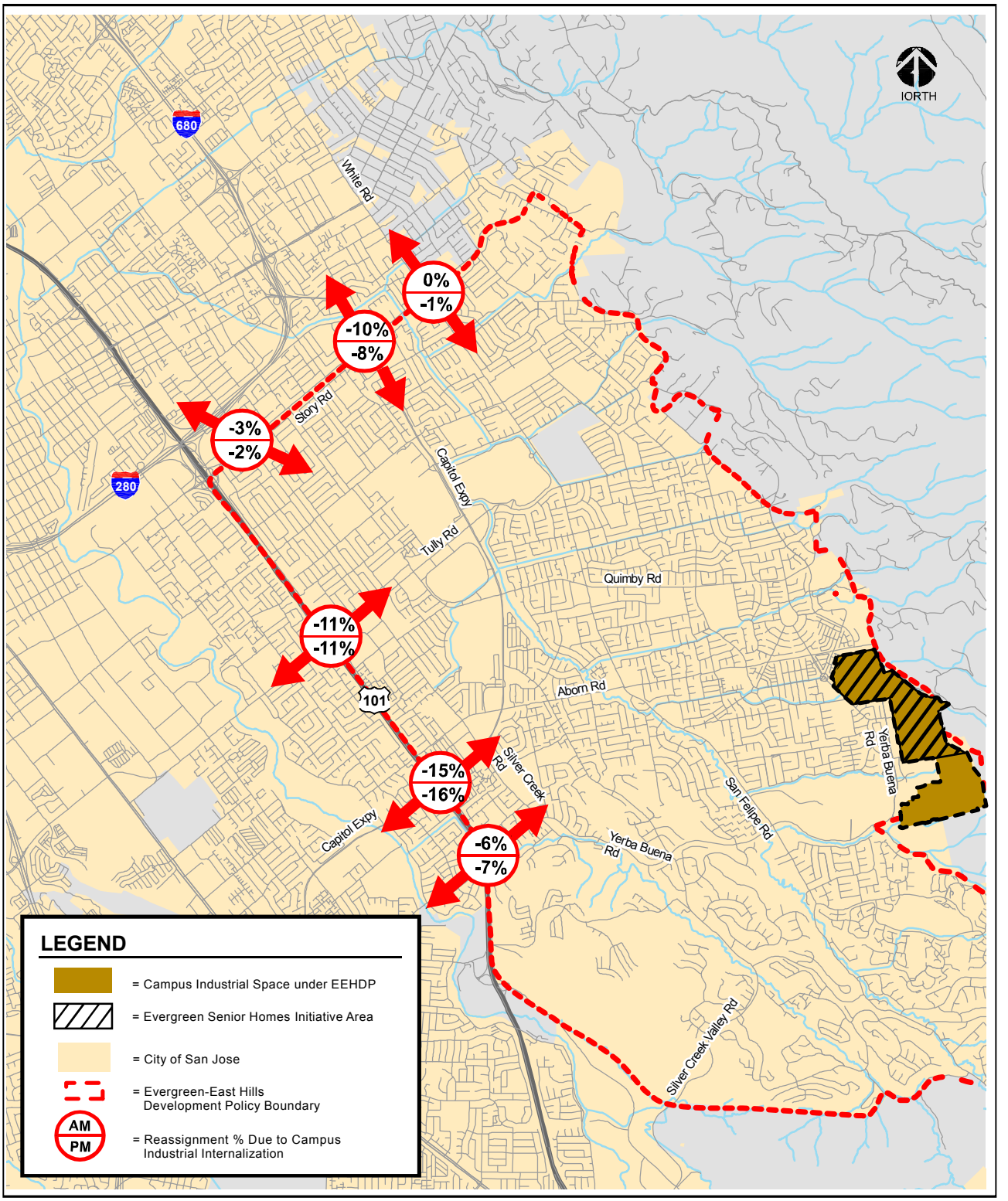


Figure 5
Trip Reassignment Due to Campus Industrial Internalization



Existing Plus Project Intersection Analysis

Trips, as represented by the trip generation estimates, for the approved campus industrial space and senior housing units were added to existing traffic volumes to obtain existing plus project traffic volumes. The results of the intersection level of service analysis under existing plus project conditions are summarized in Table 7.

The table shows that four intersections are projected to operate at LOS E or F conditions during at least one peak hour under existing plus project conditions with both the approved campus industrial space and senior housing units. Traffic due to the approved industrial space would result in impacts at two intersections, while the traffic due to the proposed senior housing units would result in impacts to each of the four deficient intersections.

Freeway Ramp Analysis

An analysis of metered freeway ramps providing access to US 101 from the Evergreen area was performed to identify the effect of the proposed land use conversion on delay at the metered freeway on-ramps, as summarized on Table 8. Note that only the proposed senior housing was evaluated under existing plus project conditions.

The proposed senior residential units would result in the addition of peak hour trips to two freeway interchanges: (1) US 101 at Capitol Expressway, (2) and US 101 at Yerba Buena Road. Since traffic flow is predominantly heading to northbound US 101 during the AM peak, only the northbound on-ramps, which are metered during the AM peak hour, were evaluated. The existing queue lengths and service rates of the meters at each of the ramps were measured in the field during the AM peak hour. Wait times (the time it took a vehicle at the end of the queue to proceed through the meter) at the metered ramp were derived from the collected data.

A ratio between the existing volumes using the freeway on-ramp and the project trips was used to estimate the number of vehicles that would be added to the existing queue under existing plus project conditions. The freeway ramp analysis indicates that the wait time at the U.S. 101 northbound on-ramp at Capitol Expressway is projected to increase by approximately 14 seconds under existing plus project conditions (see Table 8). Wait times at the northbound on-ramp at Yerba Buena Road are projected to increase minimally, five seconds, under existing plus project conditions.

Thus, the freeway ramp analysis indicates that the conversion of land use to accommodate the senior housing units would result in increases in delay at the metered U.S. 101 freeway ramps.

Existing Plus Project Gateway Corridor ADT Analysis

An analysis of gateway corridor volumes under existing plus project conditions was also conducted. Note that only the proposed senior housing was evaluated under existing plus project conditions. Average Daily Traffic (ADT) volumes along gateway corridor roadways under existing plus project conditions are summarized in Table 9. The ADT level of service analysis indicates that all but one of the roadways along the evaluated gateway corridors currently have ADT volumes that fall below the HCM 2000 maximum ADT thresholds for LOS D operations. Project-related traffic would not result in any change to the level of service on any of the roadway segments evaluated.

Table 7
Existing Plus Project Intersection Levels of Service

Study Number	Intersection	LOS Standard	Peak Hour	Existing Avg. Delay	Existing LOS	Existing Plus Project: 2.0 m.s.f of Campus Industrial Avg. Delay	2.0 m.s.f of Campus Industrial LOS	2.0 m.s.f of Campus Industrial Incr. In Crit. Delay	2.0 m.s.f of Campus Industrial Incr. In Crit. V/C	Senior Housing Avg. Delay	Senior Housing LOS	Senior Housing Added Trips
1	White Road and Story Road	D	AM	50.1	D	50.1	D	-0.1	-0.001	50.1	D	
			PM	48.4	D	48.2	D	-0.1	-0.004	48.4	D	
2	Capitol Expressway and Story Road *	D	AM	54.4	D	53.2	D	-2.0	-0.027	54.4	D	
			PM	**59.3**	**E**	**59.0**	**E**	**0.1**	**0.003**	**59.3**	**E**	**8**
3	Jackson Avenue and Story Road	D	AM	32.2	C	32.2	C	0.0	-0.001	32.2	C	
			PM	37.4	D	37.4	D	-0.1	-0.001	37.4	D	
4	King Road and Story Road	D	AM	44.9	D	44.7	D	-0.1	-0.017	44.9	D	
			PM	47.9	D	47.8	D	-0.2	-0.005	47.9	D	
5	King Road and Tully Road *	D	AM	45.9	D	46.2	D	0.7	-0.027	45.9	D	
			PM	47.2	D	47.9	D	1.7	-0.021	47.2	D	
6	Capitol Expressway and Silver Creek Road *	D	AM	**61.4**	**E**	**59.9**	**E**	**0.4**	**0.035**	**61.9**	**E**	**68**
			PM	**58.8**	**E**	**63.0**	**E**	**9.1**	**0.046**	**59.2**	**E**	**52**
7	Silver Creek Road and Yerba Buena Road	D	AM	26.9	C	25.3	C	0.5	0.016	26.9	C	
			PM	22.6	C	24.2	C	8.1	0.031	22.5	C	
8	Capitol Expressway and Aborn Road *	D	AM	**65.0**	**E**	**59.1**	**E**	**-7.9**	**0.031**	**68.3**	**E**	**91**
			PM	**91.4**	**F**	**81.3**	**F**	**-24.6**	**-0.129**	**94.7**	**F**	**91**
9	Capitol Expressway and Nieman Boulevard	D	AM	6.8	A	7.6	A	1.4	0.033	6.9	A	
			PM	9.5	A	9.2	A	-0.5	-0.012	9.6	A	
10	Capitol Expressway and Quimby Road *	D	AM	54.5	D	52.8	D	-3.0	-0.017	54.5	D	
			PM	53.8	D	53.9	D	0.6	0.016	54.0	D	
11	Capitol Expressway and Tully Road *	D	AM	**55.4**	**E**	51.9	D	-17.9	-0.196	**55.4**	**E**	**18**
			PM	49.0	D	49.1	D	0.1	0.001	49.0	D	
12	Nieman Boulevard and Aborn Road	D	AM	31.5	C	38.3	D	9.5	0.090	31.5	C	
			PM	39.2	D	39.1	D	5.1	0.009	39.6	D	
13	San Felipe Road/White Road and Aborn Road	D	AM	47.9	D	47.0	D	-3.4	-0.014	48.5	D	
			PM	43.8	D	46.0	D	-4.5	0.021	43.9	D	
14	San Felipe Road and Yerba Buena Road (S)	D	AM	42.2	D	41.8	D	3.2	0.032	42.8	D	
			PM	34.4	C	41.8	D	9.1	0.129	34.8	C	
15	Nieman Boulevard/Silver Creek Valley Road and Yerba Buena Road	D	AM	39.3	D	**55.9**	**E**	**32.9**	**0.269**	39.5	D	
			PM	39.8	D	41.3	D	6.0	0.062	40.1	D	
16	US 101 and Capitol Expressway (E)	D	AM	7.7	A	7.5	A	-0.1	-0.002	7.7	A	
			PM	13.2	B	12.3	B	7.9	-0.029	13.1	B	
17	US 101 and Capitol Expressway (W)	D	AM	14.1	B	15.1	B	4.3	0.069	14.2	B	
			PM	18.9	B	18.6	B	-0.7	-0.039	19.0	B	
18	US 101 and Yerba Buena Road (E) *	D	AM	30.8	C	30.4	C	3.7	0.051	34.1	C	
			PM	18.7	B	19.3	B	8.4	0.102	18.9	B	
19	US 101 and Yerba Buena Road (W) *	D	AM	22.0	C	25.1	C	3.9	0.106	22.3	C	
			PM	27.0	C	38.0	D	18.7	0.103	27.8	C	
			Total Delay	**1493.3**		**1521.5**				**1508.4**		

* Denotes CMP Intersection
Bold indicates unacceptable level of service.
Bold and boxed indicate significant impact.

Table 8
Freeway Ramp Analysis

		Existing[1]							Existing Plus Project (Proposed Senior Housing)[2]							
		Volume[3]			Queue Length (Veh.)			MF Wait Time[4]		Volume[3]			Queue Length (Veh.)			MF Wait Time[4]
Freeway Ramp	Peak Hour	Total	MF	HOV	Total	MF	HOV	(min:sec)	Project Trips	Total	MF	HOV	Total	MF	HOV	(min:sec)
US 101 NB On-Ramp from WB Capitol Exp	AM	1,145	822	323	139	100	39	7:30	38	1,183	849	334	144	103	41	7:44
US 101 NB On-Ramp from Yerba Buena Rd	AM	1,089	1,089	--	56	56	--	2:20	38	1,127	1,127	--	58	58	--	2:25

Notes:
[1] Existing queue lengths and wait times represent the longest queue observed in the mixed-flow (MF) lane during the peak-hour. Existing wait times were estimated based on peak ramp meter rates observed in November 2017.
[2] Existing plus project (proposed senior housing) conditions queue lengths were estimated based on the ratio between the existing volumes on the ramp and the project trips added to the ramp.
[3] Split between mixed-flow (MF) and HOV lanes were obtained from 2016 VTA CMP Monitoring Report for northbound US 101 between Capitol Expressway and Tully Road.
[4] Wait times were estimated based on the queue length and the measured meter's service rate for mixed-flow lane. HOV lane has shorter wait time due to having faster meter rate than mixed-flow lane.

Table 9
ADT Level of Service for Gateway Corridor Segments under Existing plus Project Conditions

#	Segment	Direction	Existing				Existing Plus Project[1]				Difference		
			AM	PM	ADT	LOS	AM	PM	ADT	LOS	AM	PM	ADT
1	Yerba Buena Road, between Whinney Place Way and Gardie Place Way	EB	883	**1,469**	15,099		906	**1,508**	15,500		+23	**+39**	+401
		WB	**1,540**	1,098	16,878		**1,587**	1,123	17,262		**+47**	+25	+384
		Total	2,423	2,567	31,977	D	2,493	2,631	32,762	D	+70	+64	+785
2	Capitol Expressway, between Silver Creek Road and US 101	NB	1,151	**1,872**	23,371		1,173	**1,904**	23,771		+22	**+32**	+400
		SB	**1,694**	1,582	23,731		**1,740**	1,602	24,031		**+46**	+20	+300
		Total	2,845	3,454	47,102	D	2,913	3,506	47,802	D	+68	+52	+700
3	Tully Road, between Alvin Avenue and Seacliff Way	EB	1,103	**2,072**	26,159		1,105	**2,079**	26,247		+2	**+7**	+88
		WB	**2,006**	1,569	26,816		**2,010**	1,573	26,884		**+4**	+4	+68
		Total	3,109	3,641	52,975	D	3,115	3,652	53,132	D	+6	+11	+157
4	Story Road, between Knox Avenue and King Road	EB	1,198	**1,672**	20,660		1,198	**1,672**	20,660		0	**0**	0
		WB	**1,382**	1,595	21,137		**1,382**	1,595	21,137		**0**	0	0
		Total	2,580	3,267	41,797	D	2,580	3,267	41,797	D	0	0	0
5	King Road, between Lido Way and I-680 EB Ramps	NB	**2,014**	1,370	19,494		**2,015**	1,371	19,508		**+1**	+1	+14
		SB	1,248	**1,583**	20,943		1,249	**1,585**	20,969		+1	**+2**	+26
		Total	3,262	2,953	40,437	**F**	3,264	2,956	40,478	**F**	+2	+3	+41
6	Capitol Expressway, between Story Road and Capitol Avenue	NB	**3,117**	2,013	36,884		**3,123**	2,016	36,939		**+6**	+3	+55
		SB	1,368	**2,746**	32,017		1,371	**2,751**	32,075		+3	**+5**	+58
		Total	4,485	4,759	68,901	D	4,494	4,767	69,014	D	+9	+8	+113
7	White Road, between Milford Way and Buckner Drive	NB	**1,371**	840	12,200		**1,372**	841	12,215		**+1**	+1	+15
		SB	793	**1,220**	12,175		794	**1,222**	12,195		+1	**+2**	+20
		Total	2,164	2,060	24,375	D	2,166	2,063	24,409	D	+2	+3	+34

ADT = Average Daily Traffic
[1] Projject refers to the proposed senior housing development.
Bold numbers indicate peak direction during peak hour. **Bold** LOS indicates unacceptable LOS (E or F)

5. Background and Background Plus Project Conditions

This chapter presents a summary of the traffic conditions that would occur under background conditions and background plus project conditions. As noted in Chapter 1, background conditions are defined as the conditions that would occur if the entire 4.25 msf of approved Campus Industrial in Evergreen were constructed. Background plus project conditions are defined as the conditions that would occur if the proposed initiative were approved, the land conversion took place, and 910 senior housing units were constructed instead of 2.0 msf of the approved Campus Industrial space, along with the 2.25 msf remaining Campus Industrial in Evergreen.

Roadway Network

The roadway network under background conditions includes the mitigation measures described in Chapter 2, as identified in the EIR for the Evergreen-East Hills Development Policy.

Trip Estimates, Trip Distribution and Assignment

The trip generation, distribution pattern, and assignment for the approved 2.0 msf campus industrial and proposed senior housing under background and background plus project conditions is the same as that described in Chapter 4.

The internalization of trips was applied to all 4.25 msf of Campus Industrial space for the Background Conditions scenario and to only 2.25 msf of Campus Industrial space for the Background Plus Project scenarios. Thus, there was less trip reassignment due to internalization for the scenarios that included the proposed Senior Homes initiative than for the scenario that includes the full approved amount of Campus Industrial space. Therefore, the elimination of the planned 2.0 msf Campus Industrial development, as proposed by the ESHI, would result in the removal of fewer trips from the Evergreen gateways due to less internalization of traffic.

Intersection Level of Service Analysis

The level of service analysis indicates that eight intersections are projected to operate at LOS E or LOS F conditions during at least one peak hour under background (including approved 2.0 msf Campus Industrial) conditions (see Table 10). Four intersections are projected to operate at LOS E or LOS F

conditions under background plus project conditions (proposed senior housing initiative). The proposed senior housing initiative would result in less total delay at all study intersections combined than the scenario that includes the approved 2.0 msf Campus Industrial development. The proposed senior housing initiative would result in LOS D at four of the intersections projected to operate at LOS E or LOS F under background conditions (with the 2.0 msf of approved Campus Industrial development on the same site).

Table 10
Intersection Level of Service for the Campus Industrial and Senior Housing Scenarios

Study Number	Intersection	LOS Standard	Peak Hour	Background Avg. Delay	Background LOS	Background Plus Project Avg. Delay	Background Plus Project LOS	Net Added Trips
1	White Road and Story Road	D	AM	51.1	D	51.0	D	
			PM	49.4	D	49.5	D	
2	Capitol Expressway and Story Road *	D	AM	53.6	D	54.7	D	
			PM	**61.1**	**E**	**61.4**	**E**	**134**
3	Jackson Avenue and Story Road	D	AM	32.2	C	32.2	C	
			PM	37.5	D	37.5	D	
4	King Road and Story Road	D	AM	45.1	D	45.4	D	
			PM	48.3	D	48.5	D	
5	King Road and Tully Road *	D	AM	46.8	D	46.6	D	
			PM	49.9	D	49.7	D	
6	Capitol Expressway and Silver Creek Road *	D	AM	**60.6**	**E**	**61.6**	**E**	**-34**
			PM	**92.5**	**F**	**72.4**	**E**	**14**
7	Silver Creek Road and Yerba Buena Road	D	AM	25.4	C	25.7	C	
			PM	25.9	C	24.6	C	
8	Capitol Expressway and Aborn Road *	D	AM	**64.6**	**E**	**64.6**	**E**	**-282**
			PM	**115.3**	**F**	**80.3**	**F**	**-205**
9	Capitol Expressway and Nieman Boulevard	D	AM	9.0	A	8.2	A	
			PM	10.4	B	10.9	B	
10	Capitol Expressway and Quimby Road *	D	AM	**61.5**	**E**	**63.6**	**E**	**-72**
			PM	**63.7**	**E**	**64.4**	**E**	**24**
11	Capitol Expressway and Tully Road *	D	AM	52.0	D	54.9	D	
			PM	51.7	D	51.4	D	
12	Nieman Boulevard and Aborn Road	D	AM	**56.4**	**E**	41.2	D	
			PM	43.8	D	45.5	D	
13	San Felipe Road/White Road and Aborn Road	D	AM	53.1	D	48.1	D	
			PM	**68.5**	**E**	50.7	D	
14	San Felipe Road and Yerba Buena Road (S)	D	AM	43.8	D	41.3	D	
			PM	42.9	D	40.0	D	
15	Nieman Boulevard/Silver Creek Valley Road and Yerba Buena Road	D	AM	**106.7**	**F**	54.9	D	
			PM	41.9	D	39.6	D	
16	US 101 and Capitol Expressway (E)	D	AM	7.7	A	7.8	A	
			PM	11.6	B	12.6	B	
17	US 101 and Capitol Expressway (W)	D	AM	17.1	B	17.0	B	
			PM	18.9	B	18.8	B	
18	US 101 and Yerba Buena Road (E) *	D	AM	33.4	C	26.8	C	
			PM	23.0	C	21.7	C	
19	US 101 and Yerba Buena Road (W) *	D	AM	35.7	D	27.6	C	
			PM	**63.5**	**E**	45.3	D	
			Total Delay	**1775.6**		**1598.0**		

* Denotes CMP Intersection
Bold indicates unacceptable level of service.
Bold and boxed indicate significant impact.

The proposed initiative land use conversion to senior residential would result in the addition of at least one trip to three of the remaining four intersections identified to operate at LOS E or F under background conditions. The addition of trips to each of the three intersections projected to operate at LOS E or F under background conditions is considered a significant impact based on the EEHDP impact criteria.

Recommended Mitigation Measures for Initiative Senior Housing Project

Recommended improvements at the three impacted intersections would consist of the following:

Capitol Expressway and Story Road – The project would add more than one trip to this intersection, which is projected to operate at LOS E during the PM peak hour. There are no feasible improvements that would allow this intersection to operate at an acceptable level of service, LOS D or better.

Capitol Expressway and Silver Creek Road – The project would add more than one trip to this intersection. However, the LOS would improve from LOS F under background conditions to LOS E with the proposed conversion. It is unclear whether this is a situation that would require further improvements as mitigation. It should be noted that there are no feasible improvements that would allow this intersection to operate at an acceptable level of service, LOS D or better.

Capitol Expressway and Quimby Road – The addition of a 2nd eastbound left-turn lane at the intersection would result in a decrease in delay (better than background conditions); however, the intersection would continue to operate at LOS E.

The level of service results indicate that the congestion within the Evergreen area would be less with the proposed senior housing land use conversion due to the large reduction in peak hour trips when compared to the currently approved 2.0 msf campus industrial uses. However, the analysis also shows that the conversion of the campus industrial uses to senior housing would result in significant impacts at three intersections based on the EEHDP impact criteria. The identified impacts are a result of the loss of jobs and the associated internalization of trips and reduction in trips leaving the EDP area at its gateways. It is important to note that intersection level of service analysis is only one tool by which to evaluate the effects of the proposed land use conversion. The level of service analysis should be considered along with the gateway corridor analysis discussed below.

Gateway Intersection Peak Direction Delay

The average delay at intersections considers the delay for all turn-movements at an intersection. Average delay may not always reflect the experience of motorists at intersections where traffic flow is predominantly in one direction (peak directional flow). In such cases, the addition of traffic to peak directions may have a greater effect on motorists than would be reflected by average delay. Therefore, peak direction delay at each of the gateway intersections also was reviewed (see Table 11).

The review indicates that the approved 2.0 msf Campus Industrial development would result in a reduction in peak direction delay at two gateway intersections during the AM peak hour when compared to existing conditions, and a decrease of 2.1 seconds for all intersections combined. The proposed senior housing units would result in an increase of 3.5 seconds in peak direction delay during the AM peak hour for all intersections combined.

During the PM peak hour, the approved 2.0 msf Campus Industrial development would result in an increase of 2.6 seconds of delay for all intersections combined. The proposed senior housing units would result in an increase of 7.9 seconds in peak direction delay during the PM peak hour for all intersections combined. Thus, the proposed senior housing units would result in more peak direction delay than the Campus Industrial development during the AM and PM peak hours.

Table 11
Gateway Intersection Peak Direction Delay

Study Number	Intersection	AM Peak Hour Delay			PM Peak Hour Delay		
		Existing Conditions	Background Conditions	Background Plus Project Conditions	Existing Conditions	Background Conditions	Background Plus Project Conditions
1	White Road and Story Road	40.3	40.6	40.8	41.7	43.4	43.3
2	Capitol Expressway and Story Road *	50.1	46.5	49.9	51.9	50.1	51.8
3	Jackson Avenue and Story Road	44.5	44.6	44.6	48.2	48.3	48.2
4	King Road and Story Road	102.4	104.6	104.6	92.8	92.0	92.9
5	King Road and Tully Road *	40.6	44.5	42.3	36.2	44.0	41.8
6	Capitol Expressway and Silver Creek Road *	62.8	57.4	61.4	46.7	40.5	44.3
7	Silver Creek Road and Yerba Buena Road	20.6	21.0	21.2	13.4	15.2	16.5
	Total Peak Direction Delay	**361.3**	**359.2**	**364.8**	**330.9**	**333.5**	**338.8**
	Change Compared to Existing		**-2.1**	**3.5**		**2.6**	**7.9**

Gateway Corridor ADT Analysis

Average Daily Traffic (ADT) volumes along gateway corridor roadways under background and background plus project conditions indicate that four of the seven roadways along the gateway corridors evaluated are projected to serve average daily traffic equivalent to unacceptable LOS E or F conditions (see Table 12). There would be no change in level of service between background and background plus project scenarios for six of the roadway segments, but the segment of Tully Road, between Alvin Avenue and Seacliff Way, would deteriorate from LOS E to LOS F with the proposed senior housing initiative.

Table 12
ADT Level of Service for Gateway Corridor Segments under Background Plus Project Conditions

#	Segment	Direction	Background				Background Plus Project				Difference		
			AM	PM	ADT	LOS	AM	PM	ADT	LOS	AM	PM	ADT
1	Yerba Buena Road, between Whinney Place Way and Gardie Place Way	EB	1,869	**1,349**	13,866		1,446	**1,472**	15,130		-423	**123**	+1264
		WB	**1,595**	2,099	32,265		**1,645**	1,669	25,655		**50**	-430	-6610
		Total	3,464	3,448	46,131	**F**	3,091	3,141	40,785	**F**	-373	-307	-5346
2	Capitol Expressway, between Silver Creek Road and US 101	NB	1,959	**1,422**	17,753		1,659	**1,736**	21,673		-300	**314**	+3920
		SB	**1,401**	2,480	37,202		**1,648**	2,147	32,206		**247**	-333	-4995
		Total	3,360	3,902	54,955	D	3,307	3,883	53,879	D	-53	-19	-1075
3	Tully Road, between Alvin Avenue and Seacliff Way	EB	1,230	**1,894**	23,912		1,268	**2,129**	26,879		38	**235**	+2967
		WB	**1,846**	1,802	30,798		**2,069**	1,812	30,969		**223**	10	+171
		Total	3,076	3,696	54,710	**E**	3,337	3,941	57,848	**F**	261	245	+3138
4	Story Road, between Knox Avenue and King Road	EB	1,341	**1,930**	23,848		1,341	**1,930**	23,848		0	**0**	0
		WB	**1,559**	1,857	24,609		**1,559**	1,857	24,609		**0**	0	0
		Total	2,900	3,787	48,457	D	2,900	3,787	48,457	D	0	0	0
5	King Road, between Lido Way and I-680 EB Ramps	NB	**1,958**	1,500	21,344		**2,021**	1,506	21,429		**63**	6	+85
		SB	1,325	**1,642**	21,724		1,342	**1,688**	22,332		17	**46**	+609
		Total	3,283	3,142	43,067	**F**	3,363	3,194	43,761	**F**	80	52	+694
6	Capitol Expressway, between Story Road and Capitol Avenue	NB	**2,919**	2,214	40,567		**3,116**	2,186	40,054		**197**	-28	-513
		SB	1,502	**2,619**	30,536		1,507	**2,773**	32,332		5	**154**	+1796
		Total	4,421	4,833	71,103	**E**	4,623	4,959	72,386	**E**	202	126	+1283
7	White Road, between Milford Way and Buckner Drive	NB	**1,407**	956	13,885		**1,408**	918	13,333		**1**	-38	-552
		SB	904	**1,239**	12,365		866	**1,254**	12,514		-38	**15**	+150
		Total	2,311	2,195	26,249	D	2,274	2,172	25,847	D	-37	-23	-402

ADT = Average Daily Traffic
Bold numbers indicate peak direction during peak hour. **Bold** LOS indicates unacceptable LOS (E or F)

Citywide Policy

The proposed initiative does not define the term “underutilized employment lands” which is used throughout the initiative as areas where the senior housing overlay would apply. For the purposes of this analysis, we define the term to apply to all vacant employment lands within the City, although the term could also be interpreted broadly enough to apply to any land where maximum development potential has not been desired or realized by the property owner. The conversion of vacant or underutilized employment lands to senior housing will jeopardize the City of San Jose's jobs-first priorities in its General Plan and other land use-related policies. A qualitative evaluation of the effects of the potential conversion of other employment lands within the City to senior housing was conducted.

Sites converted to senior housing may reduce the amount of commute trips added to the roadway system in the proximate area, and therefore improve the traffic during the commute peak hours. However, the land use conversions would result in an adverse effect on the citywide transportation system when considered cumulatively along with the balance of housing and employment Citywide. The City historically has had an imbalance in jobs to housing ratio that resulted in more residents than jobs within the City. The imbalance results in San Jose residents commuting longer distances to employment located outside of the City limits. The land use policies and plan of the General Plan provide for opportunities, such as the Evergreen Campus Industrial lands, to provide more jobs within the City limits for its residents. The additional jobs create the opportunity for internal trip making and trip length reduction to employment within the City.

Most of the vacant employment lands are located in the City's Planned Growth Areas which would support the General Plan’s focused and balanced growth strategy by bringing jobs to the areas and bringing people closer to the places they need to go. Converting these employment lands to residential use would result in an imbalance of jobs and housing in the Planned Growth Areas and diverge from the City’s focused and balanced growth strategy.

6. Conclusions

The EEHDP and City's General Plan identify the development of Campus Industrial within the Evergreen area, including the site that is the subject of the Evergreen Senior Homes Initiative. It is anticipated that providing a job base within the Evergreen area would improve traffic conditions by establishing a reverse commute pattern and internalizing trips within the Evergreen area.

Trip Generation Estimates for Proposed Senior Housing and Approved Campus Industrial Uses

The number of trips generated by the proposed ESH initiative was estimated using trip rates recommended by the Institute of Transportation Engineers (ITE) *Trip Generation Manual, 10th Edition (2017).* This reference publishes the results of 30 surveys of detached senior adult housing around the country (land use category 251). The average rates from the surveys for detached senior housing are 4.27 daily trips per unit with 0.24 and 0.30 trips per unit during the AM and PM peak hours, respectively.

As additional verification of the ITE trip generation rates, Hexagon surveyed The Villages, which is an existing senior housing development in the Evergreen area. Based on the driveway counts, the trip generation rate for the Villages was calculated to be 2.92 daily trips per unit, with 0.17 and 0.24 trips per unit during the AM and PM peak hours, respectively.

The comparison of trip generation rates for senior housing based on the surveyed Village rates with those of ITE, indicate that the ITE rates are 20-30 percent greater than the rates based on the survey. It is important to note that the ITE rates are based on a wide variety of senior housing types ranging from communities with very active, working residents to communities with older, retired residents. Thus, ITE recommends that factors such as average age of residents, development location and size, affluence of residents, employment status, and vehicular access be considered when estimating trips for senior housing.

Details with regard to the amount of different housing types, on-site amenities, and age of residents of the proposed ESHI development are not known at this time. Therefore, given the survey results and published ITE rates, it is the professional opinion of Hexagon that the use of ITE rates provides the most conservative estimation of trips that could be potentially generated by the proposed ESHI development. Based on the ITE rates, it is estimated that the proposed senior housing units would generate 3,886 daily trips, with 218 trips (72 inbound and 146 outbound) occurring during the AM peak hour and 273 trips (167 inbound and 106 outbound) occurring during the PM peak hour.

Trip generation for the approved 2.0 msf campus industrial use on the 200-acre site was estimated using the City of San Jose's R&D trip generation rate, in order to be consistent with previous traffic studies for the Evergreen area. The approved 2.0 msf of Campus Industrial space would generate 16,000 daily trips, with 2,560 trips (2,048 inbound and 512 outbound) occurring during the AM peak hour and 2,240 trips (224 inbound and 2,240 outbound) occurring during the PM peak hour.

Trip Distribution and Assignment

The trip distribution pattern for senior housing was based on trip distribution patterns utilized for previous residential development within the Evergreen area. The trip distribution pattern for the Campus Industrial is consistent with that assumed for the approved Campus Industrial space in past traffic studies. Just under one half (45%) of the trips generated by the Campus Industrial space are estimated to come from within the Evergreen area. These trips are the internalized trips, and would primarily be Evergreen residents who work at the Evergreen Campus Industrial space. The remaining 55% of trips generated by the approved Campus Industrial space would travel to and from locations outside the Evergreen area.

Intersection Level of Service Analysis

The impact criteria set forth in the EEHDP, have been applied to the comparison of background and background plus project conditions.

The analysis shows that four intersections are projected to operate at LOS E or F conditions during at least one peak hour under existing plus project conditions with both the approved campus industrial development and the senior housing units. Traffic due to the approved 2.0 msf industrial development would result in impacts at two intersections, while the traffic due to the proposed senior housing units would result in impacts to four intersections.

Under background conditions, the scenario that includes development of the Campus Industrial site as approved, eight of the 19 study intersections would operate at LOS E or LOS F. Under background plus project conditions, the scenario that includes the proposed Senior Housing project, only four of the 19 study intersections would operate at LOS E or LOS F. At three of the four intersections that would remain at an unacceptable level of service, the proposed project would add trips – which is defined as a significant impact under the impact criteria that apply to the Evergreen area.

Freeway Ramp Analysis

An analysis of the metered freeway on-ramps providing access to US 101 from Capitol Expressway and from Yerba Buena Road was performed to identify the effect of the proposed land use conversion on delay at the metered freeway on-ramps. Note that only the proposed senior housing was evaluated under existing plus project conditions. The freeway ramp analysis indicates that the wait time at the U.S. 101 northbound on-ramp at Capitol Expressway would increase by approximately 14 seconds under existing plus project conditions. Wait times at the northbound on-ramp at Yerba Buena Road would increase five seconds under existing plus project conditions. Thus, the freeway ramp analysis indicates that the conversion of land use to accommodate the senior housing units would result in increases in delay at the metered U.S. 101 freeway ramps.

Gateway Intersection Peak Period Delay

Intersection level of service analysis is based on the average delay for all turn movements at an intersection. Average delay may not always reflect the experience of motorists at intersections where

traffic flow is predominantly in one direction (peak directional flow). In such cases, the addition of traffic to peak directions may have a greater effect on motorists than would be reflected by average delay. Therefore, peak direction delay at each of the gateway intersections also was reviewed.

The review indicates that the approved 2.0 msf Campus Industrial development would result in a reduction in peak direction delay at two gateway intersections during the AM peak hour when compared to existing conditions, and a decrease of 2.1 seconds for all intersections combined. The proposed senior housing units would result in an increase of 3.5 seconds in peak direction delay during the AM peak hour for all intersections combined.

During the PM peak hour, the approved Campus Industrial development would result in an increase of 2.6 seconds of delay for all intersections combined. The proposed senior housing units would result in an increase of 7.9 seconds in peak direction delay during the PM peak hour for all intersections combined. Thus, the proposed senior housing units would result in more peak direction delay than the Campus Industrial development during both the AM and PM peak hours.

Gateway Corridor ADT Analysis

Using Average Daily Traffic (ADT) data collected in November 2017, the level of service for roadway segments that are part of the seven gateway corridors was calculated. Under existing conditions, one of the seven roadway segments currently operates at LOS F, and the other six operate at LOS D. Compared to existing conditions, the proposed senior housing units would not result in any change to the level of service on any of the roadway segments evaluated. Note that only the proposed senior housing was evaluated under existing plus project conditions.

Under both background conditions (with the Campus Industrial space) and background plus project conditions (with the Senior Housing units), four of the seven roadway segments would operate at an unacceptable level of service. The segment of Tully Road, between Alvin Avenue and Seacliff Way, would deteriorate from LOS E to LOS F with the proposed senior housing initiative.

Citywide Policy

The proposed initiative does not define the term “underutilized employment lands” which is used throughout the initiative as areas where the senior housing overlay would apply. For the purposes of this analysis, we define the term to apply to all vacant employment lands within the City, although the term could also be interpreted broadly enough to apply to any land where maximum development potential has not been desired or realized by the property owner. The conversion of vacant or underutilized employment lands to senior housing will jeopardize the City of San Jose's jobs-first priorities in its General Plan and other land use related policies. A qualitative evaluation of the effects of the potential conversion of other employment lands within the City to senior housing was conducted.

Sites converted to senior housing may reduce the amount of commute trips added to the roadway system in the proximate area, and therefore improve the traffic during the commute peak hours. However, the land use conversions would result in an adverse effect on the citywide transportation system when considered cumulatively along with the balance of housing and employment Citywide. The City historically has had an imbalance in jobs to housing ratio that resulted in more residents than jobs within the City. The imbalance results in San Jose residents commuting longer distances to employment located outside of the City limits. The land use policies and plan of the General Plan provide for opportunities, such as the Evergreen Campus Industrial lands, to provide more jobs within the City limits for its residents. The additional jobs create the opportunity for internal trip making and trip length reduction to employment within the City.

Most of the vacant employment lands are located in the City's Planned Growth Areas near transit, areas that would support the General Plan's focused and balanced growth strategy by bringing jobs to the areas and bringing people closer to the places they need to go. Converting these employment lands to residential use would result in an imbalance of jobs and housing in the Planned Growth Areas and diverge from the City's focused and balanced growth strategy.

Appendix 7: Analysis of the Proposed Evergreen Senior Homes Specific Plan's Consistency with the Adopted General Plan

Analysis of the Evergreen Senior Homes Specific Plan's consistency with the Adopted General Plan

This appendix discusses the proposed Evergreen Senior Homes Specific Plan's (ESHSP) consistency with the Envision San José 2040 General Plan (Adopted General Plan).

Major Strategies

Major Strategy	Analysis	Consistent?
Major Strategy #1 - Community Based Planning Embody the community values and goals articulated through an extensive and meaningful community based planning process. The City's commitment to effectively engaging representatives of all segments of the San José community in the development and implementation of the Envision San José 2040 General Plan is critical to the insure that the Plan will promote San José's continued growth into a leading world city, while maintaining social equity in its operations.	The proposed Evergreen Senior Homes Specific Plan (ESHSP) has gone through no community engagement as part of the ballot measure process. The creation of a specific plan within San José under the City's typical development review process would involve extensive community engagement, community meetings, and public hearings at a minimum. Additionally, the proponents of the ESHSP have not met the City's Public Outreach Policy in regards to outreach. While registered voters in the City of San José have an opportunity to approve or deny the Initiative during an election cycle, there is no process for San Jose residents to influence or participate in the creation of the ESHSP's design, density and scale, uses, or other components.	Not Consistent
Major Strategy #3 - Focused Growth Strategically focus new growth into areas of San José that will enable the achievement of City goals for economic growth, fiscal sustainability and environmental stewardship and support the development of new, attractive urban neighborhoods. The Plan focuses significant growth, particularly to increase employment capacity, in areas surrounding the City's regional Employment Center, achieve fiscal sustainability, and to maximize the use of transit systems within the region. A Major Strategy of the Envision General Plan is to focus new growth capacity in specifically identified "Growth Areas," while the majority of the City is not planned for additional growth or intensification. This approach reflects the built-out nature of San José, the limited availability of additional "infill" sites for development compatible with established neighborhood character, and the emphasis in the Plan Vision to reduce environmental impacts while fostering transit use and walkability. While the Focused Growth strategy directs and promotes growth within identified Growth Areas, it also strictly limits new residential development through neighborhood infill outside of these Growth Areas to preserve and enhance the quality of established neighborhoods, to reduce environmental and fiscal impacts, and to strengthen the City's Urban Growth Boundary. Infill development within such neighborhoods, often at a density and form inconsistent with the existing neighborhood pattern,	The Adopted General Plan requires the strategic location of the City's planned housing and job growth within designated Growth Areas. The proposed ESHSP area is located within a Growth Area, specifically the Evergreen Campus Industrial (ECI) Employment Area. Employment Areas plan for job growth and generally do not allow the development of residential uses. The proposed ESHSP would allow up to 910 residential units within an Employment Growth Area not designated for residential uses, and would allow residential development to exceed the Adopted General Plan's planned housing yield of 120,000 units. Additionally, the proposed ESHSP would convert 200 acres of industrial land to residential uses, an action that the Focused Growth Major Strategy does not support.	Not Consistent

	Analysis	Consistent?
has been disruptive to the development of a positive neighborhood character. Focusing new growth into the Growth Areas will help to protect the quality of existing neighborhoods, while also enabling the development of new Urban Village areas with a compact and dense form attractive to the City's projected growing demographic groups (i.e., an aging population and young workers seeking an urban experience), that support walking, provide opportunities to incorporate retail and other services in a mixed-use format, and support transit use. The Plan supports a significant amount of new housing growth capacity, providing near-term capacity for development of approximately 50,000 new dwelling units, with the ability in future Plan Horizons to ultimately build up to a total of 120,000 additional dwelling units. Because the City is largely built-out within its city limits and the General Plan does not support the conversion of industrial areas to residential use or the urbanization of the Mid-Coyote Valley or South Almaden Valley Urban Reserves or lands outside of San José's Urban Growth Boundary, most new housing development will be achieved through higher-density redevelopment within existing urbanized areas. Further employment land conversions or dramatic expansions of the City outside of its current boundaries would have significant negative environmental, fiscal and economic implications and be clearly contrary to those objectives.		
Major Strategy #4 – Innovation/Regional Employment Center Emphasize economic development within the City to support San José's growth as center of innovation and regional employment. Growing San José's role as an employment center will enhance the City's leadership role in North America, increase utilization of the regional transit systems, and support the City's fiscal health. San José is the largest and most urban city located within the Silicon Valley and plays an increasingly important role in the continuing growth of the regional, State, and National economies. San José is however the only large city within the US that acts as a net exporter of workers within the region. The resulting "bedroom community" character reduces opportunities for San José to take on a leadership role that would benefit the development of the Silicon Valley as a whole, while also undermining San José's economic, fiscal, and cultural status. Through multiple General Plan updates, San José has identified improvement of the City's jobs/housing balance or Jobs/Employed Residents Ratio (J/ER) as a critical objective to address multiple City goals. The Envision San Jose 2040 General Plan establishes achievement of a J/ER ratio of 1.1 to 1 by the year 2040 as a core objective of the Plan informing its policies and Land Use/Transportation Diagram designations. In the near term, the Plan strives to achieve a J/ER ratio of 1.0 by the year 2025. The Land Use/Transportation Diagram and General Plan policies support the development of up to 382,000 new jobs within San José and a jobs to employed residents ratio of 1.1 Jobs/Employed Resident. The Plan focuses employment growth in the Downtown, in proximity to regional and local	The proposed ESHSP is inconsistent with the Innovation/Regional Employment Center Major Strategy because it proposes to convert industrial land to residential uses. This Major Strategy promotes the creation and preservation of existing employment lands within the city, and the proposed ESHSP would reduce the city's limited amount of employment land. The conversion of 200 acres of employment land for residential uses would reduce the city's ability to achieve the General Plan's goal of 1.1 jobs per employed resident and 382,000 new jobs by 2040. The Initiative states that employment capacity lost within a Senior Housing Overlay could be "retained for redistribution by the City to lands that are more supportive of employment growth in the near term." The Adopted General Plan, however, already plans for an ambitious number of jobs within San José by maximizing employment capacities in Growth Areas. Thus, it is speculative to presume that other Growth Areas could accommodate additional job capacity lost as a result of the Senior Housing Overlay.	Not Consistent

	Analysis	Consistent?
transit facilities and on existing employment lands citywide, while also encouraging the development of neighborhood serving commercial uses throughout the community and close to the residents they serve. The Plan recognizes that all existing employment lands add value to the City overall and therefore preserves those employment lands and promotes the addition of new employment lands when opportunities arise. The Plan in particular supports intensive job growth at planned and existing regional transit stations (e.g., BART, High-Speed Rail, and Caltrans) to support increased transit ridership and regional use of the transit system to access San José's employment centers. The Envision San José 2040 General Plan supports and promotes San José's growth as a regional center for employment and innovation, by: • Planning for 382,000 new jobs and a Jobs/Employed Resident Ratio of 1.1/1 • Providing greater flexibility for commercial activity • Supporting job growth within existing job centers • Adding new employment lands • Designating job centers at regional transit stations • Celebrating arts and culture		
Major Strategy #5 - Urban Villages Promote the development of Urban Villages to provide active, walkable, bicycle-friendly, transit-oriented, mixed-use urban settings for new housing and job growth attractive to an innovative workforce and consistent with the Plan's environmental goals. The General Plan establishes the Urban Villages concept to create a policy framework to direct most new job and housing growth to occur within walkable and bike friendly Urban Villages that have good access to transit and other existing infrastructure and facilities. While each Urban Village identified within the Plan will develop within a unique context, they can be divided into four general categories: Regional Transit Urban Villages, Local Transit Urban Villages, Commercial Corridor and Center Urban Villages and Neighborhood Urban Villages. The General Plan also establishes an Urban Village Planning process with the General Plan Implementation Chapter. Preparation of an Urban Village Plan for each Urban Village area will provide for continued community involvement in the implementation of the General Plan and for land use and urban design issues to be addressed at a finer level of detail. Development of Urban Villages at environmentally and fiscally beneficial locations throughout the city is a key Plan strategy. Focusing new job and housing growth to build attractive, compact, walkable urban districts or "Urban Villages" will enable location of commercial and public services in close proximity to residential and employee populations, allowing people to walk to services while also providing greater mobility for the expanding senior and youth segments of the population. The Urban Village Strategy fosters: • Mixing residential and employment activities	The Adopted General Plan focuses a significant amount of the City's planned job and housing growth within Urban Villages in order to promote attractive, compact, mixed-use urban settings throughout San José. The remaining growth is distributed throughout Specific Plan and Employment Growth Areas, and the Downtown Growth Area. The proposed ESHSP locates up to 910 new residential units outside of an Urban Village in an area that is lacking the infrastructure, services, and accessibility to create a walkable, compact, mixed-use urban setting. Placement of senior housing is better suited within the 60+ designated Urban Villages throughout the city that plan for the services, infrastructure, and accessibility that benefit senior citizens.	Not Consistent

	Analysis	Consistent?
• Establishing minimum densities to support transit use, bicycling and walking • High-quality urban design • Revitalizing underutilized properties with access to existing infrastructure • Engaging local neighborhoods through an Urban Village Planning process		
Major Strategy #7 – Measureable Sustainability/Environmental Stewardship Advance the City's Green Vision through 2040 and establish Measurable Environmental Sustainability indicators consistent with Green Vision Goal #7. The Plan provides the basis for the City's Greenhouse Gas Reduction Strategy. To support the Environmental Leadership element of the General Plan Vision and the City's Green Vision, the General Plan contains multiple policies to support the implementation of environmental best practices. San José strives to minimize its contribution to climate change while remaining adaptable to impacts from climate change. San José will encourage and participate in cooperative regional efforts intended to improve the quality of air and water and to conserve land, soil, water, energy and ecosystems such as San Francisco Bay, forests, riparian corridors, fisheries and grasslands. As the City's guide for growth and development, the General Plan is a unique tool to shape its growth, minimize its impacts on resource consumption, reduce its contribution to global warming, and to preserve and enhance its natural environment. The General Plan continues San José's tradition of innovative environmental leadership, supporting and supported by other important City environmental policies, including the Green Vision, the Greenhouse Gas Reduction Strategy, the Green Building Policies, the Stormwater Management Plan, the Hydromodification Management Policy, the Riparian Corridor Policy and the Habitat Conservation Plan. The Envision San Jose 2040 General Plan advances the City's Green Vision, incorporating key environmental goals and establishing a policy framework to continue San José's tradition of environmental leadership.	The City's Greenhouse Gas Reduction Strategy is the primary tool for implementing the Measurable Sustainability/Environmental Stewardship Major Strategy. The Strategy sets actions to reduce the City's greenhouse gas emissions to 1990 levels by 2020. In order to achieve this goal, the Strategy includes a series of actions, which are largely policies from the Adopted General Plan. The proposed ESHSP is both consistent and inconsistent with the Greenhouse Gas Reduction Strategy. Consistency is found by the proposed ESHSP's inclusion of sustainable/"green" building practice requirements. However, the proposed ESHSP is also inconsistent with the Strategy because it does not increase the City's location efficiency through the creation of dense, compact development in appropriate locations; is not mixed-use; is located in an isolated, high VMT area; and is not in a walkable, bikeable, or transit-friendly location.	Consistent and Not Consistent
Major Strategy #8 – Fiscally Strong City Establish a land use planning framework that promotes the right fiscal balance of revenue and costs to allow the City to deliver high-quality municipal services, consistent with community expectations. It is critical that San José makes wise fiscal policy decisions in order to provide high quality services accessible to all community members, to continue to create economic development, and to thrive as a community. San José will maintain a Fiscally Strong City, by providing adequate land for uses that generate revenue for the City and by focusing new growth in developed areas where existing infrastructure (e.g., sewers, water lines, and transportation facilities), and City facilities and services (e.g., libraries, parks and public safety) are already available, resulting in maximum efficiency. The fiscal impact of potential land use and policy options will be given serious consideration and priority in the land use entitlement process. Goals, policies, and implementation actions throughout the	In order to ensure the City's fiscal sustainability, San José must provide adequate land uses that generate revenue for the City. The Adopted General Plan seeks to achieve this by focusing new growth in Growth Areas where existing infrastructure, facilities, and services exist. This land use approach minimizes the City's cost in building and maintaining new infrastructure, facilities, and services. The proposed ESHSP is inconsistent with the Fiscally Strong Major Strategy because it would allow additional residential development in an area where the transportation network is already significantly impacted by residential development and existing commute patterns. Additionally, as stated by ADE's Fiscal Analysis report, the proposed ESHSP would generate substantially less revenue for the City compared to the revenue	Not Consistent

	Analysis	Consistent?
General Plan address this important concept. The Plan incorporates policies from the City's Employment Lands Preservation Framework and several critical implementation policies to address the fiscal impacts of future land use decisions. The Envision San José 2040 General Plan promotes a fiscally strong City, providing high quality municipal services and acting as an advocate for regional policies that promote the strengths of our diverse and successful population. The Plan incorporates policies that promote the City's fiscal health and which: • Establish standards for the delivery of high-quality municipal services • Carefully manage existing fiscal resources • Encourage the cultivation of increased resources • Focus new growth so as to minimize its fiscal impacts	generated by the existing industrial entitlements. The proposed ESHSP has negative fiscal impacts to the City by exempting the project from payment of traffic impact fees required by the Evergreen-East Hills Development Policy for transportation infrastructure improvements. The City would also be required to pay for services to the proposed ESHSP area for fire and police protection, libraries, wastewater, and storm drainage.	

Goals and Policies

General Plan Goal/Policy	Analysis	Consistent?
Land Use and Employment Goal IE-1 Proactively manage land uses to provide and enhance economic development and job growth in San José.		
Policy IE-1.1 To retain land capacity for employment uses in San José, protect and improve the quantity and quality of all lands designated exclusively for industrial uses, especially those that are vulnerable to conversion to non-employment uses.	Due to the City's jobs and housing imbalance, the Adopted General Plan places a significant emphasis on the need to maintain, protect, preserve, and expand employment and industrial lands within San José. The proposed Senior Housing Overlay and ESHSP would allow up to 910 detached and attached residential units in an Employment Area designated for industrial park uses, effectively converting the ESHO site from industrial land to residential land. This conversion would limit the City's ability to attain a jobs to employed resident (J/ER) ratio of 1.1/1 by 2040; the City currently has a 0.8 J/ER ratio. In order to reach the City's goal of 1.1 jobs per employed resident, the City needs to maximize and enhance its existing employment lands. The proposed ESHSP counters this effort by reducing the ECI Employment Area's capacity by 5,000 jobs in order to facilitate up to 910 new residential units.	Not Consistent
Policy IE-1.2 Plan for the retention and expansion of a strategic mix of employment activities at appropriate locations throughout the City to support a balanced economic base, including industrial suppliers and services, commercial/retail support services, clean technologies, life sciences, as well as high technology manufacturers and other related industries.		
Policy IE-1.3 As part of the intensification of commercial, Village, Industrial Park and Employment Center job Growth Areas, create complete, mixed-employment areas that include business support uses, public and private amenities, child care, restaurants and retail goods and services that serve employees of these businesses and nearby businesses.		
Policy IE-1.4 Manage land uses to enhance employment lands to improve the balance between jobs and workers residing in San José. To attain fiscal sustainability for the City, strive to achieve a minimum ratio of 1.1 jobs/employed resident by 2040. In the near term, strive to achieve a minimum ratio of 1 job per employed resident by 2025.		

	Analysis	Consistent?
Policy IE-1.13 Achieve goals related to Quality Neighborhoods, including diverse housing options, a walkable/bikable public street and trail network and compact, mixed-use development where infrastructure exists to distinguish San José as a livable and attractive city, to promote interaction among community members, and to attract talented workers to the City.	The proposed ESHSP provides up to 910 attached and detached residential units for seniors and veterans with ample area for active and passive open space and trail connectivity. While the proposed ESHSP's design guidelines require that the community is bicycle and pedestrian friendly, the bikability and walkability of the proposed ESHSP is severely limited due to the Conceptual Land Plan, Conceptual Trail Network, and Conceptual Road Network & Hierarchy including a predominance of cul-de-sacs as well as the development and surrounding area's lack of destinations.	Not Consistent and Consistent
Broad Economic Prosperity Goal IE-6 Provide widespread access to diverse employment and training opportunities in San José and strive to increase job growth, particularly jobs that provide self-sufficient wages and health care benefits, to allow the community to broadly share in the region's prosperity.		
Policy IE-6.2 Attract and retain a diverse mix of businesses and industries that can provide jobs for the residents of all skill and education levels to support a thriving community.	The proposed ESHSP would convert lands designated for employment to residential uses within an area of the city that is currently jobs-deficient. Most employed residents in the Evergreen area are required to drive long distances to reach their places of employment because there are minimal job opportunities within Evergreen. The proposed Initiative would result in a lost opportunity for locating approximately 5,000 jobs in the Evergreen community, significantly limiting the ability to provide and attract business and industry to the area.	Not Consistent
City Operations Goal FS-1 Operate our City in a fiscally responsible and sustainable manner by planning long-term and maintaining a positive annual balance between available revenue and the costs of services we provide to our constituents.		
Policy FS-1.2 Manage San José's future growth in an orderly, planned manner to reduce service costs, maximize the utilization of existing and proposed public facilities, and to enhance the City revenues available to sustain a desirable quality of life.	Generally, residential development is fiscally neutral or negative to the City while employment uses are fiscally positive. As shown by the ADE Fiscal Report in Appendix XX, the existing campus industrial entitlements on the proposed ESHO site would provide substantially more revenue to the City than the proposed senior housing development. The proposed ESHSP would demand more services from the City (police, fire, parks, wastewater, etc.) than the existing campus industrial entitlements. Thus, the proposed ESHSP is inconsistent with Policy FS-1.2 which emphasizes the need for the City to make decisions with fiscal health in mind.	Not Consistent
Fiscally Sustainably Land Use Framework Goal FS-3 Make land use decisions that improve the City's fiscal condition. Manage San José's future growth in an orderly, planned manner that is consistent with our ability to provide efficient and economical public services, to maximize the use of existing and proposed public facilities, and to achieve equitable sharing of the cost of such services and facilities.		
Policy FS-3.1 Recognize the value of long-term planning and strong land use policy in managing the	The proposed ESHSP would limit the City's ability to attain a J/ER ratio	Not Consistent

	Analysis	Consistent?
City's fiscal position. **Policy** FS-3.3 Promote land use policy and implementation actions that increase the ratio of Jobs to Employed Residents to improve our City's fiscal condition, consistent with economic development and land use goals and policies. Maintain or enhance the City's net total employment capacity collectively through amendments made to this General Plan in each Annual Review process. **Policy** FS-3.4 Promote land use policy and implementation actions that improve our City's fiscal sustainability. Maintain or enhance the City's projected total net revenue through amendments made to this General Plan in each Review process. Discourage proposed rezonings or other discretionary land use actions that could significantly diminish revenue to the City or significantly increase its service costs to the City without offsetting increases in revenue.	of 1.1/1 by 2040 and would result in a decrease in revenue received when compared to build-out of the existing industrial entitlements on the site. In order to reach the City's goal of 1.1 jobs per employment resident, the City needs to maximize and enhance its existing employment lands. The proposed ESHSP counters this effort by reducing the ECI Employment Area's capacity by 5,000 jobs in order to facilitate up to 910 new residential units. Furthermore, the Adopted General Plan promotes making land use policy decisions that improve the City's fiscal sustainability. The proposed ESHSP is inconsistent with this policy because it would realize a loss of future net revenues of more than $1.14 million per year to the City (ADE - Evergreen Fiscal Analysis Report).	
Promote Fiscally Beneficial Land Use Goal FS-4 Maintain, enhance, and develop our City's employment lands as part of our strategy for Fiscal Sustainability.		
Policy FS-4.1 Preserve and enhance employment land acreage and building floor area capacity for various employment activities because they provide revenue, near-term jobs, contribute to our City's long-term achievement of economic development and job growth goals, and provide opportunities for the development of retail to serve individual neighborhoods, larger community areas, and the Bay Area. **Policy** FS-4.2 Maintain, enhance, and develop the employment lands within identified key employment areas (North Coyote Valley, the Berryessa International Business Park, the East Gish and Mabury industrial areas, the Evergreen industrial area, the Edenvale Redevelopment Project Area, and the Monterey Corridor Redevelopment Project Area). Protect existing employment uses within these areas from potentially incompatible non-employment uses.	The proposed ESHSP would decrease the City's lands designated for employment by 200 acres and would limit the viability of locating industrial uses on the southern portion of the Evergreen Campus Industrial (ECI) Employment Area. Policy FS-4.2 of the Adopted General Plan specifically states that the City should maintain, enhance, and develop employment lands within the Evergreen industrial area; the proposed ESHSP directly contradicts and is inconsistent with this policy.	Not Consistent
Fiscally Sustainable Service Delivery Goal FS-5 The City should provide the highest level of service feasible consistent with its fiscal resources, and in a cost-effective manner so that the City's method of service delivery contributes toward the achievement of a fiscally sustainable City.		
Policy FS-5.5 Allow residential development at urban densities (one dwelling unit per acre or greater) only where adequate services and facilities can be feasibly provided.	The proposed ESHSP is within the City's Urban Service Area.	Consistent
Policy FS-5.6 When reviewing major land use or policy changes, consider the availability of police and fire protection, parks and recreation and library services to the affected area as well as the potential impacts of the project on existing service levels.	San José relies on its non-residential land uses to generate the net tax revenues needed to support City services for its residential population. By converting 200 acres of land designated for campus industrial uses to senior housing, the proposed ESHSP would reduce the ongoing, future ability of the City to fund municipal services. While the proposed ESHSP would provide a small revenue surplus for the City when it is newly constructed, over time the escalating cost of City services will exceed the growth of property tax revenues alone, creating a deficit in service costs for the proposed ESHSP in the long term.	Not Consistent

	Analysis	Consistent?
Green Building Policy Leadership Goal MS-1 Demonstrate San José's commitment to local and global Environmental Leadership through progressive use of green building policies, practices, and technologies to achieve 100 million square feet of new or retrofitted green buildings by 2040.		
Policy MS-1.1 Demonstrate leadership in the development and implementation of green building policies and practices. Ensure that all projects are consistent with or exceed the City's Green Building Ordinance and City Council Policies as well as State and/or regional policies which require that projects incorporate various green building principles into their design and construction.	The proposed ESHSP includes multiple requirements and guidelines pertaining to the use of green and sustainable building practices. These requirements and guidelines would apply to all new development within the ESHSP area.	Consistent
Policy MS-1.2 Continually increase the number and proportion of buildings within San José that make use of green building practices by incorporating those practices into both new construction and retrofit of existing structures.		
Energy Conservation and Renewable Energy Use Goal MS-2 Maximize the use of green building practices in new and existing development to maximize energy efficiency and conservation and to maximize the use of renewable energy sources.		
Policy MS-2.1 Develop and maintain policies, zoning regulations, and guidelines that require energy conservation and use of renewable energy sources.	Chapter 2 (Zoning & Development Standards) of the proposed ESHSP requires rooftop solar panels, or similar solar technology, such as solar films, solar glass, or solar roof tiles, for all single-family homes. The Architectural Design Guidelines in Chapter 5 also encourage rooftop and parking lot solar panels. Additionally, all appliances, toilets, and fans are required to be energy-efficient per Chapter 2 of the proposed ESHSP. The proposed ESHSP also emphasizes that building design and siting strategies would take advantage of natural ventilation, heating, and cooling, sun and wind exposure, and solar energy opportunities (Chapter 5, Section 5.6). This chapter emphasizes the use of roof colors and materials that meet or exceed Energy Stare requirements to reduce the heat island effect. Chapter 6 (Landscape Design Guidelines) of the proposed ESHSP emphasizes sustainable landscape principles to reduce water use, energy consumption, and greenhouse gas emissions, and increase shade and transpiration.	Consistent
Policy MS-2.3 Utilize solar orientation (i.e., building placement), landscaping, design, and construction techniques for new construction to minimize energy consumption.		
Policy MS-2.6 Promote roofing design and surface treatments that reduce the heat island effect of new and existing development and support reduced energy use, reduced air pollution, and a healthy urban forest. Connect businesses and residents with cool roof rebate programs through City outreach efforts.		
Policy MS-2.7 Encourage the installation of solar panels or other clean energy power generation sources over parking areas.		
Policy MS-2.11 Require new development to incorporate green building practices, including those required by the Green Building Ordinance. Specifically, target reduced energy use through construction techniques (e.g., design of building envelopes and systems to maximize energy performance), through architectural design (e.g., design to maximize cross ventilation and interior daylight) and through site design techniques (e.g., orienting buildings on sites to maximize the effectiveness of passive solar design).		
Water Conservation and Quality Goal MS-3 Maximize the use of green building practices in new and existing development to minimize use of potable water and to reduce water pollution.		
Policy MS-3.1 Require water-efficient landscaping, which conforms to the State's Model Water Efficient Landscape Ordinance, for all new commercial, institutional, industrial, and developer-installed residential development unless for recreation needs or other area functions.	The proposed ESHSP proposes to use plant options that emphasize drought-tolerant, hardy materials and compatibility with existing surrounding native and adaptive plants (Chapter 6, Section 6.10.1.). For non-potable water supply, pipes for recycled water shall be installed concurrently with construction of on- and off-sanitary sewer and water	Consistent
Policy MS-3.2 Promote use of green building technology or techniques that can help reduce the depletion of the City's potable water supply, as building codes permit.		

	Analysis	Consistent?
Policy MS-3.3 Promote the use of drought tolerant plants and landscaping materials for nonresidential and residential uses.	systems, and if recycled water is reasonably available, recycled water shall be used as the primary source of irrigation of landscaping in the streetscape and open space area (Chapter 2, Section 2.4.3.).	
Healthful Indoor Environment Goal MS-4 Maximize the use of green building practices in new and existing development to promote a healthful indoor environment.		
Policy MS-4.1 Promote the use of building materials that maintain healthful indoor air quality in an effort to reduce irritation and exposure to toxins and allergens for building occupants.	The proposed ESHSP is consistent with this policy as it encourages green building practices and sustainable design and construction techniques that would help promote a healthful indoor environment. Such practices include requiring the use of insulation and simulated wood trim products that are low emitting for formaldehyde and volatile organic compounds.	Consistent
Policy MS-4.2 Encourage construction and pre-occupancy practices to improve indoor air quality upon occupancy of the structure.		
Reduce Consumption and Increase Efficiency Goal MS-14 Reduce per capita energy consumption by at least 50% compared to 2008 levels by 2022 and maintain or reduce net aggregate energy consumption levels equivalent to the 2022 (Green Vision) level through 2040.		
Policy MS-14.1 Promote job and housing growth in areas served by public transit and that have community amenities within a 20-minute walking distance.	The proposed ESHSP is located at the edge of the City's Urban Growth Boundary and is isolated from transit and other community amenities. Under the Valley Transportation Authority's Next Network, only one bus line (Bus Route 39) serves the ESHSP site at a frequency of every 60 minutes. This is not frequent enough transit service for residents of the proposed ESHSP to rely on bus service as their primary or secondary mode of transportation, nor does Bus Route 39 serve areas outside of Evergreen. The nearest area with community services and gathering places is the Evergreen Village Center, which is over 0.5 miles from the nearest boundary of proposed ESHSP site. Also, the Evergreen area is predominantly residential, and additional housing would not contribute to diversifying the mix of uses in the area that could facilitate walking and biking.	Not Consistent
Policy MS-14.2 Enhance existing neighborhoods by adding a mix of uses that facilitate biking, walking, or transit ridership through improved access to shopping, employment, community services, and gathering places.		
Water Recycling Goal MS-19 Recycle or beneficially reuse 100% of the City's wastewater supply, including the indirect use of recycled water as part of the potable water supply.		
Policy MS-19.1 Require new development to contribute to the cost-effective expansion of the recycled water system in proportion to the extent that it receives benefit from the development of a fiscally and environmentally sustainable local water supply.	Section 2.4.3 of Chapter 2 (Zoning & Development Standards) of the proposed ESHSP requires that pipes for recycled water shall be installed concurrently with construction of on- and off-sanitary sewer and water systems, and if recycled water is reasonably available, recycled water shall be used as the primary source of irrigation of landscaping in the streetscape and open space area.	Consistent
Policy MS-19.3 Expand the use of recycled water to benefit the community and the environment.		
Policy MS-19.4 Require the use of recycled water wherever feasible and cost-effective to serve existing and new development.		
Water Quality Goal MS-20 Ensure that all water in San José is of the highest quality appropriate for its intended use.		
Policy MS-20.2 Avoid locating new development or authorizing activities with the potential to	Based on data from the Santa Clara Valley Water District, the proposed	Not Consistent

	Analysis	Consistent?
negatively impact groundwater quality in areas that have been identified as having a high degree of aquifer vulnerability by the Santa Clara Valley Water District or other authoritative public agency.	ESHSP is within an area of high aquifer vulnerability. Both the proposed ESHSP and the existing campus industrial entitlements are inconsistent with this policy. However, both developments could mitigate the impacts to groundwater quality through high-quality stormwater design features.	
Urban Natural Interface Goal ER-6 Minimize adverse effects of urbanization on natural lands adjacent to the City's developed areas		
Policy ER-6.1 Encourage fencing between residential areas and natural lands to minimize the encroachment of people, pets, and non-native vegetation into natural lands.	Section 2.2.4. of Chapter 2 (Zoning & Development Standards) requires fencing along the property line where a property line abuts the Urban Growth Boundary.	Consistent
Policy ER-6.2 Design development at the urban/natural community interface of the Greenline/ Urban Growth Boundary (UGB) to minimize the length of the shared boundary between urban development and natural areas by clustering and locating new development close to existing development. Key areas where natural communities are found adjacent to the UGB include the Baylands in Alviso, the Santa Teresa Hills, Alum Rock Park, and Evergreen.	The intent of this policy is to focus and cluster new development within areas along the UGB, including the proposed Evergreen Senior Housing Overlay (ESHO) site. The Conceptual Land Plan (Chapter 3) in the proposed ESHSP does not cluster the residential development near existing development in the area, but instead spreads the residential units throughout the entire site. The proposed ESHSP would allow residential development almost entirely along the UGB. While the Conceptual Trail Network shows a private trail along the southeastern portion of the site, the diagram is illustrative and subject to change.	Not Consistent
Policy ER-6.3 Employ low-glare lighting in areas developed adjacent to natural areas, including riparian woodlands. Any high-intensity lighting used near natural areas will be placed as close to the ground as possible and directed downward or away from natural areas.	The proposed ESHSP encourages the exterior lighting of developed areas to be unobtrusive and not cause glare or spillover into neighboring properties or open space common areas, particularly areas with wildlife habitat. Also, energy efficient, low voltage lighting is encouraged. Lighting fixtures should be directed downward to minimize light pollution impacts. (Chapter 5, Architectural Design Guidelines, Section 5.5.)	Consistent
Policy ER-6.6 Encourage the use of native plants in the landscaping of developed areas adjacent to natural lands.	The proposed ESHSP encourages the use of native plants in the landscaping adjacent to the open space to the east of the Plan Area and within the Fowler Creek corridor.	Consistent
General Provision of Infrastructure Goal IN-1 Provide and maintain adequate water, wastewater, stormwater, water treatment, solid waste and recycling, and recycled water infrastructure to support the needs of the City's residents and businesses.		
Policy IN-1.5 Require new development to provide adequate facilities or pay its fair share of the cost for facilities needed to provide services to accommodate growth without adversely impacting current service levels.	The proposed ESHSP includes residential land uses not currently allowed in the City's Adopted General Plan or adopted Evergreen-East Hills Development Policy. Without further analysis of the proposed residential development, the services needed to support residential are unknown.	Inconclusive
Policy IN-1.10 Require undergrounding of all new publicly owned utility lines. Encourage	Chapter 2 (Zoning & Development Standards) of the proposed ESHSP	Consistent

	Analysis	Consistent?
undergrounding of all privately owned utility lines in new developments. Work with electricity and telecommunications providers to underground existing overhead lines.	requires all new exterior on-site utilities to be located underground, including draining systems, sewers, gas lines, water lines, and electrical, telephone, and communication wires and equipment (Section 2.4.4.)	
Vibrant, Attractive, and Complete Neighborhoods Goal VN-1 Develop new and preserve and enhance existing neighborhoods to be vibrant, attractive and complete.		
Policy VN-1.1 Include services and facilities within each neighborhood to meet the daily needs of neighborhood residents with the goal that all San José residents be provided with the opportunity to live within a ½ mile walking distance of schools, parks and retail services.	The boundary of proposed ESHSP is within a half-mile walking distance of Fowler Creek Park, Evergreen Valley College, Chaboya Middle School, Tom Matsumoto Elementary School, and Carolyn A. Clark Elementary School. The boundary, however, is not within a ½-mile of any retail or other personal services. Because the proposed 910 residential units will be marketed exclusively to senior citizens, it is likely that most residents will not need to utilize the nearby schools. The proposed ESHSP does not include services to its residents besides the proposed two private recreation centers within its boundary.	Not Consistent
Policy VN-1.2 Maintain existing and develop new community services and gathering spaces that allow for increased social interaction of neighbors, (i.e., parks, community centers and gardens, libraries, schools, commercial areas, churches, and other gathering spaces).	The proposed ESHSP plans to include two private recreation centers and several active and passive open space areas.	Consistent
Policy VN-1.6 Design new development to contribute to the positive identity of a neighborhood and to encourage pedestrian activity.	Chapters 3 (Conceptual Land Plan) and 4 (Circulation & Mobility) of the proposed ESHSP include architectural and landscape design guidelines that could contribute to the positive identity of the proposed senior homes community, as described in the analysis for Policy VN-1.10. However, the proposed ESHSP does not encourage pedestrian activity because of the predominance of cul-de-sacs, the size of the development (200 acres) paired with low-density housing, and the absence of destinations in which to walk.	Consistent and Not Consistent
Policy VN-1.10 Promote the preservation of positive character-defining elements in neighborhoods, such as architecture; design elements like setbacks, heights, number of stories, or attached/detached garages; landscape features; street design; etc.	The proposed ESHSP contains Architectural and Landscape Design Guidelines that include setbacks, heights, landscape features, etc. The proposed ESHSP promotes character-defining elements such as covered entry areas, varied architectural styles, window placement, porches or stoops for façade treatment, stepped back units to encourage a varied building frontage, and varied election and color schemes.	Consistent
Policy VN-1.11 Protect residential neighborhoods from the encroachment of incompatible activities or land uses which may have a negative impact on the residential living environment.	The proposed ESHSP places up to 910 residential units within a General Plan designated Employment Area that plans for 10,000 new jobs focused around industrial uses. While the proposed ESHSP would convert 200 acres of industrial land, the proposed senior housing would	Not Consistent

	Analysis	Consistent?
	be an incompatible use with the adjacent 150+ acres of industrial land to the south of the site. Thus, the proposed ESHSP is inconsistent with Policy VN-1.11.	
Action Item VN-1.16 Develop and implement policies, design guidelines and regulations to promote the preservation of positive character-defining elements within neighborhoods.	The proposed ESHSP is consistent with Action Item VN-1.16 as noted in the analysis for Policy VN-1.10.	Consistent
Community Empowerment Goal VN-2 Empower communities to improve the quality of life in their neighborhoods		
Policy VN-2.1 Proactively engage neighborhood groups in the decision-making process as a regular component of City government activities.	The proponents of the Initiative have not engaged the Evergreen community in the creation of the proposed ESHSP. While registered voters in San José can vote to approve or deny the Initiative in a general election cycle, the Initiative's proponents are bypassing the City's typical development review process which, for a proposal of this magnitude, would involve significant engagement with the San José community. Additionally, community members will not be able to influence the components of the proposed ESHSP because any modification to the plan will require a subsequent ballot measure.	Not Consistent
Policy VN-2.3 Ensure that community members have the opportunity to provide input on the design of public and private development within their community.		
Private Community Gathering Facilities Goal VN-5 Provide for the development of Private Community Gathering Facilities at locations within or near residential, commercial, or mixed residential-commercial neighborhoods throughout the City to accommodate the social and cultural activities of the San José community.		
Policy VN-5.3 Encourage Private Community Gathering Facilities as a primary or secondary dual- or multi-use with other activities.	The proposed ESHSP permits private clubs and lodges, as well as both private and publicly operated museums, libraries, parks, playgrounds or community centers within the proposed ESH-R-1 and ESH-R-M residential zoning subdistricts. The inclusion of these uses promotes private community gathering facilities within the proposed ESHSP. However, the ESHSP's Conceptual Land Use Plan only includes private gathering facilities, and does not propose to include the above uses.	Consistent
Attractive City Goal CD-1 Create a well-designed, unique, and vibrant public realm with appropriate uses and facilities to maximize pedestrian activity; support community interaction; and attract residents, business, and visitors to San José.		
Policy CD-1.1 Require the highest standards of architectural and site design, and apply strong design controls for all development projects, both public and private, for the enhancement and development of community character and for the proper transition between areas with different types of land uses.	Chapters 3 (Conceptual Land Plan) and 4 (Circulation & Mobility) of the proposed ESHSP include architectural and landscape design guidelines for all development within the plan area. The proposed ESHSP, however, fails to provide a buffer or transition between the residential homes on the plan's southern border and the industrial lands within the ECI Employment Area.	Consistent and Not Consistent
Policy CD-1.3 Further the Major Strategies of this Plan to focus growth in appropriate locations; design complete streets for people; promote Grand Boulevards, Main Streets, and Downtown; support transit; and foster a healthful community.	The proposed ESHSP is inconsistent with the Adopted General Plan's Major Strategies (as discussed in the previous table). Furthermore, the proposed ESHSP would allow significant housing development in an	Not Consistent

	Analysis	Consistent?
	area of the city not planned for residential uses.	
Policy CD-1.4 Create streets and public spaces that provide stimulating settings and promote pedestrian activity by following applicable goals and policies in the Vibrant Arts and Culture section of this Plan.	Chapter 6 of the proposed ESHSP states that residential roads throughout the development should have "carefully crafted and designed high-quality plantings, street furniture, and other features that create the identity for the Specific Plan Area. While the streetscapes should be designed with ample landscaping, the proposed design of the location and connectivity of the streets within the development would not promote pedestrian activity.	Consistent and Not Consistent
Policy CD-1.6 Promote vibrant, publicly accessible spaces that encourage gathering and other active uses that may be either spontaneous or programmed. Place a variety of uses adjacent to public spaces at sufficient densities to create critical mass of people who will activate the space throughout the day and night.	Figure 6-1 "Conceptual Landscape Zones" in the proposed ESHSP illustrates several areas for active and passive recreation and two recreation centers within the development. It should be noted, however, that this chapter of the proposed ESHSP is entirely conceptual and may not result in the same amount of area dedicated for these uses, if at all.	Consistent
Policy CD-1.7 Require developers to provide pedestrian amenities, such as trees, lighting, recycling and refuse containers, seating, awnings, art, or other amenities, in pedestrian areas along project frontages. When funding is available, install pedestrian amenities in public rights-of-ways.	The proposed ESHSP's architectural and landscape design guidelines would promote street trees, lighting, and other features along pedestrian paths. For example, the guidelines encourage light posts to be appropriately scaled to pedestrians near sidewalks and other areas of pedestrian circulation, as well as the placement of site furnishings in areas of recreation, rest, and social gathering.	Consistent
Policy CD-1.8 Create an attractive street presence with pedestrian-scaled building and landscaping elements that provide an engaging, safe, and diverse walking environment. Encourage compact, urban design, including use of smaller building footprints, to promote pedestrian activity throughout the City.	The proposed ESHSP includes elements to create an attractive street presence, as demonstrated in the architectural and landscape design guidelines. The proposed ESHSP, however, is not designed to be compact to promote pedestrian activity and would result in a development that could be characterized as suburban sprawl within San José.	Consistent and Not Consistent
Policy CD-1.17 Minimize the footprint and visibility of parking areas. Where parking areas are necessary, provide aesthetically pleasing and visually interesting parking garages with clearly identified pedestrian entrances and walkways. Encourage designs that encapsulate parking facilities behind active building space or screen parked vehicles from view from the public realm. Ensure that garage lighting does not impact adjacent uses, and to the extent feasible, avoid impacts of headlights on adjacent land uses.	Chapter 6 (Landscape Design Guidelines) of the proposed ESHSP includes guidelines for parking areas to provide visual screening (with berms where feasible). Shade trees are appropriate where parking area dimensions can accommodate them and should be located and spaced with a goal of providing a 35% share canopy within 15 years of planting.	Consistent
Policy CD-1.19 Encourage the location of new and relocation of existing utility structures into underground vaults or within structures to minimize their visibility and reduce their potential to detract from pedestrian activity. When above-ground or outside placement is necessary, screen utilities with art or landscaping.	Chapter 2 (Zoning & Development Standard) of the proposed ESHSP requires all new exterior on-site utilities to be located underground, including draining systems, sewers, gas lines, water lines, and electrical, telephone, and communication wires and equipment (Section 2.4.4.)	Consistent
Policy CD-1.22 Include adequate, drought-tolerant landscaped areas in development and require	The proposed ESHSP proposes to use plant options that emphasize	Consistent

	Analysis	Consistent?
provisions for ongoing landscape maintenance.	drought-tolerant, hardy materials and compatibility with existing surrounding native and adaptive plants (Chapter 6, Landscape Design Guidelines, Section 6.10.1.) Additionally, the proposed landscape design guidelines require that commonly owned facilities be maintained by one or more Homeowner's Association(s) and/or apartment owners.	
Function Goal CD-2 Create integrated public and private areas and uses that work together to support businesses and to promote pedestrian activity and multi-modal transportation.		
Policy CD-2.4 Incorporate public spaces (squares, plazas, etc.) into private developments to encourage social interaction, particularly where such spaces promote symbiotic relationships between businesses, residents, and visitors.	The Conceptual Land Plan in the proposed ESHSP does not include public spaces within the development. Residents and businesses located outside the gated community would not be able to access the private amenities within.	Not Consistent
Policy CD-2.5 Integrate Green Building Goals and Policies of this Plan into site design to create healthful environments. Consider factors such as shaded parking areas, pedestrian connections, minimization of impervious surfaces, incorporation of stormwater treatment measures, appropriate building orientations, etc.	The proposed ESHSP includes multiple requirements and guidelines pertaining to the use of green and sustainable building practices. These requirements and guidelines would apply to all new development within the ESHSP area.	Consistent
Policy CD-2.7 Design private streets to appear and function like public streets. Include street trees and sidewalks, and prohibit gated communities that restrict connectivity. Promote security at the building face rather than at the street.	While the proposed ESHSP contains landscape design guidelines and a conceptual mobility plan for streetscapes, most streets within the development will be private and inaccessible to the public. This is because the development is designed as a gated community surrounded by a perimeter wall, which is in direct conflict with this policy.	Not Consistent
Policy CD-2.10 Recognize that finite land area exists for development and that density supports retail vitality and transit ridership. Use land use regulations to require compact, low-impact development that efficiently uses land planned for growth, especially for residential development which tends to have a long life-span. Strongly discourage small-lot and single-family detached residential product types in Growth Areas.	The proposed ESHSP is not consistent with Policy CD-2.10 as it would facilitate single-family detached residential development within an Employment Growth Area. Additionally, based on the Conceptual Land Use Plan, the proposed single-family development ranges from 2.2 to 5.6 DU/AC and the proposed multifamily development is 11 DU/AC; these densities would not support retail vitality or transit ridership.	Not Consistent
Connections Goal CD-3 Maintain a network of publicly accessible streets and pathways that are safe and convenient for walking and bicycling and minimize automobile use; that encourage social interaction; and that increase pedestrian activity, multi-modal transit use, environmental sustainability, economic growth, and public health.		
Policy CD-3.3 Within new development, create and maintain a pedestrian-friendly environment by connecting the internal components with safe, convenient, accessible, and pleasant pedestrian facilities and by requiring pedestrian connections between building entrances, other site features, and adjacent public streets.	The bikability and walkability of the proposed ESHSP is severely limited to the predominance of cul-de-sacs and lack of destinations. While bicycle and pedestrian infrastructure is included as a design guideline, residents' use of these facilities may be limited due to lack of connectivity and design.	Not Consistent
Policy CD-3.6 Encourage a street grid with lengths of 600 feet or less to facilitate walking and biking. Use design techniques such as multiple building entrances and pedestrian paseos to improve pedestrian and bicycle connections.	The proposed ESHSP includes a Conceptual Road Network and Hierarchy Plan, meaning that the lengths of streetways are conceptual and could be developed at any length. The widths of roadways are	Inconclusive

	Analysis	Consistent?
	regulated by Section 2.4.2. of the Zoning and Development Standards Chapter. The proposed ESHSP does not include policies related to street length maximums. Therefore, it is inconclusive as to whether the proposed ESHSP is consistent with Policy CD-3.6.	
Policy CD-3.7 Encourage development to maximize pedestrian, bicycle, and vehicular connections to adjacent existing and planned neighborhoods and community facilities. Use cul-de-sacs only when no current or future options exist to connect one area to another, or if such design would help preclude development from extending to areas where it is not planned.	The proposed ESHSP includes a predominance of cul-de-sacs throughout the development, and does not meet the exceptions listed in this policy. The proposed ESHSP could be designed to facilitate connectivity throughout the development by removing most of the 19 proposed cul-de-sacs, except where appropriate along the eastern edge of the site.	Not Consistent
Policy CD-3.11 Encourage new development to connect with the surrounding community and continue the existing street grid to integrate with the neighborhood.	The proposed ESHSP does not connect with the surrounding community. The proposed ESHSP includes a gated wall surrounding the development and 19 cul-de-sacs within. There are only two entrance/exit points throughout the development.	Not Consistent
Compatibility Goal CD-4 Provide aesthetically pleasing streetscapes and new development that preserves and builds on the unique characteristics of the local area and contributes to a distinctive neighborhood or community identity.		
Policy CD-4.11 Accomplish sound attenuation for development along City streets through the use of setbacks and building design rather than sound attenuation walls. When sound attenuation walls are located adjacent to expressways or freeways, or railroad lines, landscaping, public art, and/or an aesthetically pleasing and visually interesting design should be used to minimize visual impacts.	Figure 6-2 "Conceptual Wall Location Plan" shows a vast amount of walls throughout the community that could be constructed with wood, masonry, stone, steel, or a combination of these materials.	Not Consistent
Community Health, Safety, and Wellness Goal CD-5 Create great public places where the built environment creates attractive and vibrant spaces, provides a safe and healthful setting, fosters interaction among community members, and improves quality of life.		
Policy CD-5.1 Design areas to promote pedestrian and bicycle movements, to facilitate interaction between community members, and to strengthen the sense of community.	The poor connectivity of the streets within the proposed ESHSP's Circulation and Mobility plan would not facilitate or promote pedestrian and bicycle movements, even with the proposed inclusion of bicycle lanes and sidewalks. While there are two private recreation centers included in the proposed ESHSP, there are no central gathering spaces or areas to facilitate interaction besides the active open spaces, which are insignificant in size and location.	Not Consistent
Housing – Social Equity and Diversity Goal H-1 Provide housing throughout our City in a range of residential densities, especially at higher densities, and product types, including rental and for-sale housing, to address the needs of an economically, demographically, and culturally diverse population.		
Policy H-1.1 Through the development of new housing and the preservation and rehabilitation of existing housing, facilitate the creation of economically, culturally, and demographically diverse and integrated communities.	The proposed ESHSP would facilitate up to 910 new residential units within San José that would be utilized by senior citizens, and potentially veterans. This would diversify the Evergreen area by promoting development with an elderly population.	Consistent

	Analysis	Consistent?
Policy H-1.2 Facilitate the provision of housing sites and structures across location, type, price and status as rental or ownership that respond to the needs of all economic and demographic segments of the community including seniors, families, the homeless and individuals with special needs.	The proposed ESHSP would provide up to 910 new residential units consisting of multifamily and single-family development. The proposed ESHSP mandates that at least 20 percent of the total number of units be made available for rent or purchase at an Affordable Housing Cost (Section 2.2.7.)	Consistent
Policy H-1.3 Create housing opportunities and accessible living environments that allow seniors to age in place, either in the same home, assisted living facilities, continuing care facilities, or other housing types within the same community.	The proposed ESHSP would facilitate up to 910 new residential units that would allow seniors to own a single-family home or rent a multifamily apartment in the Evergreen area. The proposed ESHSP area, however, is located at the edge of San José in an area that does not have adequate public transportation and other services that would serve seniors living in the development. As the seniors living in the development age, it is likely they will need services such as assisted living facilities, care facilities, and access to medical centers. Thus, residents that need these services would not be able to continue living in the proposed community.	Not Consistent
Policy H-1.4 Encourage the location of housing designed for senior citizens in neighborhoods where health and community facilities and services are within a reasonable walking distance and are accessible by public transportation.	The proposed ESHSP is located in an area of the city with extremely minimal transit service (one bus every 60 minutes). The nearest health centers include the VA Outreach Medical Clinic, which is four miles southwest of the site, and an urgent care facility located approximately three miles west of the site. Both facilities are not within walking distance to the ESHSP area. The only community facilities in walking distance to the ESHSP area are Fowler Creek Park, Evergreen Valley College, Carolyn Clark Elementary School, Tom Matsumoto Elementary School, and Chaboya Middle School. Few of the residents are likely to walk to nearby public schools as the proposed housing is restricted to seniors who may not have young children.	Not Consistent
Affordable Housing Goal H-2 Preserve and improve San José's existing affordable housing stock and increase its supply such that 15% or more of the new housing stock developed is affordable to low, very low and extremely low income households. Nothing in this language is intended, directly or indirectly, to impose any requirement on any individual housing project to include an amount or percentage of affordable units. Nothing in this language is intended to, directly or indirectly, result in a finding or determination that an individual housing project is inconsistent with the General Plan, if it does not contain any affordable housing units.		
Policy H-2.1 Facilitate the production of extremely low-, very low-, low-, and moderate-income housing by maximizing use of appropriate policies and financial resources at the federal, state, and local levels; and various other programs.	While the proposed ESHSP sets standards to provide affordable housing, the plan does not meet the City's Inclusionary Housing requirements, as discussed in the Housing Impacts section of Section III of the report.	Not Consistent

	Analysis	Consistent?
Policy H-2.2 Integrate affordable housing in identified growth locations and where other housing opportunities may exist, consistent with the Envision General Plan.	The affordable housing component of the proposed ESHSP is not located within a General Plan land use designation or Growth Area that is supportive of housing.	Not Consistent
Contribute to a Healthful Community Goal PR-2 Build healthful communities through people, parks, and programs by providing accessible recreation opportunities that are responsive to the community's health and wellness needs.		
Policy PR-2.6 Locate all new residential developments over 200 units in size within 1/3 of a mile walking distance of an existing or new park, trail, open space or recreational school grounds open to the public after normal school hours or shall include one or more of these elements in its project design.	The proposed ESHSP is located adjacent to Fowler Creek Park and plans for multiple trails throughout the development.	Consistent
Fiscal Management of Parks and Recreation Resources Goal PR-8 Provide fiscally sustainable recreation programs, facilities, and infrastructure assets.		
Policy PR-8.10 Encourage the development of private/commercial recreation facilities that are open to the public to help meet existing and future demands (i.e. plazas, swimming pools, fitness centers and gardens).	The proposed ESHSP does not provide private or commercial recreational facilities open to the public.	Not Consistent
General Land Use Goal LU-1 Establish a land use pattern that fosters a more fiscally and environmentally sustainable, safe, and livable city.		
Policy LU-1.1 Foster development patterns that will achieve a complete community in San José, particularly with respect to increasing jobs and economic development and increasing the City's jobs-to-employed resident ratio while recognizing the importance of housing and a resident workforce.	The proposed ESHSP does not increase the city's jobs, economic development opportunities, or J/ER ratio, and defects from meeting the City's jobs and economic goals. The City currently plans for 120,000 new dwelling units in specified Growth Areas which adequately provides housing for the City's projected population growth to 2040. The proposed ESHSP is not necessary to accommodate the 120,000 new planned units. The Initiative also stipulates that the new units developed as part of the proposed ESHSP are outside/in addition to the overall 120,000 planned units in the General Plan. The Initiative would also result in the loss of 200 acres of land designated for employment uses, which is inconsistent with this policy.	Not Consistent
Industrial Preservation Goal LU-6 Preserve and protect industrial uses to sustain and develop the city's economy and fiscal sustainability.		
Policy LU-6.1 Prohibit conversion of lands designated for light and heavy industrial uses to non-industrial uses. Prohibit lands designated for industrial uses and mixed industrial-commercial uses to be converted to non-employment uses. Lands that have been acquired by the City for public parks, public trails, or public open space may be re-designated from industrial or mixed-industrial lands to non-employment uses. Within the Five Wounds BART Station and 24th Street Neighborhood Urban Village areas, phased land use changes, tied to the completion of the planned BART station, may include the conversion of lands designated for Light Industrial, Heavy Industrial or other employment uses to non-employment use provided that the Urban Village areas maintain capacity for the overall	The Adopted General Plan prohibits the conversion of industrial land to non-employment uses; the proposed ESHSP proposes to convert 200 acres of lands designated for industrial uses to non-employment uses (residential).	Not Consistent

	Analysis	Consistent?
total number of existing and planned jobs.		
Policy LU-6.2 Prohibit encroachment of incompatible uses into industrial lands, and prohibit non-industrial uses which would result in the imposition of additional operational restrictions and/or mitigation requirements on industrial users due to land use incompatibility issues.	The proposed ESHSP would allow residential uses, which can be incompatible with industrial uses, immediately adjacent to over 150 acres of land designated for industrial park uses to the south of the project.	Not Consistent
Policy LU-6.4 Encourage the development of new industrial areas and the redevelopment of existing older or marginal industrial areas with new industrial uses, particularly in locations which facilitate efficient commute patterns. Use available public financing to provide necessary infrastructure improvements as one means of encouraging this economic development and revitalization.	The proposed Evergreen Senior Housing Overlay (ESHO) site has been planned for employment uses since the 1980s with the goal of placing jobs closer to housing. The proposed ESHSP would convert 200 acres of land designated for industrial park uses in an area that would allow a reverse commute for many San José residents.	Not Consistent
Policy LU-6.8 Reserve industrial areas for industrial and compatible support uses, while recognizing that industrial uses come in a variety of types and forms. Allow nonindustrial uses which are only incidental to and totally compatible with primary industrial uses in exclusively industrial areas. Consider allowing supportive, non-industrial activities, such as retail sales of materials manufactured or stored on site.	The ESHO site is designated for industrial and compatible commercial support uses. The proposed ESHSP would allow residential development on the site, which is inconsistent with this policy.	Not Consistent
Attract New Industrial Uses Goal LU-7 Attract new industrial uses to expand the City's economy and achievement of fiscal sustainability, stimulate employment, and further environmental goals.		
Policy LU-7.1 Encourage industrial supplier/service business retention and expansion in appropriate areas in the City.	The proposed ESHSP would limit the City's ability to encourage and attract industrial businesses within the Evergreen Campus Industrial (ECI) Employment Area because the ESHSP would convert about half the Employment Growth Area to residential uses and locate a potentially incompatible use (senior housing) adjacent to lands designated for industrial park uses.	Not Consistent
High-Quality Living Environments Goal LU-9 Provide high quality living environments for San José's residents.		
Policy LU-9.1 Create a pedestrian-friendly environment by connecting new residential development with safe, convenient, accessible, and pleasant pedestrian facilities. Provide such connections between new development, its adjoining neighborhood, transit access points, schools, parks, and nearby commercial areas. Consistent with Transportation Policy TR-2.11, prohibit the development of new cul-de-sacs, unless it is the only feasible means of providing access to a property or properties, or gated communities, that do not provide through- and publicly-accessible bicycle and pedestrian connections.	The proposed ESHSP's Conceptual Land Use Map and other diagrams show the inclusion of 19 cul-de-sacs within the development. The inclusion of the cul-de-sacs is not necessary to provide access to properties. Additionally, the entirety of the development is shown to be surrounded by a gated wall. These design features make the proposed ESHSP directly inconsistent with this policy.	Not Consistent
Policy LU-9.3 Integrate housing development with our City's transportation system, including transit, roads, and bicycle and pedestrian facilities.	The proposed ESHSP is located at the edge of the City's Urban Growth Boundary and is isolated from transit. Under the Valley Transportation Authority's Next Network, only one bus line (Bus Route 39) serves the ESHSP site at a frequency of every 60 minutes. This is not frequent enough transit service for residents of the proposed ESHSP to rely on	Not Consistent

	Analysis	Consistent?
	bus service as their predominate mode of transportation, nor does the bus line serve areas outside of Evergreen.	
Policy LU-9.6 Require residential developments to include adequate open spaces in either private or common areas to partially provide for residents' open space and recreation needs.	"Adequate open space" for housing is defined by the City's Residential Design Guidelines. These guidelines state that single-family residential development should have a minimum of 400 sq. ft. of private open space and 150 sq. ft. of common open space, and multifamily residential development should have a minimum of 60 sq. ft. of private open space and 100 sq. ft. of common open space. The proposed ESHSP meets the private and common open space guidelines set by the City for multifamily, but does not meet the guidelines for single-family.	Not Consistent
Policy LU-9.7 Ensure that new residential development does not impact the viability of adjacent employment uses that are consistent with the Envision General Plan Land Use / Transportation Diagram.	The proposed ESHSP would allow a sensitive receptor (residential housing) within the ECI Employment Area, an area planned for 10,000 new jobs. The proposed 910 dwelling units could limit the viability of industrial businesses locating within the area.	Not Consistent
Policy LU-9.17 Limit residential development in established neighborhoods that are not identified growth areas to projects that conform to the site's Land Use / Transportation Diagram designation and meet Urban Design policies in this Plan.	The proposed ESHSP does not conform to the Land Use/Transportation Diagram as the site is designated as Industrial Park. While the site is located within a Growth Area, the Growth Area does not allow for residential uses.	Not Consistent
Efficient Use of Residential and Mixed-Use Lands Goal LU-10 Meet the housing needs of existing and future residents by fully and efficiently utilizing lands planned for residential and mixed-use and by maximizing housing opportunities in locations within a half mile of transit, with good access to employment areas, neighborhood services, and public facilities.		
Policy LU-10.5 Facilitate the development of housing close to jobs to provide residents with the opportunity to live and work in the same community.	The Evergreen community has a deficiency of jobs compared to the existing number of homes; this deficiency is a large contributor to the heavily congested roadways during peak commute times. The proposed ESHSP would further exacerbate this issue.	Not Consistent
Balanced Transportation System Goal TR-1 Complete and maintain a multimodal transportation system that gives priority to the mobility needs of bicyclists, pedestrians, and public transit users while also providing for the safe and efficient movement of automobiles, buses, and trucks.		
Policy TR-1.1 Accommodate and encourage use of non-automobile transportation modes to achieve San José's mobility goals and reduce vehicle trip generation and vehicle miles traveled (VMT).	Based on the proposed ESHSP's isolated location, lack of viable transit access, and suburban sprawl urban design, it is unlikely that transit is a reasonable transportation mode for the senior citizen residents. The site is located in a high Vehicles Miles Traveled (VMT) area which makes reduction of VMT and mitigation of VMT impacts difficult.	Not Consistent
Policy TR-1.7 Require that private streets be designed, constructed and maintained to provide safe, comfortable, and attractive access and travel for motorists and for pedestrians, bicyclists, and transit users of all ages, abilities, and preferences.	The proposed ESHSP contains conceptual cross-sections of the proposed roadways within the development; these cross-sections show sidewalks, bike lanes, and parking lanes that would provide safe and	Consistent

	Analysis	Consistent?
	attractive access for all modes of transportation.	
Walking and Bicycling Goal TR-2 Improve walking and bicycling facilities to be more convenient, comfortable, and safe, so that they become primary transportation modes in San José.		
Policy TR-2.8 Require new development where feasible to provide on-site facilities such as bicycle storage and showers, provide connections to existing and planned facilities, dedicate land to expand existing facilities or provide new facilities such as sidewalks and/or bicycle lanes/paths, or share in the cost of improvements.	Chapter 2 (Zoning & Development Standards) of the proposed ESHSP requires bicycle parking at the multifamily residential buildings and at the primary recreation center. Chapter 2 also requires Transportation Demand Management (TDM) elements to promote bicycling, walking, and transit use; the success of these TDM elements, however, may be limited due to the low connectivity within and outside of the development and lack of adequate transit services to the site.	Consistent
Policy TR-2.11 Prohibit the development of new cul-de-sacs, unless it is the only feasible means of providing access to a property or properties, or gated communities that do not provide through and publicly accessible bicycle and pedestrian connections. Pursue the development of new through bicycle and pedestrian connections in existing cul-de-sac areas where feasible.	The proposed ESHSP is a gated residential community with a predominance of cul-de-sacs, and directly conflicts with this policy.	Not Consistent
Vehicular Circulation Goal TR-5 Maintain the City's street network to promote the safe and efficient movement of automobile and truck traffic while also providing for the safe and efficient movement of bicyclists, pedestrian, and transit vehicles.		
Policy TR-5.3 The minimum overall roadway performance during peak travel periods should be level of service "D" except for designated areas. How this policy is applied and exceptions to this policy are listed in the following bullets: • Vehicular Traffic Mitigation Measures. Review development proposals for their impacts on the level of service and require appropriate mitigation measures if development of the project has the potential to reduce the level of service to "E" or worse. These mitigation measures typically involve street improvements. Mitigation measures for vehicular traffic should not compromise or minimize community livability by removing mature street trees, significantly reducing front or side yards, or creating other adverse neighborhood impacts. • Area Development Policy. An "area development policy" may be adopted by the City Council to establish special traffic level of service standards for a specific geographic area which identifies development impacts and mitigation measures. These policies may take other names or forms to accomplish the same purpose. Area development policies should be considered during the General Plan Annual Review and Amendment Process. • Small Projects. Small projects may be defined and exempted from traffic analysis per the City's transportation policies. • Protected Intersections. In recognition that roadway capacity-enhancing improvement measures can impede the City's ability to encourage infill, preserve community livability, and promote transportation alternatives that do not solely rely on automobile travel, specially designated Protected Intersections are exempt from traffic mitigation measures. Protected Intersections are located in Special Planning Areas where proposed	The proposed ESHSP does not conform to the current Evergreen-East Hills Development Policy (EEHDP) and, therefore, does not conform to Policy TR-5.3. The proposed ESHSP is not proposing to analyze Level of Service (LOS) nor mitigate traffic impacts caused by the project. Additionally, the EEHDP currently does not have the residential capacity to allow the proposed ESHSP's proposed 910 residential units.	Not Consistent

	Analysis	Consistent?
developments causing a significant LOS impact at a Protected Intersection are required to construct multimodal (non-automotive) transportation improvements in one of the City's designated Community Improvement Zones. These multimodal improvements are referred to as off-setting improvements and include improvements to transit, bicycle, and/or pedestrian facilities.		
Policy TR-5.5 Require that new development, which includes new public or private streets, connect these streets with the existing public street network and prohibit the gating of private streets with the intention of restricting public access. Furthermore, where possible, require that the street network within a given project consists of integrated short blocks to facilitate bicycle and pedestrian travel and access.	The proposed ESHSP facilitates development of a residential community with a private street network almost entirely surrounded by gates to restrict public access. The blocks shown by the Conceptual Land Use Plan are too large to facilitate bicycle and pedestrian travel and access. The proposed ESHSP is directly inconsistent with this policy.	Not Consistent
Parking Strategies Goal TR-8 Develop and implement parking strategies that reduce automobile travel through parking supply and pricing management.		
Policy TR-8.4 Discourage, as part of the entitlement process, the provision of parking spaces significantly above the number of spaces required by code for a given use.	The proposed ESHSP's parking requirements do not exceed the parking requirements in the City's Zoning Code for single-family and multifamily residential development.	Consistent
Tier I Reduction of Vehicle Miles Traveled Goal TR-9 Reduce Vehicle Miles Traveled (VMT) by 10%, from 2009 levels, as an interim goal.		
Policy TR-9.1 Enhance, expand and maintain facilities for walking and bicycling, particularly to connect with and ensure access to transit and to provide a safe and complete alternative transportation network that facilitates non-automobile trips.	The proposed ESHSP includes sidewalks and bicycle lanes throughout the development. The proposed ESHSP also includes TDM elements that, if utilized, could help connect the development to the existing bus stop at the corner of Murillo Avenue and Aborn Road.	Consistent
Trails as Transportation Goal TN-2 Develop a safe and accessible Trail Network to serve as a primary means of active transportation and recreation within an integrated multi-modal transportation system.		
Policy TN-2.2 Provide direct, safe and convenient bicycle and pedestrian connections between the trail system and adjacent neighborhoods, schools, employment areas and shopping areas.	The proposed ESHSP includes a conceptual trail network that would expand the trail network within San José and connect the public trails to the proposed senior housing development. However, the proposed trails are shown as private trails and would not be accessible to San José residents outside of the proposed ESHSP area. Additionally, because the Conceptual Trail Network diagram is illustrative, the trails within the proposed ESHSP could be developed in any manner, shape, or form, or not at all.	Consistent
Land Use / Transportation Diagram Goal IP-1 Make land use and permit decisions to implement the Envision General Plan Land Use / Transportation Diagram and to further the vision, goals and policies of the Envision General Plan.		
Policy IP-1.1 Use the Envision General Plan Land Use / Transportation Diagram designations to indicate the general intended land use, providing flexibility to allow for a mix of land uses, intensities and development forms compatible with a wide variety of neighborhood contexts and to designate	The Land Use/Transportation Diagram designates the proposed ESHSP area as Industrial Park, which does not allow residential development. The proposed ESHSP is inconsistent with the Land Use/Transportation	Not Consistent

	Analysis	Consistent?
the intended roadway network to be developed over the timeframe of the Envision General Plan. Use the Zoning designation to indicate the appropriate type, form and height of development for particular properties.	Diagram.	
Policy IP-1.3 Ensure that proposals for redevelopment or significant intensification of existing land uses on a property conform to the Land Use / Transportation Diagram. Because the Diagram designation identifies the City's long-term planned land use for a property, non-conforming uses should transition to the planned use over the timeframe of the Envision General Plan. Allow improvements or minor expansions of existing, non-conforming land uses provided that such development will contribute to San José's employment growth goals or advance a significant number of other Envision General Plan goals.		
Policy IP-1.7 Use standard Zoning Districts to promote consistent development patterns when implementing new land use entitlements. Limit use of the Planned Development Zoning process to unique types of development or land uses which cannot be implemented through standard Zoning Districts, or to sites with unusual physical characteristics that require special consideration due to those constraints.	The proposed ESHSP bypasses the City's Zoning Code by creating a new Specific Plan Zoning District with unique development regulations in order to facilitate senior housing. Because the proposed ESHSP does not use the City's standard zoning districts, the proposed ESHSP is inconsistent with this policy.	Not Consistent
General Plan Phasing / Planning Horizons / Major Review Goal IP-2 Monitor progress toward General Plan Vision, goals and policies through a periodic Major Review. Evaluate the success of the Envision General Plan's implementation and consider refinement of the Land Use / Transportation Diagram and the Envision General Plan policies to ensure their achievement. Use General Plan Major Reviews to consider increases in available residential development capacity by opening an additional Horizon for development and to assign priority to growth areas within San José for new housing.		
Policy IP-2.9 Focus new residential development into specified Growth Areas to foster the cohesive transformation of these areas into complete Urban Villages. Allow immediate development of all residential capacity planned for the Growth Areas included in the current Plan Horizons.	The proposed ESHSP allows residential development outside of an Urban Village in a Growth Area not planned for residential uses. Thus, the proposed ESHSP is inconsistent with Policy IP-2.9.	Not Consistent
General Plan Annual Review and Measurable Sustainability Goal IP-3 Evaluate the progress of the Envision General Plan's implementation actions and programs, and the Green House Gas (GHG) reduction strategies using its Performance Measures and the Council's Climate Action/Green House Gas Reduction Policy and, as needed, refine Envision General Plan goals and policies and the Land Use / Transportation Diagram during Annual Review.		
Policy IP-3.4 Maintain the City's total planned housing growth capacity (120,000 dwelling units) as a cumulative result of any Amendments approved during a single Annual Review. Amendments may maintain or increase, but not diminish the total planned job growth capacity for the City.	The Initiative exempts senior housing projects within the proposed CSHO from counting towards the General Plan's planned housing growth capacity of 120,000 units, which would maintain the City's planned housing growth capacity. The proposed ESHSP, however, would allow up to 910 residential units in excess of the Adopted General Plan's planned housing growth capacity. While the proposed ESHSP would not increase the planned housing growth capacity, the amount of housing in San José would increase above the 120,000 unit planned housing growth.	Consistent and Not Consistent
Specific Plans Goal IP-7 Use the specific plan process to allow for more detailed planning of a specific geographic area. This approach ensures that the development will proceed according to specific use, design, phasing, and financing provisions tailored to the circumstances of that area.		

	Analysis	Consistent?
Policy IP-7.3 Integrate specific plans into the Envision General Plan to help ensure consistency with the goals and policies of the General Plan and to give General Plan support to objectives of the specific plan. Specific plans can only be incorporated into the General Plan through the General Plan Amendment process but not necessarily through the General Plan Annual Review. Revisions to adopted specific plans, however, may occur only during the General Plan Annual Review process.	Based on the analysis in this report, the proposed ESHSP is not consistent with the Major Strategies, goals, and policies of the Adopted General Plan. Thus, the proposed ESHSP is inconsistent with this policy.	Not Consistent
Policy IP-7.4 Typically incorporate specific plans into the General Plan as Planned Residential Communities or Planned Communities.	The proposed ESHSP is incorporated into the General Plan under the proposed Senior Housing Overlay land use designation, not as a Planned Residential Community or Planned Community.	Not Consistent
Policy IP-7.5 Typically accomplish implementation of specific plans through the rezoning and site development entitlement processes.	The proposed ESHSP would be implemented by using the proposed Specific Plan Zoning District and Evergreen Specific Plan Permit.	Consistent
Environmental Clearance Goal IP-12 Use the Environmental Clearance process to further implement Envision General Plan goals and policies related to the minimization of environmental impacts, improving fiscal sustainability and enhancing the delivery of municipal services.		
Policy IP-12.1 Conform to the requirements of the California Environmental Quality Act (CEQA) as it relates to land use decisions and the implementation of the Envision General Plan.	The proposed ESHSP is consistent with this policy because all subsequent development permits and discretionary actions would be subject to environmental review under CEQA. However, this ballot measure has not been analyzed under CEQA, a process the proposed ESHSP would be subject to if the Initiative's proponents had submitted their proposal under the City's typical development review process.	Consistent

Staff did not include several Adopted General Plan goals and policies that Exhibit H of the Initiative includes in their analysis. These policies, listed below, are policies that would be analyzed during the review of development permits (i.e. subdivision maps, planned development permit, site development permit, etc.) or building permits, not at the specific plan stage of the development review process. Consistency with many of these policies would not be able to be determined until such development and building permits are submitted to the City for review, a process that would occur after approval of the proposed ESHSP.

- Waste Reduction Goal MS-6, Policies MS-6.8 and MS-6.12
- Air Pollutant Emission Reduction Goal MS-10, Policies MS-10.1 and MS-10.7
- Toxic Air Contaminants Goal MS-11, Policies MS-11.1 and MS-11.2
- Construction Air Emissions Goal MS-13, Policies MS-13.1 and MS-13.2
- Migratory Birds Goal ER-5, Policies ER-5.1 and ER-5.2
- Urban Natural Interface Policy ER-6.8
- Stormwater Goal ER-8, Policies ER-8.1, ER-8.4, ER-8.5, and ER-8.7
- Archaeology and Paleontology Goal ER-10, Policies ER-10.2 and ER-10.3
- Community Noise Levels and Land Use Compatibility Goal EC-1, Policies EC-1.1, EC-1.2, and EC-1.7
- Vibration Goal EC-2, Policies EC-2.3 and EC-2.4
- Seismic Hazards Goal EC-3, Policies EC-3.1 and EC-3.2
- Geologic and Soil Hazards Goal EC-4, Policies EC-4.1, EC-4.5, and EC-4.6
- Flooding Hazards Goal EC-5, Policies EC-5.4, EC-5.11, and EC-5.16
- Hazardous Materials Goal EC-6, Policies EC-6.2 and EC-6.6
- Wildland and Urban Fire Hazards Goal EC-8, Policies EC-8.3 and EC-8.4
- General Provision of Infrastructure Policy IN-1.6 and IN-1.9

	Analysis	Consistent?

- Water Supply, Sanitary Sewer and Storm Drainage Goal IN-3, Policies IN-3.9 and IN-3.10
- Private Community Gathering Facilities Policy VN-5.5
- Attractive City Policy CD-1.13, CD-1-1.23 and CD-1.24
- Connections Policy CD-3.2, CD-3.4 and CD-3.9
- Residential Neighborhoods Goal LU-11 and Policy LU-11.1

Other goals and policies included in Exhibit H of the Initiative are simply not relevant or do not apply to the Evergreen Senior Homes Specific Plan. These include the following:

- Fiscally Sustainable Service Delivery Policy FS-5.7
- Objectionable Odors Goal MS-12, Policy MS-12.2
- Water Conservation Goal MS-18, Policies MS-18.3 and MS-18.5
- Urban Natural Interface Policy ER-6.7
- Water Resources Goal ER-9, Policy ER-9.3
- Environmental Contamination Goal EC-7, Policies EC-7.1, EC-7.2, EC-7.5, EC-7.6, and EC-7.7
- Law Enforcement and Fire Protection Goal ES-3, Policies ES-3.1, ES-3.2, 3.9, and ES-3.11
- High Quality Facilities and Programs Goal PR-1, Policies PR-1.1 and PR-1.12
- Building Height Goal CD-8 and Policy CD-8.1
- Maximize Use of Public Transit Goal TR-3 and Policy TR-3.4
- Maintain Employment Lands Goal LU-8 and Policy LU-8.1
- High-Quality Living Environment Policy LU-9.11
- Efficient Use of Residential and Mixed-Use Lands Policy LU-10.4
- General Plan Phasing/Planning Horizons/Major Review Policy IP-2.8
- General Plan Annual Review and Measureable Sustainability Policies IP-3.3 and IP-3.6
- General Plan Annual Review Hearing Process Goal IP-4 and Policy IP-4.2

Appendix 8: Analysis of the Proposed Citywide Senior Housing Overlay's Consistency with the Adopted General Plan

Appendix 8 – Analysis of the Citywide Senior Housing Overlay's (CSHO) consistency with the Adopted General Plan

This appendix discusses the proposed Citywide Senior Housing Overlay's (CSHO) consistency with the Envision San José 2040 General Plan (Adopted General Plan).

Major Strategies

Major Strategy	Analysis	Consistent?
Major Strategy #3 - Focused Growth Strategically focus new growth into areas of San José that will enable the achievement of City goals for economic growth, fiscal sustainability and environmental stewardship and support the development of new, attractive urban neighborhoods. The Plan focuses significant growth, particularly to increase employment capacity, in areas surrounding the City's regional Employment Center, achieve fiscal sustainability, and to maximize the use of transit systems within the region. A Major Strategy of the Envision General Plan is to focus new growth capacity in specifically identified "Growth Areas," while the majority of the City is not planned for additional growth or intensification. While the Focused Growth strategy directs and promotes growth within identified Growth Areas, it also strictly limits new residential development through neighborhood infill outside of these Growth Areas to preserve and enhance the quality of established neighborhoods, to reduce environmental and fiscal impacts, and to strengthen the City's Urban Growth Boundary. Infill development within such neighborhoods, often at a density and form inconsistent with the existing neighborhood pattern, has been disruptive to the development of a positive neighborhood character. Focusing new growth into the Growth Areas will help to protect the quality of existing neighborhoods, while also enabling the development of new Urban Village areas with a compact and dense form attractive to the City's projected growing demographic groups (i.e., an aging population and young workers seeking an urban experience), that support walking, provide opportunities to incorporate retail and other services in a mixed-use format, and support transit use. The Plan supports a significant amount of new housing growth capacity, providing near-term capacity for development of approximately 50,000 new dwelling units, with the ability in future Plan Horizons to ultimately build up to a total of 120,000 additional dwelling units. Because the City is largely built-out within its city limits and the General Plan does not support the conversion of industrial areas to residential use or the urbanization of the Mid-Coyote Valley or South Almaden Valley Urban Reserves or lands outside of San José's Urban Growth Boundary, most new housing development will be achieved through higher-density redevelopment within existing urbanized areas. Further employment land conversions or dramatic expansions of the City outside of its current boundaries would have significant negative environmental, fiscal and economic implications and be clearly contrary to those objectives.	The Adopted General Plan seeks to focus new job and housing growth within identified Growth Areas, and strictly limits new residential growth outside of these areas in order to preserve and enhance the quality of established neighborhoods. The proposed CSHO would allow senior housing outside of Growth Areas as long as the site was considered underutilized employment land. Because the Initiative proposes to amend this Major Strategy to allow senior housing outside of Growth Areas, the proposed CSHO would not be limited to only employment lands within a Growth Area. The Adopted General Plan also phases housing growth in Urban Village Growth Areas through Plan Horizons so that residential growth does not continue to exceed the city's job growth. The proposed CSHO is written to allow housing outside of Plan Horizons and in excess of the City's 120,000 unit planned housing yield. Because San José currently functions as a bedroom community, allowing housing units in excess of the City's planned housing capacity could negatively affect achievement of the City's fiscal health and environmental sustainability goals associated with the Focused Growth Major Strategy. The Focused Growth Major Strategy also does not support the conversion of industrial lands to residential lands because such proposals would have significant negative environmental, fiscal, and economic implications and be contrary to this Major Strategy's objectives. The proposed CSHO is in direct conflict with this Major Strategy because it would allow the conversion of industrial lands to allow the development of senior housing.	Not Consistent

	Analysis	Consistent?
Major Strategy #4 – Innovation/Regional Employment Center Emphasize economic development within the City to support San José's growth as center of innovation and regional employment. Growing San José's role as an employment center will enhance the City's leadership role in North America, increase utilization of the regional transit systems, and support the City's fiscal health. Through multiple General Plan updates, San José has identified improvement of the City's jobs/housing balance or Jobs/Employed Residents Ratio (J/ER) as a critical objective to address multiple City goals. The Envision San Jose 2040 General Plan establishes achievement of a J/ER ratio of 1.1 to 1 by the year 2040 as a core objective of the Plan informing its policies and Land Use/Transportation Diagram designations. In the near term, the Plan strives to achieve a J/ER ratio of 1.0 by the year 2025. The Land Use/Transportation Diagram and General Plan policies support the development of up to 382,000 new jobs within San José and a jobs to employed residents ratio of 1.1 Jobs/Employed Resident. The Plan focuses employment growth in the Downtown, in proximity to regional and local transit facilities and on existing employment lands citywide, while also encouraging the development of neighborhood serving commercial uses throughout the community and close to the residents they serve. The Plan recognizes that all existing employment lands add value to the City overall and therefore preserves those employment lands and promotes the addition of new employment lands when opportunities arise. The Plan in particular supports intensive job growth at planned and existing regional transit stations (e.g., BART, High-Speed Rail, and Caltrans) to support increased transit ridership and regional use of the transit system to access San José's employment centers. The Envision San José 2040 General Plan supports and promotes San José's growth as a regional center for employment and innovation, by: • Planning for 382,000 new jobs and a Jobs/Employed Resident Ratio of 1.1/1 • Providing greater flexibility for commercial activity • Supporting job growth within existing job centers • Adding new employment lands • Designating job centers at regional transit stations • Celebrating arts and culture	The proposed CSHO is in direct conflict with the Innovation/Regional Employment Center Major Strategy because it would allow the conversion of the City's limited employment land to facilitate the development of senior housing. The Innovation/Regional Employment Center Major Strategy encourages land use decisions that increase the City's jobs-to-employed-resident (J/ER) ratio to 1.1/1.; San José's current J/ER ratio is 0.8/1. The proposed CSHO would diminish the City's employment lands by allowing senior housing on existing lands designated for employment uses. This conversion could displace existing businesses and/or would limit or eliminate the City's potential to use such lands for employment uses in the future. The Innovation/Regional Employment Center Major Strategy recognizes the value of all employment land and requires that the City preserve such land and promote the addition of new employment lands. The proposed CSHO counteracts such actions because it would decrease the amount of employment lands within San José in order to facilitate senior housing. The Initiative proposes to amend the Innovation/Regional Employment Center Major Strategy to allow senior housing developments under the proposed CSHO to convert employment land. The amendment to this Major Strategy is necessary to implement the proposed CSHO because of its inconsistency with this Major Strategy and the Adopted General Plan.	Not Consistent
Major Strategy #5 - Urban Villages Promote the development of Urban Villages to provide active, walkable, bicycle-friendly, transit-oriented, mixed-use urban settings for new housing and job growth attractive to an innovative workforce and consistent with the Plan's environmental goals. The General Plan establishes the Urban Villages concept to create a policy framework to direct most	The proposed CSHO would allow senior housing development on any underutilized employment land within San José, including within and outside of Urban Village boundaries. Urban Villages promote the development of housing and jobs within their boundaries, including the development of senior housing. The proposed CSHO, however, could also allow senior housing on lands planned for job growth within an	Not Consistent

	Analysis	Consistent?
new job and housing growth to occur within walkable and bike friendly Urban Villages that have good access to transit and other existing infrastructure and facilities. While each Urban Village identified within the Plan will develop within a unique context, they can be divided into four general categories: Regional Transit Urban Villages, Local Transit Urban Villages, Commercial Corridor and Center Urban Villages and Neighborhood Urban Villages. The General Plan also establishes an Urban Village Planning process with the General Plan Implementation Chapter. Preparation of an Urban Village Plan for each Urban Village area will provide for continued community involvement in the implementation of the General Plan and for land use and urban design issues to be addressed at a finer level of detail. Development of Urban Villages at environmentally and fiscally beneficial locations throughout the city is a key Plan strategy. Focusing new job and housing growth to build attractive, compact, walkable urban districts or "Urban Villages" will enable location of commercial and public services in close proximity to residential and employee populations, allowing people to walk to services while also providing greater mobility for the expanding senior and youth segments of the population. The Urban Village Strategy fosters: • Mixing residential and employment activities • Establishing minimum densities to support transit use, bicycling and walking • High-quality urban design • Revitalizing underutilized properties with access to existing infrastructure • Engaging local neighborhoods through an Urban Village Planning process	Urban Village; this action could limit the feasibility of accommodating planned job capacities in Urban Villages. If a CSHO is proposed on a site within an Urban Village, the proposed CSHO does not have to conform to the respective Urban Village Plan; the *only* requirement for the placement of a CSHO is that a site is deemed "underutilized employment land." Allowing a proposed CSHO on a site designated for job growth within an Urban Village would contradict the extensive community engagement and outreach process used during the development of the Urban Village Plan.	
Major Strategy #8 – Fiscally Strong City Establish a land use planning framework that promotes the right fiscal balance of revenue and costs to allow the City to deliver high-quality municipal services, consistent with community expectations. It is critical that San José makes wise fiscal policy decisions in order to provide high quality services accessible to all community members, to continue to create economic development, and to thrive as a community. San José will maintain a Fiscally Strong City, by providing adequate land for uses that generate revenue for the City and by focusing new growth in developed areas where existing infrastructure (e.g., sewers, water lines, and transportation facilities), and City facilities and services (e.g., libraries, parks and public safety) are already available, resulting in maximum efficiency. The fiscal impact of potential land use and policy options will be given serious consideration and priority in the land use entitlement process. Goals, policies, and implementation actions throughout the General Plan address this important concept. The Plan incorporates policies from the City's Employment Lands Preservation Framework and several critical implementation policies to address the fiscal impacts of future land use decisions. The Envision San José 2040 General Plan promotes a fiscally strong City, providing high quality municipal services and acting as an advocate for regional policies that promote the strengths of our	To support the City's fiscal sustainability, San José must provide adequate land uses that generate revenue for the City. One key way the Adopted General Plan seeks to achieve this is by focusing new growth in Growth Areas where existing infrastructure, facilities, and services exist. This land use philosophy minimizes the City's cost in building and maintaining new infrastructure, facilities, and services. The proposed CSHO is inconsistent with the Fiscally Strong Major Strategy because it would convert land dedicated for employment uses to senior housing. There is no requirement that such sites should be in areas with existing City infrastructure, facilities, and services as all underutilized employment lands would be eligible for the proposed CSHO.	Not Consistent

	Analysis	Consistent?
diverse and successful population. The Plan incorporates policies that promote the City's fiscal health and which: • Establish standards for the delivery of high-quality municipal services • Carefully manage existing fiscal resources • Encourage the cultivation of increased resources • Focus new growth so as to minimize its fiscal impacts		

Goals and Policies

General Plan Goal/Policy	Analysis	Consistent?
Land Use and Employment Goal IE-1 Proactively manage land uses to provide and enhance economic development and job growth in San José.		
Policy IE-1.1 To retain land capacity for employment uses in San José, protect and improve the quantity and quality of all lands designated exclusively for industrial uses, especially those that are vulnerable to conversion to non-employment uses.	Due to the City's low jobs-to-employed-resident (J/ER) ratio, the General Plan places a significant emphasis on the need to maintain, protect, preserve, and expand employment and industrial lands within San José. The proposed CSHO would allow the conversion of any and all employment lands within San José, if deemed "underutilized." This conversion would limit the City's ability to attain a J/ER ratio of 1.1/1 by 2040; the City currently has a 0.8 J/ER ratio. In order to reach the City's goal of 1.1 jobs per employed resident, the City needs to maximize and enhance its existing employment lands. Implementation of the proposed CSHO counters this effort by decreasing the City's employment lands for the development of senior housing. Additionally, placement of the proposed CSHO in employment areas could impact the viability of adjacent industrial land, as senior housing is a sensitive receptor for industrial uses. Thus, while the proposed CSHO intends to redevelop underutilized employment sites, the senior housing that would result from implementing the proposed CSHO could also negatively impact viable industrial land.	Not Consistent
Policy IE-1.2 Plan for the retention and expansion of a strategic mix of employment activities at appropriate locations throughout the City to support a balanced economic base, including industrial suppliers and services, commercial/retail support services, clean technologies, life sciences, as well as high technology manufacturers and other related industries.		
Policy IE-1.3 As part of the intensification of commercial, Village, Industrial Park and Employment Center job Growth Areas, create complete, mixed-employment areas that include business support uses, public and private amenities, child care, restaurants and retail goods and services that serve employees of these businesses and nearby businesses.		
Policy IE-1.4 Manage land uses to enhance employment lands to improve the balance between jobs and workers residing in San José. To attain fiscal sustainability for the City, strive to achieve a minimum ratio of 1.1 jobs/employed resident by 2040. In the near term, strive to achieve a minimum ratio of 1 job per employed resident by 2025.		
Broad Economic Prosperity Goal IE-6 Provide widespread access to diverse employment and training opportunities in San José and strive to increase job growth, particularly jobs that provide self-sufficient wages and health care benefits, to allow the community to broadly share in the region's prosperity.		
Policy IE-6.2 Attract and retain a diverse mix of businesses and industries that can provide jobs for the residents of all skill and education levels to support a thriving community.	The proposed CSHO would limit the City's ability to attract and retain a mixture of businesses and industries by limiting the amount of land dedicated for employment uses.	Not Consistent

	Analysis	Consistent?
City Operations Goal FS-1 Operate our City in a fiscally responsible and sustainable manner by planning long-term and maintaining a positive annual balance between available revenue and the costs of services we provide to our constituents.		
Policy FS-1.2 Manage San José's future growth in an orderly, planned manner to reduce service costs, maximize the utilization of existing and proposed public facilities, and to enhance the City revenues available to sustain a desirable quality of life.	The proposed CSHO allows senior housing on underutilized employment lands without any requirement to place senior housing in areas of the City with existing services and facilities. The proposed CSHO would allow residential development outside of Growth Areas, where such services and facilities may not currently exist.	Not Consistent
Fiscally Sustainably Land Use Framework Goal FS-3 Make land use decisions that improve the City's fiscal condition. Manage San José's future growth in an orderly, planned manner that is consistent with our ability to provide efficient and economical public services, to maximize the use of existing and proposed public facilities, and to achieve equitable sharing of the cost of such services and facilities.		
Policy FS-3.1 Recognize the value of long-term planning and strong land use policy in managing the City's fiscal position.	Adopted General Plan Goal FS-3 and subsequent policies focus on improving the City's fiscal condition or fiscal sustainability. Given that San Jose is largely the bedroom community for Silicon Valley, improving the City's jobs to housing ratio is central to the City's fiscal health. Generally, residential uses have high service demands and are fiscally neutral or negative to the City, while employment uses have lower service demands and are fiscally positive. The proposed CSHO is inconsistent with Goal FS-3 and subsequent policies because the Adopted General Plan discourages actions that could significantly diminish revenue to the City or significantly increase its service costs.	Not Consistent
Policy FS-3.3 Promote land use policy and implementation actions that increase the ratio of Jobs to Employed Residents to improve our City's fiscal condition, consistent with economic development and land use goals and policies. Maintain or enhance the City's net total employment capacity collectively through amendments made to this General Plan in each Annual Review process.		
Policy FS-3.4 Promote land use policy and implementation actions that improve our City's fiscal sustainability. Maintain or enhance the City's projected total net revenue through amendments made to this General Plan in each Review process. Discourage proposed rezonings or other discretionary land use actions that could significantly diminish revenue to the City or significantly increase its service costs to the City without offsetting increases in revenue.		
Promote Fiscally Beneficial Land Use Goal FS-4 Maintain, enhance, and develop our City's employment lands as part of our strategy for Fiscal Sustainability.		
Policy FS-4.1 Preserve and enhance employment land acreage and building floor area capacity for various employment activities because they provide revenue, near-term jobs, contribute to our City's long-term achievement of economic development and job growth goals, and provide opportunities for the development of retail to serve individual neighborhoods, larger community areas, and the Bay Area.	The Adopted General Plan seeks to preserve, enhance, and maintain San José's limited employment lands. The proposed CSHO is inconsistent with this goal and policies because it would allow the conversion of employment lands for the development of senior housing. The proposed CSHO would also allow incompatible uses (i.e. senior housing) in employment areas.	Not Consistent
Policy FS-4.2 Maintain, enhance, and develop the employment lands within identified key employment areas (North Coyote Valley, the Berryessa International Business Park, the East Gish and Mabury industrial areas, the Evergreen industrial area, the Edenvale Redevelopment Project Area, and the Monterey Corridor Redevelopment Project Area). Protect existing employment uses within these areas from potentially incompatible non-employment uses.		
Reduce Consumption and Increase Efficiency Goal MS-14 Reduce per capita energy consumption by at least 50% compared to 2008 levels by 2022 and maintain or reduce net aggregate energy consumption levels equivalent to the 2022 (Green Vision) level through 2040.		

	Analysis	Consistent?
Policy MS-14.1 Promote job and housing growth in areas served by public transit and that have community amenities within a 20-minute walking distance.	The proposed CSHO would allow senior housing on underutilized employment lands, but sets forth no requirements for sites in close proximity to transit, shopping, community services, or gathering places. For example, the proposed ESHSP that is permitted by the proposed CSHO is in a location outside a 20-minute walking distance to amenities and services. While there is no requirement to place the proposed CSHO in areas close to transit and communities amenities, the proposed CSHO could be applied in such areas.	Not Consistent
Policy MS-14.2 Enhance existing neighborhoods by adding a mix of uses that facilitate biking, walking, or transit ridership through improved access to shopping, employment, community services, and gathering places.		
Vibrant, Attractive, and Complete Neighborhoods Goal VN-1 Develop new and preserve and enhance existing neighborhoods to be vibrant, attractive and complete.		
Policy VN-1.1 Include services and facilities within each neighborhood to meet the daily needs of neighborhood residents with the goal that all San José residents be provided with the opportunity to live within a ½ mile walking distance of schools, parks and retail services.	The proposed CSHO would allow senior housing in areas outside of a ½-mile walking distance of schools, parks, and retail services as long as the site was considered underutilized employment lands. The proposed CSHO could also locate within a ½-mile walking distance to such amenities, but there is no such requirement.	Not Consistent
Housing – Social Equity and Diversity Goal H-1 Provide housing throughout our City in a range of residential densities, especially at higher densities, and product types, including rental and for-sale housing, to address the needs of an economically, demographically, and culturally diverse population.		
Policy H-1.1 Through the development of new housing and the preservation and rehabilitation of existing housing, facilitate the creation of economically, culturally, and demographically diverse and integrated communities.	Implementation of the proposed CSHO would facilitate housing for senior citizens throughout San José, which supports the needs of existing and future senior residents.	Consistent
Policy H-1.2 Facilitate the provision of housing sites and structures across location, type, price and status as rental or ownership that respond to the needs of all economic and demographic segments of the community including seniors, families, the homeless and individuals with special needs.	The proposed CSHO is consistent with this policy as it would allow rental and for-sale residential development throughout San José for senior residents.	Consistent
Policy H-1.3 Create housing opportunities and accessible living environments that allow seniors to age in place, either in the same home, assisted living facilities, continuing care facilities, or other housing types within the same community.	The proposed CSHO would provide opportunities for senior citizens to rent or own residential units within San José. The proposed CSHO also allows open space, trails, recreation centers, and other senior-serving amenities that support senior residential development. There is no requirement, however, that sites with the proposed CSHO should be located near or integrated with assisted living facilities, continuing care facilities, or medical services and facilities. For example, the proposed Evergreen Senior Homes Specific Plan (ESHSP) is located in an isolated part of San José with no access to medical or other senior-serving amenities that would allow its residents to age in place.	Inconclusive
Policy H-1.4 Encourage the location of housing designed for senior citizens in neighborhoods where health and community facilities and services are within a reasonable walking distance and are accessible by public transportation.	The only requirement for the placement of the proposed CSHO is that the site is considered underutilized employment land. There is no requirement or guideline that selected sites should also be within	Not Consistent

	Analysis	Consistent?
	reasonable walking distance of health and communities facilities and services or accessible by public transportation. For example, the proposed ESHSP also is not consistent with this policy because it is not within adequate distance of health and community facilities and services or accessible by public transportation. While there is no such requirement, sites proposed for the proposed CSHO could be located within walking distance of health and communities facilities and accessible by public transportation.	
General Land Use Goal LU-1 Establish a land use pattern that fosters a more fiscally and environmentally sustainable, safe, and livable city.		
Policy LU-1.1 Foster development patterns that will achieve a complete community in San José, particularly with respect to increasing jobs and economic development and increasing the City's jobs-to-employed resident ratio while recognizing the importance of housing and a resident workforce.	The proposed CSHO would decrease the City's J/ER ratio and employment opportunities by allowing senior housing on employment lands and allowing housing in excess of the Adopted General Plan's planned housing yield.	Not Consistent
Industrial Preservation Goal LU-6 Preserve and protect industrial uses to sustain and develop the city's economy and fiscal sustainability.		
Policy LU-6.1 Prohibit conversion of lands designated for light and heavy industrial uses to non-industrial uses. Prohibit lands designated for industrial uses and mixed industrial-commercial uses to be converted to non-employment uses. Lands that have been acquired by the City for public parks, public trails, or public open space may be re-designated from industrial or mixed-industrial lands to non-employment uses. Within the Five Wounds BART Station and 24th Street Neighborhood Urban Village areas, phased land use changes, tied to the completion of the planned BART station, may include the conversion of lands designated for Light Industrial, Heavy Industrial or other employment uses to non-employment use provided that the Urban Village areas maintain capacity for the overall total number of existing and planned jobs.	Policy LU-6.1 prohibits the conversion of industrial and mixed industrial/commercial lands to non-employment uses. The proposed CSHO allows senior housing, a non-employment use, on all industrial lands if deemed underutilized. The Initiative seeks to amend Policy LU-6.1 to allow senior housing as an exception to this requirement. This amendment is inconsistent with the Innovation/Regional Employment Major Strategy and the intent of this goal and policy. Thus, the proposed CSHO and its associated amendment is inconsistent with Policy LU-6.1.	Not Consistent
Policy LU-6.2 Prohibit encroachment of incompatible uses into industrial lands, and prohibit non-industrial uses which would result in the imposition of additional operational restrictions and/or mitigation requirements on industrial users due to land use incompatibility issues.	Senior housing is considered a sensitive receptor for industrial businesses, as its proximity to industrial users would limit their operations. The proposed CSHO would allow senior housing on industrial lands, permitting an incompatible use into industrial areas, which is in direct conflict with Policy LU-6.2	Not Consistent
Policy LU-6.4 Encourage the development of new industrial areas and the redevelopment of existing older or marginal industrial areas with new industrial uses, particularly in locations which facilitate efficient commute patterns. Use available public financing to provide necessary infrastructure improvements as one means of encouraging this economic development and revitalization.	The Adopted General Plan promotes the preservation of all industrial lands, including older or marginal lands, by developing such lands with new industrial uses. The proposed CSHO would allow senior housing on underutilized industrial lands effectively removing the opportunity for new industrial businesses to be located there in the short- and long-term.	Not Consistent
Policy LU-6.8 Reserve industrial areas for industrial and compatible support uses, while recognizing	Policy LU-6.8 reserves industrial lands only for industrial and compatible	Not Consistent

	Analysis	Consistent?
that industrial uses come in a variety of types and forms. Allow nonindustrial uses which are only incidental to and totally compatible with primary industrial uses in exclusively industrial areas. Consider allowing supportive, non-industrial activities, such as retail sales of materials manufactured or stored on site.	support uses. Senior housing is not considered an industrial use, nor does it support industrial users. The proposed CSHO would allow senior housing on "underutilized" industrial lands, which is in direct conflict with this policy.	
Attract New Industrial Uses Goal LU-7 Attract new industrial uses to expand the City's economy and achievement of fiscal sustainability, stimulate employment, and further environmental goals.		
Policy LU-7.1 Encourage industrial supplier/service business retention and expansion in appropriate areas in the City.	The proposed CSHO would decrease the City's limited employment lands by converting them to allow senior housing development. Thus, the proposed CSHO limits the City's ability to retain and expand industrial businesses on existing employment lands.	Not Consistent
Maintain Employment Lands Goal LU-8 Maintain Appropriately Designated Employment Areas for a Mix of Industrial and Compatible Commercial Uses.		
Policy LU-8.1 In areas that are designated for mixed industrial and commercial uses, allow only commercial uses that are compatible with industrial uses. Non-employment uses are prohibited in these areas.	The proposed CSHO would allow senior housing on lands designated for mixed industrial and commercial uses, which is in direct conflict with Policy LU-8.1. The Initiative proposes to amend Policy LU-8.1 to allow senior housing as an exception to this policy, which does not conform to the Innovation/Regional Employment Major Strategy or the intent of this policy.	Not Consistent
High-Quality Living Environments Goal LU-9 Provide high quality living environments for San José's residents.		
Policy LU-9.7 Ensure that new residential development does not impact the viability of adjacent employment uses that are consistent with the Envision General Plan Land Use / Transportation Diagram.	The proposed CSHO would allow residential development on employment lands and within areas of employment. Housing is considered a sensitive receptor for industrial users, meaning that proximity to industrial users limits the viability of their operations. As such, the proposed CSHO could limit the viability of businesses on adjacent employment lands.	Not Consistent
Policy LU-9.17 Limit residential development in established neighborhoods that are not identified growth areas to projects that conform to the site's Land Use / Transportation Diagram designation and meet Urban Design policies in this Plan.	The proposed CSHO would allow residential development outside of Growth Areas on sites with land use designations that do not support residential uses.	Not Consistent
Efficient Use of Residential and Mixed-Use Lands Goal LU-10 Meet the housing needs of existing and future residents by fully and efficiently utilizing lands planned for residential and mixed-use and by maximizing housing opportunities in locations within a half mile of transit, with good access to employment areas, neighborhood services, and public facilities.		
Policy LU-10.4 Within identified growth areas, develop residential projects at densities sufficient to support neighborhood retail in walkable, main street type development.	The Initiative proposes to amend Policy LU-10.4 to allow senior housing in Growth Areas at low densities that would not support neighborhood retail. Growth Areas are intended to create high-density, walkable, vibrant communities; this vision would not be achieved with low-density development. As such, the proposed amendment to this policy is	Not Consistent

	Analysis	Consistent?
	inconsistent with the Focused Growth Major Strategy.	
Policy LU-10.5 Facilitate the development of housing close to jobs to provide residents with the opportunity to live and work in the same community.	The proposed CSHO would allow senior housing on employment lands and within employment areas, and therefore could provide housing close to jobs.	Consistent
Land Use / Transportation Diagram Goal IP-1 Make land use and permit decisions to implement the Envision General Plan Land Use / Transportation Diagram and to further the vision, goals and policies of the Envision General Plan.		
Policy IP-1.1 Use the Envision General Plan Land Use / Transportation Diagram designations to indicate the general intended land use, providing flexibility to allow for a mix of land uses, intensities and development forms compatible with a wide variety of neighborhood contexts and to designate the intended roadway network to be developed over the timeframe of the Envision General Plan. Use the Zoning designation to indicate the appropriate type, form and height of development for particular properties.	The Land Use/Transportation Diagram implements the Adopted General Plan by providing geographic reference and spatial context to its Major Strategies, goals, and policies. Goal IP-1 and associated policies emphasize the continued implementation of the Land Use/Transportation Diagram in order to further the Adopted General Plan's vision.	Not Consistent
Policy IP-1.3 Ensure that proposals for redevelopment or significant intensification of existing land uses on a property conform to the Land Use / Transportation Diagram. Because the Diagram designation identifies the City's long-term planned land use for a property, non-conforming uses should transition to the planned use over the timeframe of the Envision General Plan. Allow improvements or minor expansions of existing, non-conforming land uses provided that such development will contribute to San José's employment growth goals or advance a significant number of other Envision General Plan goals.	The intent of overlays are typically to allow specific uses that do not conform to a site's land use designation. The proposed CSHO would allow senior housing on employment lands that do not support residential development, meaning that such development would not conform to the Adopted General Plan's Land Use/Transportation Diagram. Thus, the proposed CSHO is inconsistent with this goal and associated policies.	
General Plan Phasing / Planning Horizons / Major Review Goal IP-2 Monitor progress toward General Plan Vision, goals and policies through a periodic Major Review. Evaluate the success of the Envision General Plan's implementation and consider refinement of the Land Use / Transportation Diagram and the Envision General Plan policies to ensure their achievement. Use General Plan Major Reviews to consider increases in available residential development capacity by opening an additional Horizon for development and to assign priority to growth areas within San José for new housing.		
Policy IP-2.9 Focus new residential development into specified Growth Areas to foster the cohesive transformation of these areas into complete Urban Villages. Allow immediate development of all residential capacity planned for the Growth Areas included in the current Plan Horizons.	The proposed CSHO would allow residential development within and outside of Growth Areas, as long as such lands were considered underutilized employment lands. Senior housing built under the proposed CSHO would also be allowed outside of the Adopted General Plan's Plan Horizons and in excess of the planned housing yield (120,000 units). As such, the proposed CSHO is inconsistent with Goal IP-2 and Policy IP-2.9.	Not Consistent
General Plan Annual Review and Measurable Sustainability Goal IP-3 Evaluate the progress of the Envision General Plan's implementation actions and programs, and the Green House Gas (GHG) reduction strategies using its Performance Measures and the Council's Climate Action/Green House Gas Reduction Policy and, as needed, refine Envision General Plan goals and policies and the Land Use / Transportation Diagram during Annual Review.		
Policy IP-3.4 Maintain the City's total planned housing growth capacity (120,000 dwelling units) as a	Implementing the proposed CSHO would involve the conversion of	Not Consistent

	Analysis	Consistent?
cumulative result of any Amendments approved during a single Annual Review. Amendments may maintain or increase, but not diminish the total planned job growth capacity for the City.	employment lands; this could eliminate a site's existing employment uses and/or reduce the City's planned job growth capacity.	
Environmental Clearance Goal IP-12 Use the Environmental Clearance process to further implement Envision General Plan goals and policies related to the minimization of environmental impacts, improving fiscal sustainability and enhancing the delivery of municipal services.		
Policy IP-12.1 Conform to the requirements of the California Environmental Quality Act (CEQA) as it relates to land use decisions and the implementation of the Envision General Plan.	A General Plan Amendment is required to implement the proposed CSHO; this process involves environmental review pursuant to CEQA.	Consistent

Appendix 9: Cushman and Wakefield Third Quarter 2017 Industrial, R&D, and Office Silicon Valley

CUSHMAN & WAKEFIELD

CELEBRATING 100 YEARS

Industrial Report

Silicon Valley | Third Quarter 2017

Industrial Market Report

Silicon Valley • Third Quarter 2017

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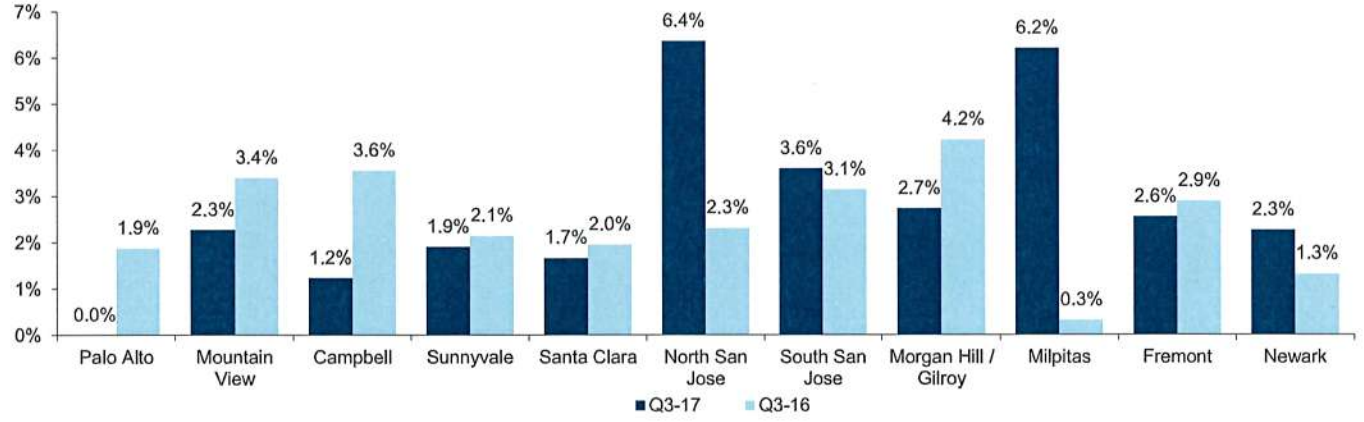
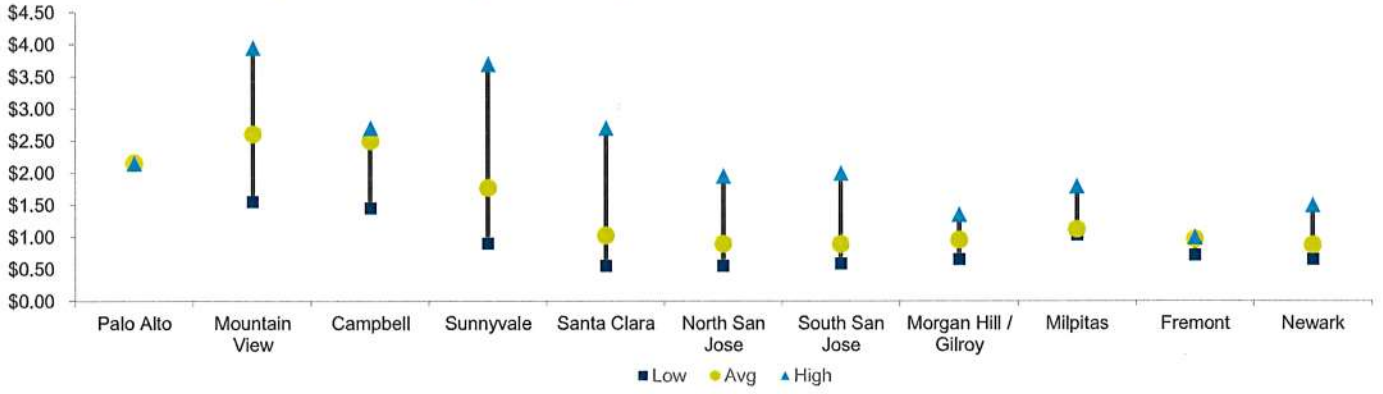
Market Summary

Submarket	Building Base	Available Space Direct	Available Space Sublease	Available Space Total	Vacancy Q3-17	Vacancy Q3-16	Avg. Asking Rate (NNN)	Asking Rate Range (NNN)
Palo Alto	691,975	0	0	0	0.0%	1.9%	$2.15	$2.15-$2.15
Mountain View	2,569,024	58,364	0	58,364	2.3%	3.4%	$2.60	$1.55-$3.95
101 TECH. CORRIDOR	3,260,999	58,364	0	58,364	1.8%	3.1%	$2.60	$1.55-$3.95
Campbell	1,567,921	19,361	0	19,361	1.2%	3.6%	$2.50	$1.45-$2.70
Sunnyvale	5,790,875	104,832	5,620	110,452	1.9%	2.1%	$1.76	$0.90-$3.70
Santa Clara	15,131,562	202,071	50,180	252,251	1.7%	2.0%	$1.02	$0.55-$2.70
North San Jose	19,781,822	1,169,397	88,998	1,258,395	6.4%	2.3%	$0.89	$0.55-$1.95
South San Jose	24,344,144	789,793	86,276	876,069	3.6%	3.1%	$0.89	$0.59-$2.00
CENTRAL SILICON VALLEY	66,616,324	2,285,454	231,074	2,516,528	3.8%	2.6%	$0.95	$1.95-$3.70
MORGAN HILL / GILROY	7,321,291	200,021	0	200,021	2.7%	4.2%	$0.95	$0.65-$1.35
Milpitas	7,913,777	474,506	16,348	490,854	6.2%	0.3%	$1.12	$1.03-$1.79
Fremont	20,587,990	518,745	6,296	525,041	2.6%	2.9%	$0.96	$0.72-$1.00
Newark	8,825,271	174,480	25,000	199,480	2.3%	1.3%	$0.87	$0.65-$1.50
SOUTH 880 CORRIDOR	37,327,038	1,167,731	47,644	1,215,375	3.3%	2.0%	$1.01	$0.65-$1.50
Totals	**114,525,652**	**3,711,570**	**278,718**	**3,990,288**	**3.5%**	**2.5%**	**$0.99**	**$0.55-$3.95**

Vacancy by Area



Market Rent Ranges & Average Asking Rate NNN



Industrial Market Report

Silicon Valley • Third Quarter 2017

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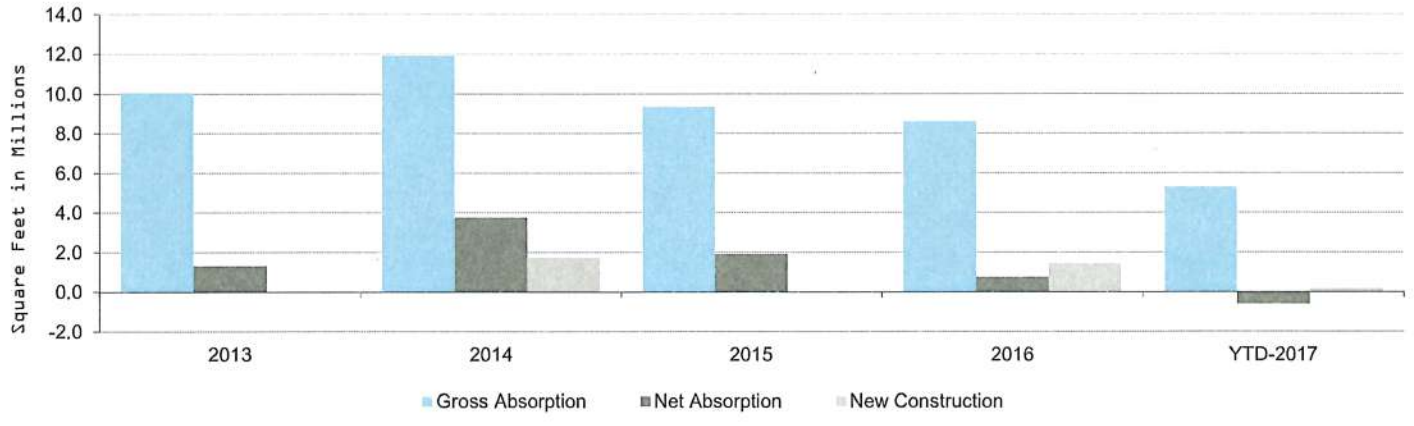
Historical Summary

Submarket		2013	2014	2015	2016	YTD-2017
Palo Alto	Gross Absorption	5,500	14,581	19,800	17,956	12,962
	Net Absorption	9,050	0	-11,956	4,994	12,962
	New Construction	0	0	0	0	0
Mountain View	Gross Absorption	164,155	77,179	71,507	98,478	69,603
	Net Absorption	50,296	-15,838	-110,660	-15,543	6,409
	New Construction	0	0	0	0	0
Campbell	Gross Absorption	77,193	69,410	30,215	113,769	91,123
	Net Absorption	24,936	23,648	-98,587	49,076	34,690
	New Construction	0	0	0	0	0
Sunnyvale	Gross Absorption	288,533	371,665	581,779	236,778	268,578
	Net Absorption	-98,233	-131,153	293,357	-147,205	29,673
	New Construction	0	0	0	0	0
Santa Clara	Gross Absorption	861,562	863,745	1,275,069	676,608	639,259
	Net Absorption	28,735	-99,213	271,028	-180,433	-80,823
	New Construction	0	0	0	0	0
North San Jose	Gross Absorption	2,538,197	2,248,258	1,663,467	1,562,041	1,188,478
	Net Absorption	245,579	646,774	326,245	-153,561	950
	New Construction	0	0	0	563,211	182,000
South San Jose	Gross Absorption	1,132,445	1,444,568	1,386,346	1,495,597	737,817
	Net Absorption	-101,696	-3,502	333,032	-7,488	55,308
	New Construction	0	0	0	111,043	0
Morgan Hill/Gilroy	Gross Absorption	278,813	634,687	357,598	331,860	158,705
	Net Absorption	16	323,660	121,985	180,938	-92,425
	New Construction	0	0	0	0	0
Milpitas	Gross Absorption	954,503	1,610,989	735,678	1,014,492	320,794
	Net Absorption	203,762	86,240	-11,877	442,825	-505,086
	New Construction	0	0	0	0	0
Fremont	Gross Absorption	2,529,396	2,983,332	2,252,926	1,755,249	1,707,906
	Net Absorption	689,146	1,790,263	717,592	334,353	128,646
	New Construction	0	1,166,656	0	623,920	0
Newark	Gross Absorption	1,242,555	1,602,051	976,287	1,316,214	111,525
	Net Absorption	283,008	1,148,728	83,466	249,029	-194,688
	New Construction	0	574,640	0	143,373	0
Total	Gross Absorption	10,072,852	11,920,465	9,350,672	8,619,042	5,306,750
	Net Absorption	1,334,599	3,769,607	1,913,625	756,985	-604,384
	New Construction	0	1,741,296	0	1,441,547	182,000

Historical Absorption & New Construction Trend



Industrial Market Report

Silicon Valley • Third Quarter 2017

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Silicon Valley Totals

Quarter	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017
Warehouse Building Base	45,198,270	45,198,270	45,198,270	45,174,208	45,155,208
Manufacturing Building Base	68,789,014	69,333,910	69,480,632	69,370,444	69,370,444
Total Building Base	**113,987,284**	**114,532,180**	**114,678,902**	**114,544,652**	**114,525,652**
Warehouse Direct Availabilities	834,219	953,959	989,382	1,226,791	1,316,803
Manufacturing Direct Availabilities	1,430,073	2,069,911	2,060,860	2,089,919	2,394,767
Total Direct Availabilities	**2,264,292**	**3,023,870**	**3,050,242**	**3,316,710**	**3,711,570**
Warehouse Sublease Availabilities	333,355	182,348	204,199	222,890	85,180
Manufacturing Sublease Availabilities	235,033	186,214	166,709	182,681	193,538
Total Sublease Availabilities	**568,388**	**368,562**	**370,908**	**405,571**	**278,718**
Warehouse Overall Availabilities	1,167,574	1,136,307	1,193,581	1,449,681	1,401,983
Manufacturing Overall Availabilities	1,665,106	2,256,125	2,227,569	2,272,600	2,588,305
Total Overall Availabilities	**2,832,680**	**3,392,432**	**3,421,150**	**3,722,281**	**3,990,288**
Growth Rate (%)	0.1%	0.0%	0.1%	-0.4%	-0.3%
Warehouse Vacancy	2.6%	2.5%	2.6%	3.2%	3.1%
Manufacturing Vacancy	2.4%	3.3%	3.2%	3.3%	3.7%
Total Vacancy	**2.5%**	**3.0%**	**3.0%**	**3.2%**	**3.5%**
Warehouse Gross Absorption	930,927	1,005,589	502,763	811,715	1,544,124
Manufacturing Gross Absorption	950,494	920,698	1,089,999	867,939	490,210
Total Gross Absorption	**1,881,421**	**1,926,287**	**1,592,762**	**1,679,654**	**2,034,334**
Warehouse Net Absorption	121,880	31,267	-57,274	-280,162	28,698
Manufacturing Net Absorption	-15,675	-46,123	175,278	-155,219	-315,705
Total Net Absoprtion	**106,205**	**-14,856**	**118,004**	**-435,381**	**-287,007**
Conversion:	219,139	18,315	35,278	124,250	29,000
Build-To-Suit:	0	0	182,000	0	0
Spec Construction:	523,796	563,211	0	0	0
Total New Construction:	523,796	563,211	182,000	0	0
Asking Rate (NNN)					
Market Rent Range:	$0.19-$3.75	$0.19-$3.75	$0.19-$3.75	$0.50-$3.75	$0.55-$3.95
Warehouse Direct Average	$0.70	$0.82	$0.83	$0.94	$0.93
Manufacturing Direct Average	$1.16	$1.17	$1.08	$1.06	$1.04
Total Direct Average	**$0.99**	**$1.06**	**$0.99**	**$1.01**	**$1.00**
Warehouse Overall Average	$0.73	$0.81	$0.81	$0.91	$0.92
Manufacturing Overall Average	$1.12	$1.14	$1.07	$1.05	$1.04
Total Overall Average	**$0.96**	**$1.03**	**$0.98**	**$0.99**	**$0.99**
# of Availabilities by Size:					
10K SF - 24.9K SF	30	29	34	25	29
25K SF - 49.9K SF	17	15	14	19	21
50K SF - 99.9K SF	8	8	8	6	11
100K SF +	6	9	9	12	11
Total Availabilities:	**61**	**61**	**65**	**62**	**72**

Vacancy & Average Asking Rate Trend

Industrial Market Report

Silicon Valley • Third Quarter 2017

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Santa Clara County

Quarter	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017
Warehouse Building Base	31,201,789	31,201,789	31,201,789	31,177,727	31,158,727
Manufacturing Building Base	53,336,956	53,881,852	54,063,852	53,953,664	53,953,664
Total Building Base	**84,538,745**	**85,083,641**	**85,265,641**	**85,131,391**	**85,112,391**
Warehouse Direct Availabilities	753,207	881,244	863,779	1,062,028	1,184,701
Manufacturing Direct Availabilities	1,116,022	1,663,627	1,647,800	1,752,904	1,833,644
Total Direct Availabilities	**1,869,229**	**2,544,871**	**2,511,579**	**2,814,932**	**3,018,345**
Warehouse Sublease Availabilities	111,005	32,590	54,441	73,132	85,180
Manufacturing Sublease Availabilities	140,033	121,214	135,413	151,385	162,242
Total Sublease Availabilities	**251,038**	**153,804**	**189,854**	**224,517**	**247,422**
Warehouse Overall Availabilities	864,212	913,834	918,220	1,135,160	1,269,881
Manufacturing Overall Availabilities	1,256,055	1,784,841	1,783,213	1,904,289	1,995,886
Total Overall Availabilities	**2,120,267**	**2,698,675**	**2,701,433**	**3,039,449**	**3,265,767**
Growth Rate (%)	-0.6%	0.0%	0.2%	-0.6%	-0.3%
Warehouse Vacancy	2.8%	2.9%	2.9%	3.6%	4.1%
Manufacturing Vacancy	2.4%	3.3%	3.3%	3.5%	3.7%
Total Vacancy	**2.5%**	**3.2%**	**3.2%**	**3.6%**	**3.8%**
Warehouse Gross Absorption	481,151	786,383	474,339	279,011	767,928
Manufacturing Gross Absorption	503,378	760,778	891,744	669,245	405,052
Total Gross Absorption	**984,529**	**1,547,161**	**1,366,083**	**948,256**	**1,172,980**
Warehouse Net Absorption	-221,968	-49,622	-4,386	-241,002	-153,721
Manufacturing Net Absorption	-300,267	16,110	183,628	-231,264	-91,597
Total Net Absoprtion	**-522,235**	**-33,512**	**179,242**	**-472,266**	**-245,318**
Conversion:	219,139	18,315	0	124,250	29,000
Build-To-Suit:	0	0	182,000	0	0
Spec Construction:	111,043	563,211	0	0	0
Total New Construction:	111,043	563,211	182,000	0	0
Asking Rate (NNN)					
Market Rent Range:	$0.19-$3.75	$0.19-$3.75	$0.19-$3.75	$0.50-$3.75	$0.55-$3.95
Warehouse Direct Average	$0.67	$0.81	$0.82	$0.94	$0.93
Manufacturing Direct Average	$0.96	$0.97	$0.98	$1.06	$1.02
Total Direct Average	**$0.85**	**$0.92**	**$0.93**	**$1.01**	**$0.98**
Warehouse Overall Average	$0.71	$0.82	$0.81	$0.93	$0.92
Manufacturing Overall Average	$1.16	$1.18	$1.08	$1.07	$1.07
Total Overall Average	**$0.98**	**$1.05**	**$0.99**	**$1.02**	**$1.01**
# of Availabilities by Size:					
10K SF - 24.9K SF	26	27	30	21	0
25K SF - 49.9K SF	10	10	10	14	16
50K SF - 99.9K SF	6	5	5	4	9
100K SF +	4	7	7	10	9
Total Availabilities:	**46**	**49**	**52**	**49**	**34**

Vacancy & Average Asking Rate Trend

Industrial Market Report

Silicon Valley • Third Quarter 2017

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Palo Alto

Quarter	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017
Warehouse Building Base	0	0	0	0	0
Manufacturing Building Base	691,975	691,975	691,975	691,975	691,975
Total Building Base	**691,975**	**691,975**	**691,975**	**691,975**	**691,975**
Warehouse Direct Availabilities	0	0	0	0	0
Manufacturing Direct Availabilities	12,962	12,962	1,200	0	0
Total Direct Availabilities	**12,962**	**12,962**	**1,200**	**0**	**0**
Warehouse Sublease Availabilities	0	0	0	0	0
Manufacturing Sublease Availabilities	0	0	0	0	0
Total Sublease Availabilities	**0**	**0**	**0**	**0**	**0**
Warehouse Overall Availabilities	0	0	0	0	0
Manufacturing Overall Availabilities	12,962	12,962	1,200	0	0
Total Overall Availabilities	**12,962**	**12,962**	**1,200**	**0**	**0**
Growth Rate (%)	-0.2%	0.0%	1.7%	0.2%	0.0%
Warehouse Vacancy	0.0%	0.0%	0.0%	0.0%	0.0%
Manufacturing Vacancy	1.9%	1.9%	0.2%	0.0%	0.0%
Total Vacancy	**1.9%**	**1.9%**	**0.2%**	**0.0%**	**0.0%**
Warehouse Gross Absorption	0	0	0	0	0
Manufacturing Gross Absorption	0	0	11,762	1,200	0
Total Gross Absorption	**0**	**0**	**11,762**	**1,200**	**0**
Warehouse Net Absorption	0	0	0	0	0
Manufacturing Net Absorption	-1,200	0	11,762	1,200	0
Total Net Absoprtion	**-1,200**	**0**	**11,762**	**1,200**	**0**
Conversion:	0	0	0	0	0
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
Asking Rate (NNN)					
Market Rent Range:	$2.15-$3.50	$2.15-$3.50	$2.15-$2.15	$2.15-$2.15	$2.15-$2.15
Warehouse Direct Average	$0.00	$0.00	$0.00	$0.00	$0.00
Manufacturing Direct Average	$3.38	$3.38	$2.15	$2.15	$2.15
Total Direct Average	**$3.38**	**$3.38**	**$2.15**	**$2.15**	**$2.15**
Warehouse Overall Average	$0.00	$0.00	$0.00	$0.00	$0.00
Manufacturing Overall Average	$3.38	$3.38	$2.15	$2.15	$2.15
Total Overall Average	**$3.38**	**$3.38**	**$2.15**	**$2.15**	**$2.15**
# of Availabilities by Size:					
10K SF - 24.9K SF	1	1	0	0	0
25K SF - 49.9K SF	0	0	0	0	0
50K SF - 99.9K SF	0	0	0	0	0
100K SF +	0	0	0	0	0
Total Availabilities:	**1**	**1**	**0**	**0**	**0**

Vacancy & Average Asking Rate Trend

Industrial Market Report

Silicon Valley • Third Quarter 2017

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Mountain View

Quarter	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017
Warehouse Building Base	0	0	0	0	0
Manufacturing Building Base	2,569,024	2,569,024	2,569,024	2,569,024	2,569,024
Total Building Base	**2,569,024**	**2,569,024**	**2,569,024**	**2,569,024**	**2,569,024**
Warehouse Direct Availabilities	0	0	0	0	0
Manufacturing Direct Availabilities	81,373	64,773	53,818	58,364	58,364
Total Direct Availabilities	**81,373**	**64,773**	**53,818**	**58,364**	**58,364**
Warehouse Sublease Availabilities	0	0	0	0	0
Manufacturing Sublease Availabilities	6,000	0	0	0	0
Total Sublease Availabilities	**6,000**	**0**	**0**	**0**	**0**
Warehouse Overall Availabilities	0	0	0	0	0
Manufacturing Overall Availabilities	87,373	64,773	53,818	58,364	58,364
Total Overall Availabilities	**87,373**	**64,773**	**53,818**	**58,364**	**58,364**
Growth Rate (%)	-0.9%	0.9%	0.4%	-0.2%	0.0%
Warehouse Vacancy	0.0%	0.0%	0.0%	0.0%	0.0%
Manufacturing Vacancy	3.4%	2.5%	2.1%	2.3%	2.3%
Total Vacancy	**3.4%**	**2.5%**	**2.1%**	**2.3%**	**2.3%**
Warehouse Gross Absorption	0	0	0	0	0
Manufacturing Gross Absorption	17,700	42,650	42,160	13,436	14,007
Total Gross Absorption	**17,700**	**42,650**	**42,160**	**13,436**	**14,007**
Warehouse Net Absorption	0	0	0	0	0
Manufacturing Net Absorption	-23,279	22,600	10,955	-4,546	0
Total Net Absoprtion	**-23,279**	**22,600**	**10,955**	**-4,546**	**0**
Conversion:	0	0	0	0	0
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
Asking Rate (NNN)					
Market Rent Range:	$1.35-$3.75	$1.35-$3.75	$1.35-$3.75	$1.35-$3.75	$1.55-$3.95
Warehouse Direct Average	$0.00	$0.00	$0.00	$0.00	$0.00
Manufacturing Direct Average	$2.26	$2.27	$2.71	$2.62	$2.60
Total Direct Average	**$2.26**	**$2.27**	**$2.71**	**$2.62**	**$2.60**
Warehouse Overall Average	$0.00	$0.00	$0.00	$0.00	$0.00
Manufacturing Overall Average	$2.18	$2.27	$2.71	$2.62	$2.60
Total Overall Average	**$2.18**	**$2.27**	**$2.71**	**$2.62**	**$2.60**
# of Availabilities by Size:					
10K SF - 24.9K SF	2	1	1	2	2
25K SF - 49.9K SF	0	0	0	0	0
50K SF - 99.9K SF	0	0	0	0	0
100K SF +	0	0	0	0	0
Total Availabilities:	**2**	**1**	**1**	**2**	**2**

Vacancy & Average Asking Rate Trend

Industrial Market Report

Silicon Valley • Third Quarter 2017

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101 Technology Corridor (Palo Alto - Mountain View)

Quarter	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017
Warehouse Building Base	0	0	0	0	0
Manufacturing Building Base	3,260,999	3,260,999	3,260,999	3,260,999	3,260,999
Total Building Base	**3,260,999**	**3,260,999**	**3,260,999**	**3,260,999**	**3,260,999**
Warehouse Direct Availabilities	0	0	0	0	0
Manufacturing Direct Availabilities	94,335	77,735	55,018	58,364	58,364
Total Direct Availabilities	**94,335**	**77,735**	**55,018**	**58,364**	**58,364**
Warehouse Sublease Availabilities	0	0	0	0	0
Manufacturing Sublease Availabilities	6,000	0	0	0	0
Total Sublease Availabilities	**6,000**	**0**	**0**	**0**	**0**
Warehouse Overall Availabilities	0	0	0	0	0
Manufacturing Overall Availabilities	100,335	77,735	55,018	58,364	58,364
Total Overall Availabilities	**100,335**	**77,735**	**55,018**	**58,364**	**58,364**
Growth Rate (%)	-0.8%	0.7%	0.7%	-0.1%	0.0%
Warehouse Vacancy	0.0%	0.0%	0.0%	0.0%	0.0%
Manufacturing Vacancy	3.1%	2.4%	1.7%	1.8%	1.8%
Total Vacancy	**3.1%**	**2.4%**	**1.7%**	**1.8%**	**1.8%**
Warehouse Gross Absorption	0	0	0	0	0
Manufacturing Gross Absorption	17,700	42,650	53,922	14,636	14,007
Total Gross Absorption	**17,700**	**42,650**	**53,922**	**14,636**	**14,007**
Warehouse Net Absorption	-	-	-	-	-
Manufacturing Net Absorption	-24,479	22,600	22,717	-3,346	0
Total Net Absoprtion	**-24,479**	**22,600**	**22,717**	**-3,346**	**0**
Conversion:	0	0	0	0	0
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
Asking Rate (NNN)					
Market Rent Range:	$1.35-$3.75	$1.35-$3.75	$1.35-$3.75	$1.35-$3.75	$1.55-$3.95
Warehouse Direct Average	$0.00	$0.00	$0.00	$0.00	$0.00
Manufacturing Direct Average	$0.00	$0.00	$0.00	$0.00	$0.00
Total Direct Average	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
Warehouse Overall Average	$0.00	$0.00	$0.00	$0.00	$0.00
Manufacturing Overall Average	$2.33	$2.45	$2.70	$2.62	$2.60
Total Overall Average	**$2.33**	**$2.45**	**$2.70**	**$2.62**	**$2.60**
# of Availabilities by Size:					
10K SF - 24.9K SF	3	2	1	2	0
25K SF - 49.9K SF	0	0	0	0	0
50K SF - 99.9K SF	0	0	0	0	0
100K SF +	0	0	0	0	0
Total Availabilities:	**3**	**2**	**1**	**2**	**0**

Vacancy & Average Asking Rate Trend

Industrial Market Report

Silicon Valley • Third Quarter 2017

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Campbell

Quarter	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017
Warehouse Building Base	0	0	0	0	0
Manufacturing Building Base	1,567,921	1,567,921	1,567,921	1,567,921	1,567,921
Total Building Base	**1,567,921**	**1,567,921**	**1,567,921**	**1,567,921**	**1,567,921**
Warehouse Direct Availabilities	0	0	0	0	0
Manufacturing Direct Availabilities	55,828	54,051	54,051	19,361	19,361
Total Direct Availabilities	**55,828**	**54,051**	**54,051**	**19,361**	**19,361**
Warehouse Sublease Availabilities	0	0	0	0	0
Manufacturing Sublease Availabilities	0	0	0	5,000	0
Total Sublease Availabilities	**0**	**0**	**0**	**5,000**	**0**
Warehouse Overall Availabilities	0	0	0	0	0
Manufacturing Overall Availabilities	55,828	54,051	54,051	24,361	19,361
Total Overall Availabilities	**55,828**	**54,051**	**54,051**	**24,361**	**19,361**
Growth Rate (%)	-1.5%	0.1%	0.0%	1.9%	0.3%
Warehouse Vacancy	0.0%	0.0%	0.0%	0.0%	0.0%
Manufacturing Vacancy	3.6%	3.4%	3.4%	1.6%	1.2%
Total Vacancy	**3.6%**	**3.4%**	**3.4%**	**1.6%**	**1.2%**
Warehouse Gross Absorption	0	0	0	0	0
Manufacturing Gross Absorption	11,143	1,777	0	52,835	38,288
Total Gross Absorption	**11,143**	**1,777**	**0**	**52,835**	**38,288**
Warehouse Net Absorption	0	0	0	0	0
Manufacturing Net Absorption	-24,141	1,777	0	29,690	5,000
Total Net Absoprtion	**-24,141**	**1,777**	**0**	**29,690**	**5,000**
Conversion:	0	0	0	0	0
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
Asking Rate (NNN)					
Market Rent Range:	$1.35-$2.50	$1.35-$2.50	$1.35-$2.50	$1.25-$2.50	$1.45-$2.70
Warehouse Direct Average	$0.00	$0.00	$0.00	$0.00	$0.00
Manufacturing Direct Average	$2.37	$2.06	$2.06	$2.50	$2.50
Total Direct Average	**$2.37**	**$2.06**	**$2.06**	**$2.50**	**$2.50**
Warehouse Overall Average	$0.00	$0.00	$0.00	$0.00	$0.00
Manufacturing Overall Average	$2.37	$2.06	$2.06	$2.24	$2.50
Total Overall Average	**$2.37**	**$2.06**	**$2.06**	**$2.24**	**$2.50**
# of Availabilities by Size:					
10K SF - 24.9K SF	1	1	1	1	1
25K SF - 49.9K SF	1	1	1	0	0
50K SF - 99.9K SF	0	0	0	0	0
100K SF +	0	0	0	0	0
Total Availabilities:	**2**	**2**	**2**	**1**	**1**

Vacancy & Average Asking Rate Trend

Industrial Market Report

Silicon Valley • Third Quarter 2017

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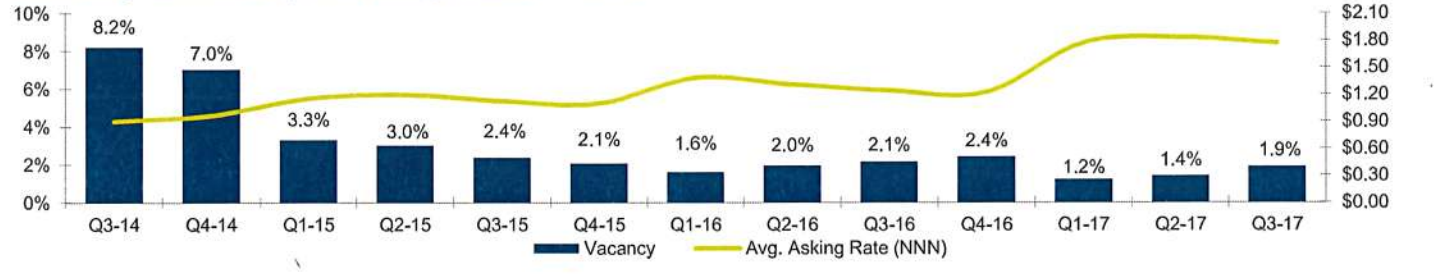
Sunnyvale

Quarter	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017
Warehouse Building Base	1,627,856	1,627,856	1,627,856	1,627,856	1,627,856
Manufacturing Building Base	4,181,334	4,163,019	4,163,019	4,163,019	4,163,019
Total Building Base	**5,809,190**	**5,790,875**	**5,790,875**	**5,790,875**	**5,790,875**
Warehouse Direct Availabilities	50,880	50,880	0	0	0
Manufacturing Direct Availabilities	41,320	56,655	70,382	80,382	104,832
Total Direct Availabilities	**92,200**	**107,535**	**70,382**	**80,382**	**104,832**
Warehouse Sublease Availabilities	32,590	32,590	0	0	0
Manufacturing Sublease Availabilities	0	0	0	0	5,620
Total Sublease Availabilities	**32,590**	**32,590**	**0**	**0**	**5,620**
Warehouse Overall Availabilities	83,470	83,470	0	0	0
Manufacturing Overall Availabilities	41,320	56,655	70,382	80,382	110,452
Total Overall Availabilities	**124,790**	**140,125**	**70,382**	**80,382**	**110,452**
Growth Rate (%)	-0.2%	-0.6%	1.2%	-0.2%	-0.5%
Warehouse Vacancy	5.1%	5.1%	0.0%	0.0%	0.0%
Manufacturing Vacancy	1.0%	1.4%	1.7%	1.9%	2.7%
Total Vacancy	**2.1%**	**2.4%**	**1.2%**	**1.4%**	**1.9%**
Warehouse Gross Absorption	0	0	83,470	0	54,934
Manufacturing Gross Absorption	36,583	41,065	120,560	6,918	2,696
Total Gross Absorption	**36,583**	**41,065**	**204,030**	**6,918**	**57,630**
Warehouse Net Absorption	-32,590	0	83,470	0	0
Manufacturing Net Absorption	21,368	-33,650	-13,727	-10,000	-30,070
Total Net Absoprtion	**-11,222**	**-33,650**	**69,743**	**-10,000**	**-30,070**
Conversion:	0	18,315	0	0	0
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
Asking Rate (NNN)					
Market Rent Range:	$0.65-$3.00	$0.90-$3.00	$0.90-$3.00	$0.90-$3.50	$0.90-$3.70
Warehouse Direct Average	$0.90	$0.90	$0.90	$0.90	$0.90
Manufacturing Direct Average	$1.65	$1.64	$1.77	$1.83	$1.74
Total Direct Average	**$1.24**	**$1.29**	**$1.77**	**$1.83**	**$1.74**
Warehouse Overall Average	$1.04	$0.94	$0.94	$0.94	$0.94
Manufacturing Overall Average	$1.65	$1.64	$1.77	$1.83	$1.76
Total Overall Average	**$1.24**	**$1.22**	**$1.77**	**$1.83**	**$1.76**
# of Availabilities by Size:					
10K SF - 24.9K SF	1	0	1	2	3
25K SF - 49.9K SF	1	2	1	1	1
50K SF - 99.9K SF	1	1	0	0	0
100K SF +	0	0	0	0	0
Total Availabilities:	**3**	**3**	**2**	**3**	**4**

Vacancy & Average Asking Rate Trend



Industrial Market Report

Silicon Valley • Third Quarter 2017

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Santa Clara

Quarter	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017
Warehouse Building Base	3,904,541	3,904,541	3,904,541	3,904,541	3,904,541
Manufacturing Building Base	11,327,209	11,327,209	11,327,209	11,227,021	11,227,021
Total Building Base	**15,231,750**	**15,231,750**	**15,231,750**	**15,131,562**	**15,131,562**
Warehouse Direct Availabilities	29,261	49,261	58,261	53,900	22,900
Manufacturing Direct Availabilities	197,479	214,929	175,502	126,351	179,171
Total Direct Availabilities	**226,740**	**264,190**	**233,763**	**180,251**	**202,071**
Warehouse Sublease Availabilities	54,000	0	0	0	0
Manufacturing Sublease Availabilities	16,843	7,426	58,285	56,597	50,180
Total Sublease Availabilities	**70,843**	**7,426**	**58,285**	**56,597**	**50,180**
Warehouse Overall Availabilities	83,261	49,261	58,261	53,900	22,900
Manufacturing Overall Availabilities	214,322	222,355	233,787	182,948	229,351
Total Overall Availabilities	**297,583**	**271,616**	**292,048**	**236,848**	**252,251**
Growth Rate (%)	-0.4%	0.2%	-0.1%	-0.3%	-0.1%
Warehouse Vacancy	2.1%	1.3%	1.5%	1.4%	0.6%
Manufacturing Vacancy	1.9%	2.0%	2.1%	1.6%	2.0%
Total Vacancy	**2.0%**	**1.8%**	**1.9%**	**1.6%**	**1.7%**
Warehouse Gross Absorption	0	54,000	54,331	3,861	201,350
Manufacturing Gross Absorption	119,422	133,214	111,866	144,171	123,680
Total Gross Absorption	**119,422**	**187,214**	**166,197**	**148,032**	**325,030**
Warehouse Net Absorption	0	34,000	-9,000	4,361	31,000
Manufacturing Net Absorption	-60,854	-8,033	-11,432	-49,349	-46,403
Total Net Absoprtion	**-60,854**	**25,967**	**-20,432**	**-44,988**	**-15,403**
Conversion:	79,491	0	0	100,188	0
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
Asking Rate (NNN)					
Market Rent Range:	$0.55-$2.75	$0.55-$2.75	$0.55-$2.50	$0.55-$2.50	$0.55-$2.70
Warehouse Direct Average	$0.87	$0.96	$0.95	$1.03	$1.01
Manufacturing Direct Average	$1.13	$1.14	$1.16	$1.02	$1.03
Total Direct Average	**$1.10**	**$1.11**	**$1.11**	**$1.02**	**$1.03**
Warehouse Overall Average	$0.89	$0.96	$0.95	$1.03	$1.01
Manufacturing Overall Average	$1.13	$1.14	$1.16	$1.01	$1.02
Total Overall Average	**$1.06**	**$1.11**	**$1.12**	**$1.02**	**$1.02**
# of Availabilities by Size:					
10K SF - 24.9K SF	7	9	8	5	3
25K SF - 49.9K SF	1	1	2	3	3
50K SF - 99.9K SF	1	0	0	0	1
100K SF +	0	0	0	0	0
Total Availabilities:	**9**	**10**	**10**	**8**	**7**

Vacancy & Average Asking Rate Trend

Industrial Market Report

Silicon Valley • Third Quarter 2017

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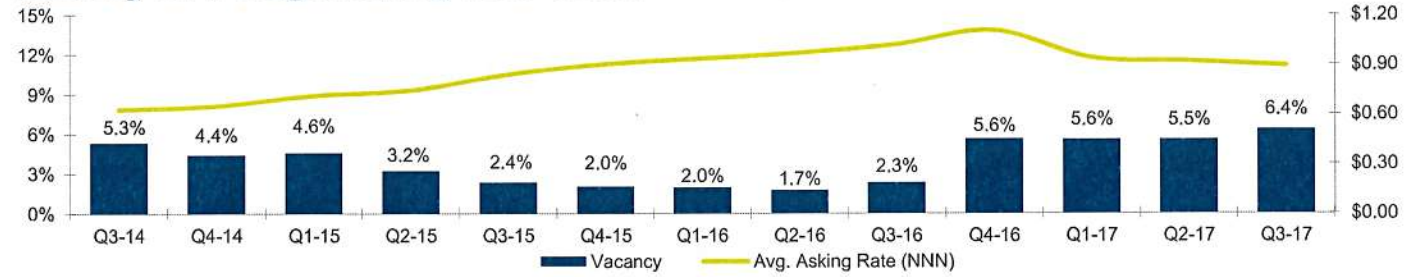
North San Jose

Quarter	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017
Warehouse Building Base	8,445,536	8,445,536	8,445,536	8,421,474	8,421,474
Manufacturing Building Base	10,615,137	11,178,348	11,360,348	11,360,348	11,360,348
Total Building Base	**19,060,673**	**19,623,884**	**19,805,884**	**19,781,822**	**19,781,822**
Warehouse Direct Availabilities	127,636	197,875	253,577	180,148	285,260
Manufacturing Direct Availabilities	296,155	889,523	815,685	870,013	884,137
Total Direct Availabilities	**423,791**	**1,087,398**	**1,069,262**	**1,050,161**	**1,169,397**
Warehouse Sublease Availabilities	0	0	13,685	32,376	44,424
Manufacturing Sublease Availabilities	17,411	14,009	18,928	15,240	44,574
Total Sublease Availabilities	**17,411**	**14,009**	**32,613**	**47,616**	**88,998**
Warehouse Overall Availabilities	127,636	197,875	267,262	212,524	329,684
Manufacturing Overall Availabilities	313,566	903,532	834,613	885,253	928,711
Total Overall Availabilities	**441,202**	**1,101,407**	**1,101,875**	**1,097,777**	**1,258,395**
Growth Rate (%)	-0.6%	-0.5%	0.9%	-0.1%	-0.8%
Warehouse Vacancy	1.5%	2.3%	3.2%	2.5%	3.9%
Manufacturing Vacancy	3.0%	8.1%	7.3%	7.8%	8.2%
Total Vacancy	**2.3%**	**5.6%**	**5.6%**	**5.5%**	**6.4%**
Warehouse Gross Absorption	116,189	291,738	35,146	153,313	237,401
Manufacturing Gross Absorption	112,184	316,230	366,280	284,538	111,800
Total Gross Absorption	**228,373**	**607,968**	**401,426**	**437,851**	**349,201**
Warehouse Net Absorption	-19,136	-70,239	-69,387	30,676	-117,160
Manufacturing Net Absorption	-91,638	-26,755	250,919	-50,640	-43,458
Total Net Absoprtion	**-110,774**	**-96,994**	**181,532**	**-19,964**	**-160,618**
Conversion:	0	0	0	24,062	0
Build-To-Suit:	0	0	182,000	0	0
Spec Construction:	0	563,211	0	0	0
Total New Construction:	0	563,211	182,000	0	0
Asking Rate (NNN)					
Market Rent Range:	$0.65-$2.00	$0.65-$2.00	$0.65-$1.75	$0.55-$1.90	$0.55-$1.95
Warehouse Direct Average	$0.81	$0.84	$0.85	$0.87	$0.84
Manufacturing Direct Average	$1.11	$1.17	$0.97	$0.93	$0.91
Total Direct Average	**$1.02**	**$1.11**	**$0.94**	**$0.92**	**$0.90**
Warehouse Overall Average	$0.81	$0.84	$0.84	$0.87	$0.84
Manufacturing Overall Average	$1.11	$1.16	$0.97	$0.93	$0.91
Total Overall Average	**$1.02**	**$1.11**	**$0.94**	**$0.92**	**$0.89**
# of Availabilities by Size:					
10K SF - 24.9K SF	7	10	10	4	7
25K SF - 49.9K SF	2	2	2	2	3
50K SF - 99.9K SF	2	2	3	3	5
100K SF +	0	3	3	4	4
Total Availabilities:	**11**	**17**	**18**	**13**	**19**

Vacancy & Average Asking Rate Trend



Industrial Market Report

Silicon Valley • Third Quarter 2017

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South San Jose

Quarter	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017
Warehouse Building Base	9,561,267	9,561,267	9,561,267	9,561,267	9,561,267
Manufacturing Building Base	14,782,877	14,782,877	14,782,877	14,782,877	14,782,877
Total Building Base	**24,344,144**	**24,344,144**	**24,344,144**	**24,344,144**	**24,344,144**
Warehouse Direct Availabilities	382,600	583,228	551,941	536,941	448,579
Manufacturing Direct Availabilities	317,312	306,949	413,534	355,709	341,214
Total Direct Availabilities	**699,912**	**890,177**	**965,475**	**892,650**	**789,793**
Warehouse Sublease Availabilities	24,415	0	40,756	40,756	40,756
Manufacturing Sublease Availabilities	41,200	41,200	58,200	58,200	45,520
Total Sublease Availabilities	**65,615**	**41,200**	**98,956**	**98,956**	**86,276**
Warehouse Overall Availabilities	407,015	583,228	592,697	577,697	489,335
Manufacturing Overall Availabilities	358,512	348,149	471,734	413,909	386,734
Total Overall Availabilities	**765,527**	**931,377**	**1,064,431**	**991,606**	**876,069**
Growth Rate (%)	-0.4%	-0.7%	-0.5%	0.3%	0.5%
Warehouse Vacancy	4.3%	6.1%	6.2%	6.0%	5.1%
Manufacturing Vacancy	2.4%	2.4%	3.2%	2.8%	2.6%
Total Vacancy	**3.1%**	**3.8%**	**4.4%**	**4.1%**	**3.6%**
Warehouse Gross Absorption	247,629	271,415	231,567	25,000	150,476
Manufacturing Gross Absorption	164,190	78,042	97,560	139,157	94,057
Total Gross Absorption	**411,819**	**349,457**	**329,127**	**164,157**	**244,533**
Warehouse Net Absorption	-82,978	-176,213	-9,469	15,000	88,362
Manufacturing Net Absorption	-5,148	10,363	-123,585	57,825	27,175
Total Net Absoprtion	**-88,126**	**-165,850**	**-133,054**	**72,825**	**115,537**
Conversion:	0	0	0	0	0
Build-To-Suit:	0	0	0	0	0
Spec Construction:	111,043	0	0	0	0
Total New Construction:	111,043	0	0	0	0
Asking Rate (NNN)					
Market Rent Range:	$0.59-$1.50	$0.59-$1.45	$0.59-$1.45	$0.59-$1.80	$0.59-$2.00
Warehouse Direct Average	$0.79	$0.78	$0.79	$0.79	$0.80
Manufacturing Direct Average	$0.83	$0.86	$0.81	$1.01	$1.01
Total Direct Average	**$0.81**	**$0.81**	**$0.80**	**$0.88**	**$0.89**
Warehouse Overall Average	$0.79	$0.78	$0.79	$0.78	$0.79
Manufacturing Overall Average	$0.85	$0.87	$0.85	$1.01	$1.01
Total Overall Average	**$0.82**	**$0.81**	**$0.82**	**$0.88**	**$0.89**
# of Availabilities by Size:					
10K SF - 24.9K SF	4	3	6	5	4
25K SF - 49.9K SF	5	4	4	4	5
50K SF - 99.9K SF	1	1	2	1	1
100K SF +	3	4	4	4	3
Total Availabilities:	**13**	**12**	**16**	**14**	**13**

Vacancy & Average Asking Rate Trend

Industrial Market Report

Silicon Valley • Third Quarter 2017

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San Jose

Quarter	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017
Warehouse Building Base	18,006,803	18,006,803	18,006,803	17,982,741	17,982,741
Manufacturing Building Base	25,398,014	25,961,225	26,143,225	26,143,225	26,143,225
Total Building Base	**43,404,817**	**43,968,028**	**44,150,028**	**44,125,966**	**44,125,966**
Warehouse Direct Availabilities	510,236	781,103	805,518	717,089	733,839
Manufacturing Direct Availabilities	613,467	1,196,472	1,229,219	1,225,722	1,225,351
Total Direct Availabilities	**1,123,703**	**1,977,575**	**2,034,737**	**1,942,811**	**1,959,190**
Warehouse Sublease Availabilities	24,415	0	54,441	73,132	85,180
Manufacturing Sublease Availabilities	58,611	55,209	77,128	73,440	90,094
Total Sublease Availabilities	**83,026**	**55,209**	**131,569**	**146,572**	**175,274**
Warehouse Overall Availabilities	534,651	781,103	859,959	790,221	819,019
Manufacturing Overall Availabilities	672,078	1,251,681	1,306,347	1,299,162	1,315,445
Total Overall Availabilities	**1,206,729**	**2,032,784**	**2,166,306**	**2,089,383**	**2,134,464**
Growth Rate (%)	-0.5%	-0.6%	0.1%	0.1%	-0.1%
Warehouse Vacancy	3.0%	4.3%	4.8%	4.4%	4.6%
Manufacturing Vacancy	2.6%	4.8%	5.0%	5.0%	5.0%
Total Vacancy	**2.8%**	**4.6%**	**4.9%**	**4.7%**	**4.8%**
Warehouse Gross Absorption	363,818	563,153	266,713	178,313	387,877
Manufacturing Gross Absorption	276,374	394,272	463,840	423,695	205,857
Total Gross Absorption	**640,192**	**957,425**	**730,553**	**602,008**	**593,734**
Warehouse Net Absorption	-102,114	-246,452	-78,856	45,676	-28,798
Manufacturing Net Absorption	-96,786	-16,392	127,334	7,185	-16,283
Total Net Absoprtion	**-198,900**	**-262,844**	**48,478**	**52,861**	**-45,081**
Conversion:	0	0	0	24,062	0
Build-To-Suit:	0	0	182,000	0	0
Spec Construction:	111,043	563,211	0	0	0
Total New Construction:	111,043	563,211	182,000	0	0
Asking Rate (NNN)					
Market Rent Range:	$0.59-$2.00	$0.59-$2.00	$0.59-$1.75	$0.55-$1.90	$0.55-$2.00
Warehouse Direct Average	$0.79	$0.79	$0.81	$0.81	$0.81
Manufacturing Direct Average	$0.97	$1.09	$0.92	$0.95	$0.94
Total Direct Average	**$0.89**	**$0.97**	**$0.88**	**$0.90**	**$0.89**
Warehouse Overall Average	$0.79	$0.79	$0.81	$0.81	$0.81
Manufacturing Overall Average	$0.97	$1.08	$0.93	$0.96	$0.94
Total Overall Average	**$0.89**	**$0.97**	**$0.88**	**$0.90**	**$0.89**
# of Availabilities by Size:					
10K SF - 24.9K SF	11	13	16	9	0
25K SF - 49.9K SF	7	6	6	6	8
50K SF - 99.9K SF	3	3	5	4	6
100K SF +	3	7	7	8	7
Total Availabilities:	**24**	**29**	**34**	**27**	**21**

Vacancy & Average Asking Rate Trend

Industrial Market Report

Silicon Valley • Third Quarter 2017

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Central Silicon Valley (Campbell - Sunnyvale - Santa Clara - San Jose)

Quarter	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017
Warehouse Building Base	23,539,200	23,539,200	23,539,200	23,515,138	23,515,138
Manufacturing Building Base	42,474,478	43,019,374	43,201,374	43,101,186	43,101,186
Total Building Base	**66,013,678**	**66,558,574**	**66,740,574**	**66,616,324**	**66,616,324**
Warehouse Direct Availabilities	590,377	881,244	863,779	770,989	756,739
Manufacturing Direct Availabilities	908,094	1,522,107	1,529,154	1,451,816	1,528,715
Total Direct Availabilities	**1,498,471**	**2,403,351**	**2,392,933**	**2,222,805**	**2,285,454**
Warehouse Sublease Availabilities	111,005	32,590	54,441	73,132	85,180
Manufacturing Sublease Availabilities	75,454	62,635	135,413	135,037	145,894
Total Sublease Availabilities	**186,459**	**95,225**	**189,854**	**208,169**	**231,074**
Warehouse Overall Availabilities	701,382	913,834	918,220	844,121	841,919
Manufacturing Overall Availabilities	983,548	1,584,742	1,664,567	1,586,853	1,674,609
Total Overall Availabilities	**1,684,930**	**2,498,576**	**2,582,787**	**2,430,974**	**2,516,528**
Growth Rate (%)	-0.4%	-0.4%	0.1%	0.0%	-0.1%
Warehouse Vacancy	3.0%	3.9%	3.9%	3.6%	3.6%
Manufacturing Vacancy	2.3%	3.7%	3.9%	3.7%	3.9%
Total Vacancy	**2.6%**	**3.8%**	**3.9%**	**3.6%**	**3.8%**
Warehouse Gross Absorption	363,818	617,153	404,514	182,174	644,161
Manufacturing Gross Absorption	443,522	570,328	696,266	627,619	370,521
Total Gross Absorption	**807,340**	**1,187,481**	**1,100,780**	**809,793**	**1,014,682**
Warehouse Net Absorption	-134,704	-212,452	-4,386	50,037	2,202
Manufacturing Net Absorption	-160,413	-56,298	102,175	-22,474	-87,756
Total Net Absoprtion	**-295,117**	**-268,750**	**97,789**	**27,563**	**-85,554**
Conversion:	79,491	18,315	0	124,250	0
Build-To-Suit:	0	0	182,000	0	0
Spec Construction:	111,043	563,211	0	0	0
Total New Construction:	111,043	563,211	182,000	0	0
Asking Rate (NNN)					
Market Rent Range:	$1.50-$3.00	$1.45-$3.00	$1.45-$3.00	$1.80-$3.50	$1.95-$3.70
Warehouse Direct Average	$0.81	$0.81	$0.82	$0.82	$0.82
Manufacturing Direct Average	$1.12	$1.15	$1.03	$1.03	$1.03
Total Direct Average	**$1.00**	**$1.02**	**$0.95**	**$0.96**	**$0.96**
Warehouse Overall Average	$0.83	$0.82	$0.81	$0.82	$0.81
Manufacturing Overall Average	$1.11	$1.14	$1.03	$1.03	$1.02
Total Overall Average	**$1.00**	**$1.02**	**$0.96**	**$0.96**	**$0.95**
# of Availabilities by Size:					
10K SF - 24.9K SF	20	23	26	17	0
25K SF - 49.9K SF	10	10	10	10	12
50K SF - 99.9K SF	5	4	5	4	7
100K SF +	3	7	7	8	7
Total Availabilities:	**38**	**44**	**48**	**39**	**26**

Vacancy & Average Asking Rate Trend

Industrial Market Report

Silicon Valley • Third Quarter 2017

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Morgan Hill/Gilroy

Quarter	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017
Warehouse Building Base	2,727,056	2,727,056	2,727,056	2,727,056	2,727,056
Manufacturing Building Base	4,594,235	4,594,235	4,594,235	4,594,235	4,594,235
Total Building Base	**7,321,291**	**7,321,291**	**7,321,291**	**7,321,291**	**7,321,291**
Warehouse Direct Availabilities	162,830	0	0	6,958	6,958
Manufacturing Direct Availabilities	87,927	49,017	52,350	187,477	193,063
Total Direct Availabilities	**250,757**	**49,017**	**52,350**	**194,435**	**200,021**
Warehouse Sublease Availabilities	0	0	0	0	0
Manufacturing Sublease Availabilities	58,579	58,579	0	0	0
Total Sublease Availabilities	**58,579**	**58,579**	**0**	**0**	**0**
Warehouse Overall Availabilities	162,830	0	0	6,958	6,958
Manufacturing Overall Availabilities	146,506	107,596	52,350	187,477	193,063
Total Overall Availabilities	**309,336**	**107,596**	**52,350**	**194,435**	**200,021**
Growth Rate (%)	-1.0%	2.8%	0.8%	-1.9%	-0.1%
Warehouse Vacancy	6.0%	0.0%	0.0%	0.3%	0.3%
Manufacturing Vacancy	3.2%	2.3%	1.1%	4.1%	4.2%
Total Vacancy	**4.2%**	**1.5%**	**0.7%**	**2.7%**	**2.7%**
Warehouse Gross Absorption	1,280	169,230	0	10,760	0
Manufacturing Gross Absorption	30,156	42,710	134,544	10,500	2,901
Total Gross Absorption	**31,436**	**211,940**	**134,544**	**21,260**	**2,901**
Warehouse Net Absorption	0	162,830	0	-6,958	0
Manufacturing Net Absorption	-71,233	38,910	55,246	-135,127	-5,586
Total Net Absoprtion	**-71,233**	**201,740**	**55,246**	**-142,085**	**-5,586**
Conversion:	0	0	0	0	0
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
Asking Rate (NNN)					
Market Rent Range:	$0.19-$1.25	$0.19-$1.25	$0.19-$1.35	$0.50-$1.35	$0.65-$1.35
Warehouse Direct Average	$0.19	$0.19	$0.19	$1.10	$1.10
Manufacturing Direct Average	$0.83	$0.99	$0.95	$0.97	$0.94
Total Direct Average	**$0.42**	**$0.99**	**$0.95**	**$0.97**	**$0.95**
Warehouse Overall Average	$0.19	$0.19	$0.19	$1.10	$1.10
Manufacturing Overall Average	$0.73	$0.77	$0.95	$0.97	$0.94
Total Overall Average	**$0.45**	**$0.77**	**$0.95**	**$0.97**	**$0.95**
# of Availabilities by Size:					
10K SF - 24.9K SF	2	1	2	1	1
25K SF - 49.9K SF	0	0	0	1	1
50K SF - 99.9K SF	1	1	0	0	0
100K SF +	1	0	0	1	1
Total Availabilities:	**4**	**2**	**2**	**3**	**3**

Vacancy & Average Asking Rate Trend

Industrial Market Report

Silicon Valley • Third Quarter 2017

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Milpitas

Quarter	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017
Warehouse Building Base	4,935,533	4,935,533	4,935,533	4,935,533	4,916,533
Manufacturing Building Base	3,007,244	3,007,244	3,007,244	2,997,244	2,997,244
Total Building Base	**7,942,777**	**7,942,777**	**7,942,777**	**7,932,777**	**7,913,777**
Warehouse Direct Availabilities	0	0	0	284,081	421,004
Manufacturing Direct Availabilities	25,666	14,768	11,278	55,247	53,502
Total Direct Availabilities	**25,666**	**14,768**	**11,278**	**339,328**	**474,506**
Warehouse Sublease Availabilities	0	0	0	0	0
Manufacturing Sublease Availabilities	0	0	0	16,348	16,348
Total Sublease Availabilities	**0**	**0**	**0**	**16,348**	**16,348**
Warehouse Overall Availabilities	0	0	0	284,081	421,004
Manufacturing Overall Availabilities	25,666	14,768	11,278	71,595	69,850
Total Overall Availabilities	**25,666**	**14,768**	**11,278**	**355,676**	**490,854**
Growth Rate (%)	-1.7%	0.1%	0.0%	-4.5%	-1.9%
Warehouse Vacancy	0.0%	0.0%	0.0%	5.8%	8.6%
Manufacturing Vacancy	0.9%	0.5%	0.4%	2.4%	2.3%
Total Vacancy	**0.3%**	**0.2%**	**0.1%**	**4.5%**	**6.2%**
Warehouse Gross Absorption	116,053	0	69,825	86,077	123,767
Manufacturing Gross Absorption	12,000	105,090	7,012	16,490	17,623
Total Gross Absorption	**128,053**	**105,090**	**76,837**	**102,567**	**141,390**
Warehouse Net Absorption	-87,264	0	0	-284,081	-155,923
Manufacturing Net Absorption	-44,142	10,898	3,490	-70,317	1,745
Total Net Absoprtion	**-131,406**	**10,898**	**3,490**	**-354,398**	**-154,178**
Conversion:	139,648	0	0	0	29,000
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
Asking Rate (NNN)					
Market Rent Range:	$0.75-$1.30	$0.75-$1.30	$0.75-$1.25	$0.90-$1.40	$1.03-$1.79
Warehouse Direct Average	$0.85	$0.85	$0.85	$1.23	$1.12
Manufacturing Direct Average	$0.98	$0.92	$0.81	$1.08	$1.07
Total Direct Average	**$0.98**	**$0.92**	**$0.81**	**$1.21**	**$1.11**
Warehouse Overall Average	$0.85	$0.85	$0.85	$1.23	$1.12
Manufacturing Overall Average	$0.98	$0.92	$0.81	$1.08	$1.10
Total Overall Average	**$0.98**	**$0.92**	**$0.81**	**$1.20**	**$1.12**
# of Availabilities by Size:					
10K SF - 24.9K SF	1	1	1	1	1
25K SF - 49.9K SF	0	0	0	3	3
50K SF - 99.9K SF	0	0	0	0	2
100K SF +	0	0	0	1	1
Total Availabilities:	**1**	**1**	**1**	**5**	**7**

Vacancy & Average Asking Rate Trend

Industrial Market Report

Silicon Valley • Third Quarter 2017

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Fremont

Quarter	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017
Warehouse Building Base	10,047,724	10,047,724	10,047,724	10,047,724	10,047,724
Manufacturing Building Base	10,540,266	10,540,266	10,540,266	10,540,266	10,540,266
Total Building Base	**20,587,990**	**20,587,990**	**20,587,990**	**20,587,990**	**20,587,990**
Warehouse Direct Availabilities	81,012	72,715	125,603	164,763	117,060
Manufacturing Direct Availabilities	297,742	391,214	335,816	237,214	401,685
Total Direct Availabilities	**378,754**	**463,929**	**461,419**	**401,977**	**518,745**
Warehouse Sublease Availabilities	176,758	149,758	149,758	149,758	0
Manufacturing Sublease Availabilities	40,000	40,000	6,296	6,296	6,296
Total Sublease Availabilities	**216,758**	**189,758**	**156,054**	**156,054**	**6,296**
Warehouse Overall Availabilities	257,770	222,473	275,361	314,521	117,060
Manufacturing Overall Availabilities	337,742	431,214	342,112	243,510	407,981
Total Overall Availabilities	**595,512**	**653,687**	**617,473**	**558,031**	**525,041**
Growth Rate (%)	2.0%	-0.3%	0.2%	0.3%	0.2%
Warehouse Vacancy	2.6%	2.2%	2.7%	3.1%	1.2%
Manufacturing Vacancy	3.2%	4.1%	3.2%	2.3%	3.9%
Total Vacancy	**2.9%**	**3.2%**	**3.0%**	**2.7%**	**2.6%**
Warehouse Gross Absorption	352,742	118,000	28,424	532,704	766,196
Manufacturing Gross Absorption	248,766	83,167	181,200	133,601	65,781
Total Gross Absorption	**601,508**	**201,167**	**209,624**	**666,305**	**831,977**
Warehouse Net Absorption	266,814	35,297	-52,888	-39,160	197,461
Manufacturing Net Absorption	150,575	-93,472	89,102	98,602	-164,471
Total Net Absoprtion	**417,389**	**-58,175**	**36,214**	**59,442**	**32,990**
Conversion:	0	0	0	0	0
Build-To-Suit:	0	0	0	0	0
Spec Construction:	269,380	0	0	0	0
Total New Construction:	269,380	0	0	0	0
Asking Rate (NNN)					
Market Rent Range:	$0.70-$1.50	$0.65-$1.55	$0.65-$1.55	$0.65-$1.30	$0.65-$1.50
Warehouse Direct Average	$0.91	$0.95	$0.87	$0.95	$0.95
Manufacturing Direct Average	$1.03	$1.05	$1.07	$0.96	$0.96
Total Direct Average	**$1.00**	**$1.03**	**$1.01**	**$0.96**	**$0.96**
Warehouse Overall Average	$0.78	$0.77	$0.80	$0.84	$0.95
Manufacturing Overall Average	$1.03	$1.05	$1.07	$0.96	$0.96
Total Overall Average	**$0.92**	**$0.95**	**$0.95**	**$0.89**	**$0.96**
# of Availabilities by Size:					
10K SF - 24.9K SF	3	2	4	3	3
25K SF - 49.9K SF	4	4	3	4	3
50K SF - 99.9K SF	2	3	2	1	1
100K SF +	2	2	2	2	2
Total Availabilities:	**11**	**11**	**11**	**10**	**9**

Vacancy & Average Asking Rate Trend

Industrial Market Report

Silicon Valley • Third Quarter 2017

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Newark

Quarter	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017
Warehouse Building Base	3,948,757	3,948,757	3,948,757	3,948,757	3,948,757
Manufacturing Building Base	4,911,792	4,911,792	4,876,514	4,876,514	4,876,514
Total Building Base	**8,860,549**	**8,860,549**	**8,825,271**	**8,825,271**	**8,825,271**
Warehouse Direct Availabilities	0	0	0	0	15,042
Manufacturing Direct Availabilities	16,309	15,070	77,244	99,801	159,438
Total Direct Availabilities	**16,309**	**15,070**	**77,244**	**99,801**	**174,480**
Warehouse Sublease Availabilities	45,592	0	0	0	0
Manufacturing Sublease Availabilities	55,000	25,000	25,000	25,000	25,000
Total Sublease Availabilities	**100,592**	**25,000**	**25,000**	**25,000**	**25,000**
Warehouse Overall Availabilities	45,592	0	0	0	15,042
Manufacturing Overall Availabilities	71,309	40,070	102,244	124,801	184,438
Total Overall Availabilities	**116,901**	**40,070**	**102,244**	**124,801**	**199,480**
Growth Rate (%)	2.4%	0.9%	-1.1%	-0.3%	-0.8%
Warehouse Vacancy	1.2%	0.0%	0.0%	0.0%	0.4%
Manufacturing Vacancy	1.5%	0.8%	2.1%	2.6%	3.8%
Total Vacancy	**1.3%**	**0.5%**	**1.2%**	**1.4%**	**2.3%**
Warehouse Gross Absorption	97,034	101,206	0	0	10,000
Manufacturing Gross Absorption	198,350	76,753	17,055	65,093	19,377
Total Gross Absorption	**295,384**	**177,959**	**17,055**	**65,093**	**29,377**
Warehouse Net Absorption	77,034	45,592	0	0	-15,042
Manufacturing Net Absorption	134,017	31,239	-97,452	-22,557	-59,637
Total Net Absoprtion	**211,051**	**76,831**	**-97,452**	**-22,557**	**-74,679**
Conversion:	0	0	35,278	0	0
Build-To-Suit:	0	0	0	0	0
Spec Construction:	143,373	0	0	0	0
Total New Construction:	143,373	0	0	0	0
Asking Rate (NNN)					
Market Rent Range:	$0.72-$1.00	$0.72-$0.95	$0.72-$1.00	$0.72-$1.10	$0.72-$1.00
Warehouse Direct Average	$0.65	$0.65	$0.65	$0.65	$0.65
Manufacturing Direct Average	$0.82	$0.82	$0.89	$0.86	$0.89
Total Direct Average	**$0.82**	**$0.82**	**$0.89**	**$0.86**	**$0.86**
Warehouse Overall Average	$0.74	$0.74	$0.74	$0.74	$0.74
Manufacturing Overall Average	$0.78	$0.78	$0.89	$0.86	$0.89
Total Overall Average	**$0.77**	**$0.78**	**$0.89**	**$0.86**	**$0.87**
# of Availabilities by Size:					
10K SF - 24.9K SF	1	0	0	1	4
25K SF - 49.9K SF	3	1	1	1	2
50K SF - 99.9K SF	0	0	1	1	1
100K SF +	0	0	0	0	0
Total Availabilities:	**4**	**1**	**2**	**3**	**7**

Vacancy & Average Asking Rate Trend

Industrial Market Report

Silicon Valley • Third Quarter 2017

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South 880 Corridor (Milpitas - Fremont - Newark)

Quarter	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017
Warehouse Building Base	18,932,014	18,932,014	18,932,014	18,932,014	18,913,014
Manufacturing Building Base	18,459,302	18,459,302	18,424,024	18,414,024	18,414,024
Total Building Base	**37,391,316**	**37,391,316**	**37,356,038**	**37,346,038**	**37,327,038**
Warehouse Direct Availabilities	81,012	72,715	125,603	448,844	553,106
Manufacturing Direct Availabilities	339,717	421,052	424,338	392,262	614,625
Total Direct Availabilities	**420,729**	**493,767**	**549,941**	**841,106**	**1,167,731**
Warehouse Sublease Availabilities	222,350	149,758	149,758	149,758	0
Manufacturing Sublease Availabilities	95,000	65,000	31,296	47,644	47,644
Total Sublease Availabilities	**317,350**	**214,758**	**181,054**	**197,402**	**47,644**
Warehouse Overall Availabilities	303,362	222,473	275,361	598,602	553,106
Manufacturing Overall Availabilities	434,717	486,052	455,634	439,906	662,269
Total Overall Availabilities	**738,079**	**708,525**	**730,995**	**1,038,508**	**1,215,375**
Growth Rate (%)	1.3%	0.1%	-0.2%	-0.9%	-0.5%
Warehouse Vacancy	1.6%	1.2%	1.5%	3.2%	2.9%
Manufacturing Vacancy	2.4%	2.6%	2.5%	2.4%	3.6%
Total Vacancy	**2.0%**	**1.9%**	**2.0%**	**2.8%**	**3.3%**
Warehouse Gross Absorption	565,829	219,206	98,249	618,781	899,963
Manufacturing Gross Absorption	459,116	265,010	205,267	215,184	102,781
Total Gross Absorption	**1,024,945**	**484,216**	**303,516**	**833,965**	**1,002,744**
Warehouse Net Absorption	256,584	80,889	-52,888	-323,241	26,496
Manufacturing Net Absorption	240,450	-51,335	-4,860	5,728	-222,363
Total Net Absoprtion	**497,034**	**29,554**	**-57,748**	**-317,513**	**-195,867**
Conversion:	139,648	0	35,278	0	29,000
Build-To-Suit:	0	0	0	0	0
Spec Construction:	412,753	0	0	0	0
Total New Construction:	412,753	0	0	0	0
Asking Rate (NNN)					
Market Rent Range:	$0.70-$1.50	$0.65-$1.55	$0.65-$1.55	$0.65-$1.30	$0.65-$1.50
Warehouse Direct Average	$269,380.00	$0.00	$0.00	$0.00	$0.00
Manufacturing Direct Average	$0.00	$0.00	$0.00	$0.00	$0.00
Total Direct Average	**$51,869.52**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
Warehouse Overall Average	$0.78	$0.77	$0.80	$1.03	$1.07
Manufacturing Overall Average	$0.98	$1.02	$1.02	$0.95	$0.95
Total Overall Average	**$0.90**	**$0.94**	**$0.94**	**$0.99**	**$1.01**
# of Availabilities by Size:					
10K SF - 24.9K SF	5	3	5	5	0
25K SF - 49.9K SF	7	5	4	8	8
50K SF - 99.9K SF	2	3	3	2	4
100K SF +	2	2	2	3	3
Total Availabilities:	**16**	**13**	**14**	**18**	**15**

Vacancy & Average Asking Rate Trend

Silicon Valley
Industrial Report

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Definitions

Industrial Product
Buildings typically used for bulk warehouse purposes (2/1000 parking or less, clear height minimum of 18', limited glass, dock and/or grade doors, and minimal build-out).

Total Building Base
Total industrial buildings over 10,000 square feet in size.

Direct Availabilities
Total square footage being marketed for lease by landlord available within 90 days. This may include availabilities with pending leases or sales that have not closed.

Sublease Availabilities
Total square footage being marketed for lease by sublessor.

Vacancy
Total available square footage (direct & sublease) divided by Total Building Base.

BTS (Build-to-Suit)
A method of leasing property whereby the landlord builds to suit the tenant (according to tenant's specifications). The cost of construction is figured into the rental amount of the lease, which is usually for a long term.

New Spec (Speculative)
A building constructed for lease or sale but without having a tenant or buyer before construction begins.

Gross Absorption
Total leasing and user sale activity in the marketplace in a given time period.

Net Absorption
Change in occupied building square footage in a given time period.

Avg. Asking Rate
Weighted Average NNN Rate (by available square footage) of available spaces with Gross rates converted to NNN rates.

Avg. Time on Market
Weighted Average Time on market (by available square footage) of available spaces reflected in months.

Availables by Size
Number of current available spaces for lease in the given size.

Historical Continuity
Cushman & Wakefield maintains a building by building historical record. Comparing previous reports to this report may show different building size numbers and statistics. Changes are caused by reclassification of buildings and revised building sizes. Historical comparisons should be made from this report only as Cushman & Wakefield adjusts the historical record accordingly.

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Silicon Valley | Third Quarter 2017

Office Market Report

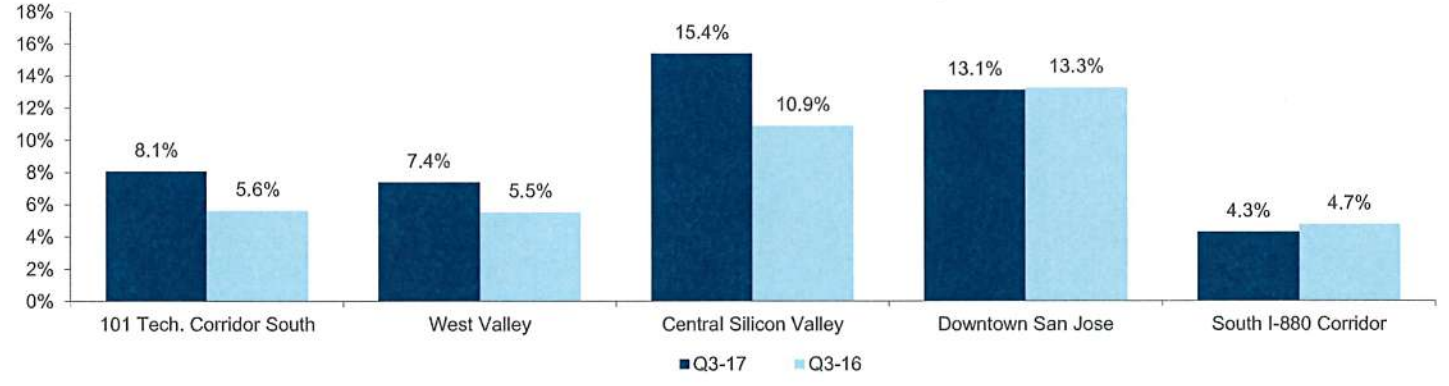
Silicon Valley • Third Quarter 2017

CUSHMAN & WAKEFIELD | CELEBRATING 100 YEARS

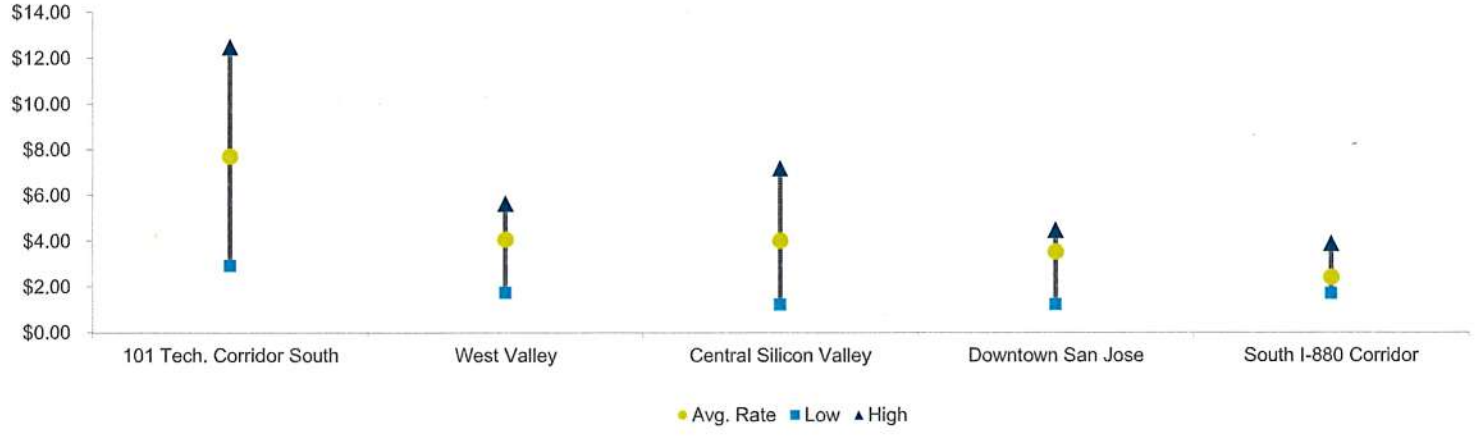
Market Summary

Cities	Building Count	Building Base	Available Space Direct	Available Space Sublease	Available Space Total	Vacancy Rate Q3-17	Vacancy Rate Q3-16	Avg. Asking Rate (FS)	Market Rent Range
Menlo Park	110	4,710,106	203,844	88,816	292,660	6.2%	4.8%	$8.70	$2.75-$12.25
Palo Alto	379	10,305,281	349,064	224,361	573,425	5.6%	5.4%	$7.45	$2.95-$12.50
Los Altos	63	1,127,550	48,575	17,700	66,275	5.9%	15.6%	$5.32	$4.15-$6.95
Mountain View	113	5,044,336	259,503	516,351	775,854	15.4%	4.7%	$7.54	$3.50-$9.75
101 Tech. Corridor South	665	21,187,273	860,986	847,228	1,708,214	8.1%	5.6%	$7.72	$2.95-$12.50
Cupertino	114	4,450,287	86,138	78,627	164,765	3.7%	3.3%	$4.58	$3.50-$5.60
Campbell	100	2,624,163	392,647	80,626	473,273	18.0%	9.2%	$4.00	$2.50-$4.95
Los Gatos / Saratoga	110	2,396,023	85,471	44,021	129,492	5.4%	6.3%	$3.63	$2.50-$5.10
West San Jose	136	4,187,792	205,448	37,943	243,391	5.8%	5.4%	$4.14	$1.75-$5.65
West Valley	460	13,658,265	769,704	241,217	1,010,921	7.4%	5.5%	$4.08	$1.75-$5.65
Sunnyvale	96	10,858,556	99,314	232,571	331,885	3.1%	3.0%	$5.37	$2.50-$7.20
Santa Clara	112	10,279,144	1,969,739	1,159,581	3,129,320	30.4%	13.3%	$4.48	$1.65-$5.20
San Jose Airport	45	4,340,878	841,637	365,316	1,206,953	27.8%	20.3%	$3.58	$1.35-$4.45
North San Jose	67	4,952,777	620,324	65,233	685,557	13.8%	14.0%	$3.20	$1.25-$3.95
Alameda / Civic Center	72	2,181,059	65,638	3,340	68,978	3.2%	4.0%	$2.55	$1.65-$3.50
South San Jose	60	1,826,940	66,105	11,670	77,775	4.3%	10.5%	$2.16	$1.55-$3.30
Downtown San Jose	96	8,613,709	1,005,373	124,306	1,129,679	13.1%	13.3%	$3.53	$1.25-$4.50
Central Silicon Valley	548	43,053,063	4,668,130	1,962,017	6,630,147	15.4%	10.9%	$4.02	$1.25-$7.20
Milpitas	33	979,437	44,880	1,825	46,705	4.8%	5.8%	$2.54	$1.85-$3.90
Fremont	45	1,991,750	75,877	4,583	80,460	4.0%	4.6%	$2.34	$1.71-$2.85
South I-880 Corridor	78	2,971,187	120,757	6,408	127,165	4.3%	4.7%	$2.41	$1.71-$3.90
TOTALS	**1,847**	**80,869,788**	**6,419,577**	**3,056,870**	**9,476,447**	**11.7%**	**8.4%**	**$4.67**	**$1.25-$12.50**

Vacancy by Submarket



Market Rent Ranges & Average Asking Rate (Full Service)



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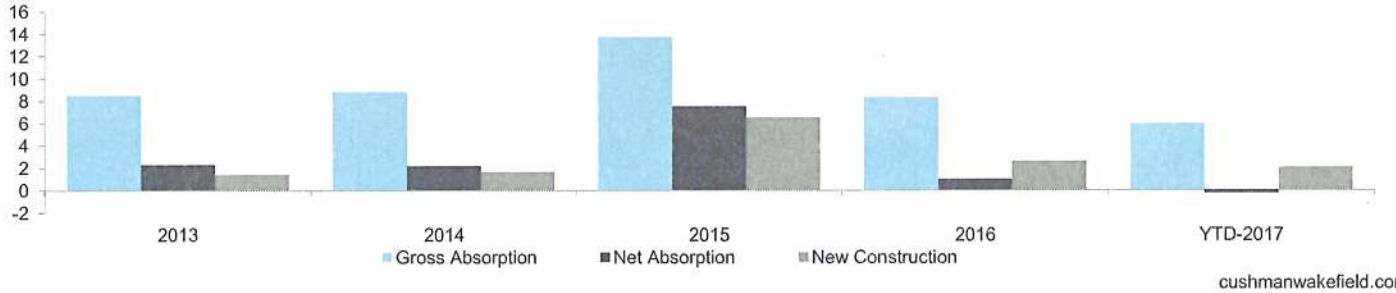
Historical Summary

Area		2013	2014	2015	2016	YTD-2017
Menlo Park	Gross Absorption	293,219	828,309	1,298,840	582,140	609,911
	Net Absorption	48,105	355,036	530,620	178,144	153,086
	New Construction	108,487	171,876	568,862	205,000	205,222
Palo Alto	Gross Absorption	1,298,172	870,017	1,729,618	769,145	958,314
	Net Absorption	285,346	-58,026	296,345	-180,645	260,464
	New Construction	112,075	101,449	166,979	69,891	224,916
Los Altos	Gross Absorption	151,241	282,846	113,814	228,462	80,175
	Net Absorption	53,001	14,533	-84,819	108,350	6,565
	New Construction	12,500	33,799	0	0	18,300
Mountain View	Gross Absorption	892,184	843,165	944,862	454,935	239,703
	Net Absorption	237,876	130,803	1,165,740	2,458	-501,307
	New Construction	181,882	156,976	1,181,760	0	94,918
Cupertino	Gross Absorption	194,641	360,098	470,586	191,244	213,815
	Net Absorption	27,926	3,828	185,039	3,653	-16,292
	New Construction	0	0	295,108	0	0
Campbell	Gross Absorption	441,586	313,121	358,348	275,677	175,371
	Net Absorption	138,966	24,559	38,597	-14,838	-85,220
	New Construction	0	0	0	0	177,815
Los Gatos/Saratoga	Gross Absorption	574,415	170,195	579,894	92,628	104,866
	Net Absorption	329,082	19,942	281,539	-5,276	3,809
	New Construction	303,000	0	302,213	0	0
West San Jose	Gross Absorption	275,456	333,203	537,454	346,598	226,938
	Net Absorption	11,876	91,468	141,914	-57,964	71,455
	New Construction	0	0	232,340	0	0
Sunnyvale	Gross Absorption	848,404	613,007	2,361,668	1,488,620	593,354
	Net Absorption	663,766	300,654	2,032,894	921,995	344,571
	New Construction	516,095	315,272	1,989,143	961,773	315,272
Santa Clara	Gross Absorption	975,842	1,824,766	2,020,682	819,883	753,632
	Net Absorption	470,506	874,999	1,223,816	-91,273	-725,419
	New Construction	149,608	897,537	930,000	1,007,250	660,468
San Jose Airport	Gross Absorption	913,559	531,930	500,579	1,211,144	679,294
	Net Absorption	116,923	134,188	121,867	-382,083	-35,752
	New Construction	0	0	0	0	357,106
North San Jose	Gross Absorption	411,812	522,603	1,435,982	378,886	259,385
	Net Absorption	-353,604	52,303	1,352,774	-69,945	90,947
	New Construction	0	0	850,000	184,351	0
Alameda/Civic Center	Gross Absorption	162,906	218,727	136,182	121,726	144,924
	Net Absorption	26,091	66,829	36,273	34,994	17,700
	New Construction	0	0	0	0	0
South San Jose	Gross Absorption	63,711	66,934	187,436	268,061	114,613
	Net Absorption	17,685	-13,081	92,063	251,386	81,379
	New Construction	0	0	0	185,000	0
Downtown San Jose	Gross Absorption	840,554	899,602	835,098	942,300	668,048
	Net Absorption	180,907	140,950	38,960	305,765	-1,719
	New Construction	0	0	0	0	0
San Jose	Gross Absorption	2,667,998	2,572,999	3,632,731	3,268,715	2,093,202
	Net Absorption	-122	472,657	1,783,851	82,153	224,010
	New Construction	0	0	1,082,340	369,351	357,106
Milpitas	Gross Absorption	93,639	92,309	83,948	56,801	77,612
	Net Absorption	5,447	41,537	-6,504	-20,760	41,310
	New Construction	0	0	0	0	0
Fremont	Gross Absorption	106,215	78,783	145,346	101,325	79,712
	Net Absorption	32,390	-165	75,502	34,751	8,768
	New Construction	0	0	0	0	0
Total Silicon Valley	**Gross Absorption**	**8,537,556**	**8,849,615**	**13,740,337**	**8,329,575**	**5,979,667**
	Net Absorption	**2,292,289**	**2,180,357**	**7,522,620**	**1,018,712**	**-266,130**
	New Construction	**1,383,647**	**1,676,909**	**6,516,405**	**2,613,265**	**2,054,017**

Historical Absorption & New Construction



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Total

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	44,409,606	44,758,583	45,508,063	46,316,345	46,794,300
Class B Building Base	19,188,483	19,188,483	19,188,483	19,206,783	19,206,783
All Classes Building Base	**78,281,794**	**78,815,771**	**79,565,251**	**80,391,833**	**80,869,788**
Class A Direct Availabilities	3,070,906	3,339,918	3,032,570	3,891,595	4,280,533
Class B Direct Availabilities	1,153,808	1,166,506	1,197,659	1,162,909	1,215,714
Total Direct Availabilities	**5,045,010**	**5,335,056**	**5,003,954**	**5,926,825**	**6,419,577**
Class A Sublease Availabilities	1,241,768	1,508,246	1,827,049	2,551,321	2,636,080
Class B Sublease Availabilities	200,311	260,512	268,048	329,596	339,395
Total Sublease Availabilities	**1,506,888**	**1,821,244**	**2,162,729**	**2,925,399**	**3,056,870**
Class A Overall Availabilities	4,312,674	4,848,164	4,859,619	6,442,916	6,916,613
Class B Overall Availabilities	1,354,119	1,427,018	1,465,707	1,492,505	1,555,109
Total Overall Availabilities	**6,551,898**	**7,156,300**	**7,166,683**	**8,852,224**	**9,476,447**
Growth Rate (%)	1.0%	-0.1%	0.9%	-1.1%	-0.2%
Class A Overall Vacancy	9.7%	10.8%	10.7%	13.9%	14.8%
Class B Overall Vacancy	7.1%	7.4%	7.6%	7.8%	8.1%
Total Overall Vacancy	**8.4%**	**9.1%**	**9.0%**	**11.0%**	**11.7%**
Market Rent Range (FS):	$1.25-$13.50	$1.25-$12.45	$1.25-$12.45	$1.25-$12.50	$1.25-$12.50
Class A Direct Avg Asking Rent (FS)	$4.22	$4.29	$4.16	$4.26	$4.37
Class B Direct Avg Asking Rent (FS)	$3.51	$3.45	$3.63	$3.81	$3.94
All Classes Direct Avg Asking Rate	**$3.85**	**$3.89**	**$3.87**	**$4.06**	**$4.15**
Class A Overall Avg Asking Rent (FS)	$4.79	$4.83	$4.80	$4.93	$4.96
Class B Overall Avg Asking Rent (FS)	$3.75	$3.84	$4.03	$4.13	$4.16
All Classes Overall Avg Asking Rate	**$4.33**	**$4.44**	**$4.46**	**$4.65**	**$4.67**
Avg Deal Rate (FS)	**$5.15**	**$4.57**	**$5.15**	**$3.89**	**$4.24**
Gross Absorption	2,858,491	2,013,180	2,495,653	1,623,187	1,860,827
- Excluding Renewals	2,271,160	1,746,891	2,185,283	972,797	1,309,184
Class A Net Absorption	790,297	-186,513	738,025	-775,015	4,258
Class B Net Absorption	-49,186	-72,899	-38,689	-8,498	-62,604
All Classes Net Absorption	**771,087**	**-70,425**	**739,097**	**-858,959**	**-146,268**
All Classes Direct Net Absorption	983,098	243,931	1,080,582	-96,289	-14,797
Build-To-Suit:	180,000	185,000	0	0	0
Spec Construction:	220,156	348,977	749,480	826,582	477,955
Total New Construction:	400,156	533,977	749,480	826,582	477,955
# of Availabilities by Size:					
0 - 5,000 SF	628	602	614	617	615
5,000 - 10,000 SF	148	149	152	175	173
10,000 - 20,000 SF	81	78	77	79	94
20,000 SF & Up	54	71	66	70	81
Total Availabilities:	**911**	**900**	**909**	**941**	**963**

Vacancy & Average Asking Rate Trend

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Santa Clara County

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	39,928,402	40,277,379	41,026,859	41,835,141	42,107,874
Class B Building Base	17,235,825	17,235,825	17,235,825	17,254,125	17,254,125
All Classes Building Base	**71,785,160**	**72,319,137**	**73,068,617**	**73,895,199**	**74,167,932**
Class A Direct Availabilities	2,882,254	3,132,414	2,796,986	3,622,524	4,039,641
Class B Direct Availabilities	1,093,269	1,096,215	1,140,289	1,121,918	1,176,885
Total Direct Availabilities	**4,794,585**	**5,056,027**	**4,711,000**	**5,616,763**	**6,139,856**
Class A Sublease Availabilities	1,187,790	1,443,538	1,755,330	2,496,671	2,553,680
Class B Sublease Availabilities	194,771	254,972	262,508	317,314	328,396
Total Sublease Availabilities	**1,447,370**	**1,750,996**	**2,085,470**	**2,858,467**	**2,963,471**
Class A Overall Availabilities	4,070,044	4,575,952	4,552,316	6,119,195	6,593,321
Class B Overall Availabilities	1,288,040	1,351,187	1,402,797	1,439,232	1,505,281
Total Overall Availabilities	**6,241,955**	**6,807,023**	**6,796,470**	**8,475,230**	**9,103,327**
Growth Rate (%)	0.6%	0.0%	1.0%	-1.2%	-0.5%
Class A Overall Vacancy	10.2%	11.4%	11.1%	14.6%	15.7%
Class B Overall Vacancy	7.5%	7.8%	8.1%	8.3%	8.7%
Total Overall Vacancy	**8.7%**	**9.4%**	**9.3%**	**11.5%**	**12.3%**
Market Rent Range (FS):	$1.25-$13.50	$1.25-$12.45	$1.25-$12.45	$1.25-$12.50	$1.25-$12.50
Class A Direct Avg Asking Rent (FS)	$4.49	$4.58	$4.51	$4.58	$4.64
Class B Direct Avg Asking Rent (FS)	$3.70	$3.67	$3.81	$3.94	$4.07
All Classes Direct Avg Asking Rate	**$4.05**	**$4.11**	**$4.11**	**$4.29**	**$4.34**
Class A Overall Avg Asking Rent (FS)	$4.60	$4.60	$4.56	$4.74	$4.79
Class B Overall Avg Asking Rent (FS)	$3.79	$3.87	$4.07	$4.17	$4.20
All Classes Overall Avg Asking Rate	**$4.20**	**$4.28**	**$4.30**	**$4.51**	**$4.54**
Avg Deal Rate (FS)	**$5.15**	**$4.59**	**$5.15**	**$3.89**	**$4.21**
Gross Absorption	2,858,491	2,013,180	2,495,653	1,623,187	1,860,827
- Excluding Renewals	2,271,160	1,746,891	2,185,283	972,797	1,309,184
Class A Net Absorption	479,379	-156,931	773,116	-758,597	-201,393
Class B Net Absorption	-52,725	-63,147	-51,610	-18,135	-66,049
All Classes Net Absorption	**457,864**	**-31,091**	**760,033**	**-852,178**	**-355,364**
All Classes Direct Net Absorption	790,938	272,535	1,094,507	-79,181	-250,360
Build-To-Suit:	0	185,000	0	0	0
Spec Construction:	220,156	348,977	749,480	826,582	272,733
Total New Construction:	220,156	533,977	749,480	826,582	272,733
# of Availabilities by Size:					
0 - 5,000 SF	576	550	567	565	569
5,000 - 10,000 SF	141	143	146	169	165
10,000 - 20,000 SF	76	73	72	74	90
20,000 SF & Up	52	67	64	68	76
Total Availabilities:	**845**	**833**	**849**	**876**	**900**

Vacancy & Average Asking Rate Trend

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Menlo Park

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	3,877,400	3,877,400	3,877,400	3,877,400	4,082,622
Class B Building Base	564,712	564,712	564,712	564,712	564,712
All Classes Building Base	**4,504,884**	**4,504,884**	**4,504,884**	**4,504,884**	**4,710,106**
Class A Direct Availabilities	159,445	185,369	213,449	223,245	196,235
Class B Direct Availabilities	5,877	10,807	6,194	3,884	7,609
Total Direct Availabilities	**166,556**	**197,410**	**219,643**	**227,129**	**203,844**
Class A Sublease Availabilities	46,369	57,099	64,110	54,650	82,400
Class B Sublease Availabilities	5,540	5,540	5,540	6,416	6,416
Total Sublease Availabilities	**51,909**	**62,639**	**69,650**	**61,066**	**88,816**
Class A Overall Availabilities	205,814	242,468	277,559	277,895	298,160
Class B Overall Availabilities	11,417	16,347	11,734	10,300	14,025
Total Overall Availabilities	**218,465**	**260,049**	**289,293**	**288,195**	**312,185**
Growth Rate (%)	2.9%	0.0%	-0.7%	0.8%	2.3%
Class A Overall Vacancy	5.3%	6.3%	7.2%	7.2%	7.3%
Class B Overall Vacancy	2.0%	2.9%	2.1%	1.8%	2.5%
Total Overall Vacancy	**4.8%**	**5.8%**	**6.4%**	**6.4%**	**6.6%**
Market Rent Range (FS):	$1.85-$12.25	$1.80-$12.75	$1.80-$12.75	$2.15-$12.75	$2.75-$12.25
Class A Direct Avg Asking Rent (FS)	$9.12	$9.81	$9.35	$9.60	$9.28
Class B Direct Avg Asking Rent (FS)	$5.63	$5.53	$5.56	$5.95	$4.51
All Classes Direct Avg Asking Rate	**$9.01**	**$9.62**	**$9.29**	**$9.59**	**$9.17**
Class A Overall Avg Asking Rent (FS)	$9.02	$9.37	$8.99	$9.40	$8.85
Class B Overall Avg Asking Rent (FS)	$6.37	$6.07	$6.00	$6.06	$5.17
All Classes Overall Avg Asking Rate	**$8.87**	**$9.19**	**$8.89**	**$9.30**	**$8.70**
Avg Deal Rate (FS)	**$4.47**	**N/A**	**$4.47**	**N/A**	**$5.66**
Gross Absorption	410,726	32,898	206,086	96,725	307,100
- Excluding Renewals	378,752	27,569	180,879	83,742	307,100
Class A Net Absorption	313,433	-36,654	-35,091	-336	184,957
Class B Net Absorption	8,316	-4,930	4,613	1,434	-3,725
All Classes Net Absorption	**320,515**	**-41,584**	**-29,244**	**1,098**	**181,232**
All Classes Direct Net Absorption	122,691	8,991	-19,699	44,376	216,283
Build-To-Suit:	180,000	0	0	0	0
Spec Construction:	0	0	0	0	205,222
Total New Construction:	180,000	0	0	0	205,222
# of Availabilities by Size:					
0 - 5,000 SF	17	17	17	17	15
5,000 - 10,000 SF	5	5	5	5	7
10,000 - 20,000 SF	4	4	4	4	3
20,000 SF & Up	2	4	2	2	5
Total Availabilities:	**28**	**30**	**28**	**28**	**30**

Vacancy & Average Asking Rate Trend

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Palo Alto

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	4,126,549	4,126,549	4,340,601	4,351,465	4,351,465
Class B Building Base	4,136,874	4,136,874	4,136,874	4,136,874	4,136,874
All Classes Building Base	**10,080,365**	**10,080,365**	**10,294,417**	**10,305,281**	**10,305,281**
Class A Direct Availabilities	176,714	135,605	76,051	83,752	84,036
Class B Direct Availabilities	139,587	136,645	157,858	181,048	206,974
Total Direct Availabilities	**349,797**	**317,955**	**272,649**	**323,954**	**349,064**
Class A Sublease Availabilities	129,850	159,404	115,175	86,077	59,678
Class B Sublease Availabilities	38,612	109,248	141,549	157,208	137,885
Total Sublease Availabilities	**192,878**	**291,018**	**266,838**	**246,512**	**224,361**
Class A Overall Availabilities	306,564	295,009	191,226	169,829	143,714
Class B Overall Availabilities	178,199	245,893	299,407	338,256	344,859
Total Overall Availabilities	**542,675**	**608,973**	**539,487**	**570,466**	**573,425**
Growth Rate (%)	-0.5%	-0.7%	2.8%	-0.2%	0.0%
Class A Overall Vacancy	7.4%	7.1%	4.4%	3.9%	3.3%
Class B Overall Vacancy	4.3%	5.9%	7.2%	8.2%	8.3%
Total Overall Vacancy	**5.4%**	**6.0%**	**5.2%**	**5.5%**	**5.6%**
Market Rent Range (FS):	$2.25-$13.50	$2.95-$12.45	$2.95-$12.45	$2.95-$12.50	$2.95-$12.50
Class A Direct Avg Asking Rent (FS)	$8.97	$9.34	$9.67	$8.80	$9.08
Class B Direct Avg Asking Rent (FS)	$6.63	$6.26	$6.65	$6.36	$6.72
All Classes Direct Avg Asking Rate	**$7.86**	**$7.78**	**$7.69**	**$7.32**	**$7.54**
Class A Overall Avg Asking Rent (FS)	$8.96	$9.03	$9.06	$8.98	$8.81
Class B Overall Avg Asking Rent (FS)	$6.60	$6.38	$6.79	$6.57	$6.71
All Classes Overall Avg Asking Rate	**$7.97**	**$8.01**	**$7.94**	**$7.54**	**$7.45**
Avg Deal Rate (FS)	**$9.64**	**$5.62**	**$9.64**	**$8.08**	**$7.80**
Gross Absorption	320,319	184,758	506,362	212,022	239,930
- Excluding Renewals	268,463	129,860	498,304	148,637	99,542
Class A Net Absorption	-27,527	11,555	317,835	32,261	26,115
Class B Net Absorption	-39,550	-67,694	-53,514	-38,849	-6,603
All Classes Net Absorption	**-53,781**	**-66,298**	**283,538**	**-20,115**	**-2,959**
All Classes Direct Net Absorption	-30,661	31,842	259,358	-40,441	-25,110
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	214,052	10,864	0
Total New Construction:	0	0	214,052	10,864	0
# of Availabilities by Size:					
0 - 5,000 SF	45	43	46	48	47
5,000 - 10,000 SF	15	13	14	17	19
10,000 - 20,000 SF	11	9	9	9	10
20,000 SF & Up	5	8	7	7	7
Total Availabilities:	**76**	**73**	**76**	**81**	**83**

Vacancy & Average Asking Rate Trend

Office Market Report

Silicon Valley • Third Quarter 2017

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Los Altos

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	409,238	409,238	409,238	409,238	409,238
Class B Building Base	340,103	340,103	340,103	358,403	358,403
All Classes Building Base	**1,109,250**	**1,109,250**	**1,109,250**	**1,127,550**	**1,127,550**
Class A Direct Availabilities	25,223	26,981	22,898	18,500	18,500
Class B Direct Availabilities	12,926	15,926	11,137	11,337	9,356
Total Direct Availabilities	**56,625**	**47,958**	**49,067**	**48,907**	**48,575**
Class A Sublease Availabilities	111,388	4,856	4,390	16,483	12,093
Class B Sublease Availabilities	2,780	0	0	1,732	1,732
Total Sublease Availabilities	**115,894**	**6,582**	**4,390**	**18,215**	**17,700**
Class A Overall Availabilities	136,611	31,837	27,288	34,983	30,593
Class B Overall Availabilities	15,706	15,926	11,137	13,069	11,088
Total Overall Availabilities	**172,519**	**54,540**	**53,457**	**67,122**	**66,275**
Growth Rate (%)	-0.3%	10.6%	0.1%	0.4%	0.1%
Class A Overall Vacancy	33.4%	7.8%	6.7%	8.5%	7.5%
Class B Overall Vacancy	4.6%	4.7%	3.3%	3.6%	3.1%
Total Overall Vacancy	**15.6%**	**4.9%**	**4.8%**	**6.0%**	**5.9%**
Market Rent Range (FS):	$2.55-$8.25	$2.55-$8.25	$2.55-$8.25	$2.55-$7.95	$4.15-$6.95
Class A Direct Avg Asking Rent (FS)	$5.35	$5.24	$5.41	$5.41	$5.41
Class B Direct Avg Asking Rent (FS)	$5.84	$5.91	$5.97	$5.73	$5.74
All Classes Direct Avg Asking Rate	**$5.41**	**$5.42**	**$5.34**	**$5.40**	**$5.39**
Class A Overall Avg Asking Rent (FS)	$6.60	$5.08	$5.04	$4.94	$5.15
Class B Overall Avg Asking Rent (FS)	$5.55	$5.91	$5.97	$5.78	$5.80
All Classes Overall Avg Asking Rate	**$6.40**	**$5.31**	**$5.17**	**$5.17**	**$5.32**
Avg Deal Rate (FS)	**$4.91**	**$4.92**	**$4.91**	**$4.30**	**$4.70**
Gross Absorption	22,996	152,639	19,649	14,264	46,262
- Excluding Renewals	22,996	149,539	13,699	10,436	46,262
Class A Net Absorption	-2,019	104,774	4,549	-7,695	4,390
Class B Net Absorption	-4,473	-220	4,789	16,368	1,981
All Classes Net Absorption	**-2,864**	**117,979**	**1,083**	**4,635**	**847**
All Classes Direct Net Absorption	12,386	8,667	-1,109	18,460	332
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	18,300	0
Total New Construction:	0	0	0	18,300	0
# of Availabilities by Size:					
0 - 5,000 SF	25	25	18	18	17
5,000 - 10,000 SF	2	1	2	5	5
10,000 - 20,000 SF	1	0	0	0	0
20,000 SF & Up	1	0	0	0	0
Total Availabilities:	**29**	**26**	**20**	**23**	**22**

Vacancy & Average Asking Rate Trend

Office Market Report

Silicon Valley • Third Quarter 2017

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Mountain View

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	2,639,008	2,639,008	2,639,008	2,639,008	2,733,926
Class B Building Base	1,728,811	1,728,811	1,728,811	1,728,811	1,728,811
All Classes Building Base	**4,949,418**	**4,949,418**	**4,949,418**	**4,949,418**	**5,044,336**
Class A Direct Availabilities	36,708	36,818	58,866	60,060	147,721
Class B Direct Availabilities	83,297	59,894	55,162	84,733	84,505
Total Direct Availabilities	**158,295**	**133,492**	**139,065**	**183,931**	**259,503**
Class A Sublease Availabilities	47,714	26,280	49,125	484,801	495,832
Class B Sublease Availabilities	24,631	18,041	8,348	5,608	14,840
Total Sublease Availabilities	**72,345**	**46,137**	**59,289**	**492,225**	**516,351**
Class A Overall Availabilities	84,422	63,098	107,991	544,861	643,553
Class B Overall Availabilities	107,928	77,935	63,510	90,341	99,345
Total Overall Availabilities	**230,640**	**179,629**	**198,354**	**676,156**	**775,854**
Growth Rate (%)	0.1%	1.0%	-0.4%	-9.7%	-0.1%
Class A Overall Vacancy	3.2%	2.4%	4.1%	20.6%	23.5%
Class B Overall Vacancy	6.2%	4.5%	3.7%	5.2%	5.7%
Total Overall Vacancy	**4.7%**	**3.6%**	**4.0%**	**13.7%**	**15.4%**
Market Rent Range (FS):	$3.50-$9.45	$3.50-$9.45	$3.50-$9.45	$3.50-$9.45	$3.50-$9.75
Class A Direct Avg Asking Rent (FS)	$8.96	$9.10	$8.50	$9.21	$9.47
Class B Direct Avg Asking Rent (FS)	$5.06	$5.57	$5.66	$5.45	$5.43
All Classes Direct Avg Asking Rate	**$6.08**	**$6.54**	**$6.81**	**$6.75**	**$7.70**
Class A Overall Avg Asking Rent (FS)	$8.44	$8.44	$8.37	$7.76	$7.97
Class B Overall Avg Asking Rent (FS)	$5.58	$5.68	$5.68	$5.45	$5.40
All Classes Overall Avg Asking Rate	**$6.48**	**$6.69**	**$7.12**	**$7.33**	**$7.54**
Avg Deal Rate (FS)	**$8.24**	**$7.10**	**$8.24**	**$5.74**	**$8.40**
Gross Absorption	135,055	102,336	91,071	77,013	71,619
- Excluding Renewals	130,180	88,592	71,549	71,513	54,286
Class A Net Absorption	16,038	21,324	-44,893	-436,870	-3,774
Class B Net Absorption	6,951	29,993	14,425	-26,831	-9,004
All Classes Net Absorption	**4,443**	**51,011**	**-18,725**	**-477,802**	**-4,780**
All Classes Direct Net Absorption	-13,714	24,803	-5,573	-44,866	19,346
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	94,918
Total New Construction:	0	0	0	0	94,918
# of Availabilities by Size:					
0 - 5,000 SF	31	35	34	36	42
5,000 - 10,000 SF	12	10	8	11	11
10,000 - 20,000 SF	3	2	2	4	6
20,000 SF & Up	2	1	3	2	4
Total Availabilities:	**48**	**48**	**47**	**53**	**63**

Vacancy & Average Asking Rate Trend

Office Market Report

Silicon Valley • Third Quarter 2017

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Cupertino

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	2,634,636	2,634,636	2,634,636	2,634,636	2,634,636
Class B Building Base	1,049,396	1,049,396	1,049,396	1,049,396	1,049,396
All Classes Building Base	**4,450,287**	**4,450,287**	**4,450,287**	**4,450,287**	**4,450,287**
Class A Direct Availabilities	51,372	48,111	30,815	30,815	30,815
Class B Direct Availabilities	18,307	14,153	14,153	13,561	28,126
Total Direct Availabilities	**89,138**	**86,743**	**69,447**	**62,151**	**86,138**
Class A Sublease Availabilities	57,607	61,730	73,239	69,239	69,239
Class B Sublease Availabilities	0	0	3,245	8,278	7,748
Total Sublease Availabilities	**57,607**	**61,730**	**78,124**	**79,157**	**78,627**
Class A Overall Availabilities	108,979	109,841	104,054	100,054	100,054
Class B Overall Availabilities	18,307	14,153	17,398	21,839	35,874
Total Overall Availabilities	**146,745**	**148,473**	**147,571**	**141,308**	**164,765**
Growth Rate (%)	-0.4%	0.0%	0.0%	0.1%	-0.5%
Class A Overall Vacancy	4.1%	4.2%	3.9%	3.8%	3.8%
Class B Overall Vacancy	1.7%	1.3%	1.7%	2.1%	3.4%
Total Overall Vacancy	**3.3%**	**3.3%**	**3.3%**	**3.2%**	**3.7%**
Market Rent Range (FS):	$3.50-$6.10	$3.50-$6.10	$3.50-$6.10	$3.50-$5.60	$3.50-$5.60
Class A Direct Avg Asking Rent (FS)	$5.62	$5.62	$5.60	$5.60	$5.60
Class B Direct Avg Asking Rent (FS)	$4.69	$4.59	$4.59	$4.44	$4.57
All Classes Direct Avg Asking Rate	**$5.13**	**$4.92**	**$4.84**	**$4.84**	**$4.76**
Class A Overall Avg Asking Rent (FS)	$5.44	$5.42	$4.80	$4.80	$4.80
Class B Overall Avg Asking Rent (FS)	$4.69	$4.59	$4.73	$4.40	$4.54
All Classes Overall Avg Asking Rate	**$5.19**	**$5.08**	**$4.64**	**$4.61**	**$4.58**
Avg Deal Rate (FS)	**$9.03**	**$6.86**	**$9.03**	**$3.81**	**$3.25**
Gross Absorption	22,592	34,260	87,064	111,315	15,436
- Excluding Renewals	5,704	30,936	18,484	22,735	14,084
Class A Net Absorption	-11,384	-862	5,787	4,000	0
Class B Net Absorption	5,704	4,154	-3,245	-4,441	-14,035
All Classes Net Absorption	**-16,011**	**-1,728**	**902**	**6,263**	**-23,457**
All Classes Direct Net Absorption	-19,715	2,395	17,296	7,296	-23,987
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
# of Availabilities by Size:					
0 - 5,000 SF	19	18	19	9	12
5,000 - 10,000 SF	8	6	6	8	9
10,000 - 20,000 SF	2	2	2	2	3
20,000 SF & Up	1	2	2	2	2
Total Availabilities:	**30**	**28**	**29**	**21**	**26**

Vacancy & Average Asking Rate Trend

Office Market Report

Silicon Valley • Third Quarter 2017

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101 Technology Corridor South (Menlo Park, Palo Alto, Los Altos & Mountain View)

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	11,052,195	11,052,195	11,266,247	11,277,111	11,577,251
Class B Building Base	6,770,500	6,770,500	6,770,500	6,788,800	6,788,800
All Classes Building Base	**20,643,917**	**20,643,917**	**20,857,969**	**20,887,133**	**21,187,273**
Class A Direct Availabilities	398,090	384,773	371,264	385,557	446,492
Class B Direct Availabilities	241,687	223,272	230,351	281,002	308,444
Total Direct Availabilities	**731,273**	**696,815**	**680,424**	**783,921**	**860,986**
Class A Sublease Availabilities	335,321	247,639	232,800	642,011	650,003
Class B Sublease Availabilities	71,563	132,829	155,437	170,964	160,873
Total Sublease Availabilities	**433,026**	**406,376**	**400,167**	**818,018**	**847,228**
Class A Overall Availabilities	733,411	632,412	604,064	1,027,568	1,096,495
Class B Overall Availabilities	313,250	356,101	385,788	451,966	469,317
Total Overall Availabilities	**1,164,299**	**1,103,191**	**1,080,591**	**1,601,939**	**1,708,214**
Growth Rate (%)	1.3%	0.3%	1.1%	-2.4%	0.9%
Class A Overall Vacancy	6.6%	5.7%	5.4%	9.1%	9.5%
Class B Overall Vacancy	4.6%	5.3%	5.7%	6.7%	6.9%
Total Overall Vacancy	**5.6%**	**5.3%**	**5.2%**	**7.7%**	**8.1%**
Market Rent Range (FS):	$2.25-$13.50	$2.55-$12.45	$2.55-$12.45	$2.55-$12.50	$2.95-$12.50
Class A Direct Avg Asking Rent (FS)	$8.80	$9.26	$9.04	$9.17	$9.15
Class B Direct Avg Asking Rent (FS)	$6.02	$6.02	$6.35	$6.06	$6.28
All Classes Direct Avg Asking Rate	**$7.55**	**$7.90**	**$7.86**	**$7.73**	**$7.86**
Class A Overall Avg Asking Rent (FS)	$8.48	$8.90	$8.72	$8.31	$8.39
Class B Overall Avg Asking Rent (FS)	$6.18	$6.19	$6.56	$6.32	$6.36
All Classes Overall Avg Asking Rate	**$7.61**	**$7.94**	**$7.91**	**$7.67**	**$7.72**
Avg Deal Rate (FS)	**$2.60**	**$4.82**	**$2.60**	**$7.30**	**$6.66**
Gross Absorption	889,096	472,631	823,168	400,024	664,911
- Excluding Renewals	800,391	395,560	764,431	314,328	507,190
Class A Net Absorption	299,925	100,999	242,400	-412,640	231,213
Class B Net Absorption	-28,756	-42,851	-29,687	-47,878	-17,351
All Classes Net Absorption	**268,313**	**61,108**	**236,652**	**-492,184**	**193,865**
All Classes Direct Net Absorption	159,854	34,458	230,443	-74,333	223,075
Build-To-Suit:	180,000	0	0	0	0
Spec Construction:	0	0	214,052	29,164	300,140
Total New Construction:	180,000	0	214,052	29,164	300,140
# of Availabilities by Size:					
0 - 5,000 SF	118	120	115	119	121
5,000 - 10,000 SF	34	29	29	38	42
10,000 - 20,000 SF	19	15	15	17	19
20,000 SF & Up	10	13	12	11	16
Total Availabilities:	**181**	**177**	**171**	**185**	**198**

Vacancy & Average Asking Rate Trend

Office Market Report

Silicon Valley • Third Quarter 2017

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Campbell

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	871,110	871,110	871,110	871,110	1,048,925
Class B Building Base	451,851	451,851	451,851	451,851	451,851
All Classes Building Base	**2,446,348**	**2,446,348**	**2,446,348**	**2,446,348**	**2,624,163**
Class A Direct Availabilities	67,869	67,330	99,328	132,654	300,776
Class B Direct Availabilities	31,091	30,362	36,849	36,633	38,899
Total Direct Availabilities	**162,069**	**154,134**	**213,400**	**223,164**	**392,647**
Class A Sublease Availabilities	54,506	49,665	67,017	73,512	73,512
Class B Sublease Availabilities	2,514	2,514	2,514	1,767	1,767
Total Sublease Availabilities	**63,449**	**56,104**	**73,456**	**79,204**	**80,626**
Class A Overall Availabilities	122,375	116,995	166,345	206,166	374,288
Class B Overall Availabilities	33,605	32,876	39,363	38,400	40,666
Total Overall Availabilities	**225,518**	**210,238**	**286,856**	**302,368**	**473,273**
Growth Rate (%)	0.5%	0.6%	-3.1%	-0.6%	0.3%
Class A Overall Vacancy	14.0%	13.4%	19.1%	23.7%	35.7%
Class B Overall Vacancy	7.4%	7.3%	8.7%	8.5%	9.0%
Total Overall Vacancy	**9.2%**	**8.6%**	**11.7%**	**12.4%**	**18.0%**
Market Rent Range (FS):	$1.75-$4.50	$1.75-$4.50	$1.75-$4.50	$2.55-$4.95	$2.50-$4.95
Class A Direct Avg Asking Rent (FS)	$4.43	$4.44	$4.45	$4.45	$4.15
Class B Direct Avg Asking Rent (FS)	$3.00	$3.92	$3.78	$3.81	$3.83
All Classes Direct Avg Asking Rate	**$3.56**	**$3.83**	**$3.91**	**$4.09**	**$4.01**
Class A Overall Avg Asking Rent (FS)	$4.26	$4.31	$4.35	$4.29	$4.12
Class B Overall Avg Asking Rent (FS)	$3.06	$3.92	$3.70	$3.77	$3.79
All Classes Overall Avg Asking Rate	**$3.70**	**$3.92**	**$3.96**	**$4.07**	**$4.00**
Avg Deal Rate (FS)	**$3.79**	**$2.74**	**$3.79**	**N/A**	**$3.32**
Gross Absorption	79,629	92,794	47,547	46,641	81,183
- Excluding Renewals	69,228	79,414	29,970	33,293	60,808
Class A Net Absorption	-265	5,380	-49,350	-39,821	9,693
Class B Net Absorption	1,863	729	-6,487	963	-2,266
All Classes Net Absorption	**12,613**	**15,280**	**-76,618**	**-15,512**	**6,910**
All Classes Direct Net Absorption	27,284	7,935	-59,266	-9,764	8,332
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	177,815
Total New Construction:	0	0	0	0	177,815
# of Availabilities by Size:					
0 - 5,000 SF	47	49	60	59	62
5,000 - 10,000 SF	7	5	11	14	12
10,000 - 20,000 SF	4	3	4	3	3
20,000 SF & Up	1	1	1	1	2
Total Availabilities:	**59**	**58**	**76**	**77**	**79**

Vacancy & Average Asking Rate Trend

Office Market Report

Silicon Valley • Third Quarter 2017

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Los Gatos / Saratoga

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	908,482	908,482	908,482	908,482	908,482
Class B Building Base	707,424	707,424	707,424	707,424	707,424
All Classes Building Base	**2,396,023**	**2,396,023**	**2,396,023**	**2,396,023**	**2,396,023**
Class A Direct Availabilities	2,582	2,582	4,581	9,731	9,731
Class B Direct Availabilities	45,115	34,205	32,405	28,137	42,680
Total Direct Availabilities	**80,546**	**68,539**	**65,532**	**68,303**	**85,471**
Class A Sublease Availabilities	2,137	0	0	0	0
Class B Sublease Availabilities	64,762	64,762	49,067	40,878	42,676
Total Sublease Availabilities	**69,868**	**64,762**	**50,412**	**42,223**	**44,021**
Class A Overall Availabilities	4,719	2,582	4,581	9,731	9,731
Class B Overall Availabilities	109,877	98,967	81,472	69,015	85,356
Total Overall Availabilities	**150,414**	**133,301**	**115,944**	**110,526**	**129,492**
Growth Rate (%)	-0.1%	0.7%	0.7%	0.2%	-0.8%
Class A Overall Vacancy	0.5%	0.3%	0.5%	1.1%	1.1%
Class B Overall Vacancy	15.5%	14.0%	11.5%	9.8%	12.1%
Total Overall Vacancy	**6.3%**	**5.6%**	**4.8%**	**4.6%**	**5.4%**
Market Rent Range (FS):	$2.25-$4.85	$2.25-$5.10	$2.25-$5.10	$2.50-$5.10	$2.50-$5.10
Class A Direct Avg Asking Rent (FS)	$3.95	$3.95	$3.95	$3.95	$3.95
Class B Direct Avg Asking Rent (FS)	$3.76	$3.76	$3.85	$3.72	$3.60
All Classes Direct Avg Asking Rate	**$3.83**	**$3.88**	**$3.90**	**$3.95**	**$3.77**
Class A Overall Avg Asking Rent (FS)	$3.95	$3.95	$3.95	$3.95	$3.95
Class B Overall Avg Asking Rent (FS)	$3.57	$3.55	$3.55	$3.48	$3.48
All Classes Overall Avg Asking Rate	**$3.64**	**$3.66**	**$3.66**	**$3.71**	**$3.63**
Avg Deal Rate (FS)	**$3.81**	**$3.94**	**$3.81**	**$3.25**	**$3.98**
Gross Absorption	28,676	23,480	32,620	40,108	32,138
- Excluding Renewals	27,367	19,232	29,521	21,372	15,992
Class A Net Absorption	86	2,137	-1,999	-5,150	0
Class B Net Absorption	-3,795	10,910	17,495	12,457	-16,341
All Classes Net Absorption	**-1,235**	**17,113**	**17,357**	**5,418**	**-18,966**
All Classes Direct Net Absorption	15,219	12,007	3,007	-2,771	-17,168
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
# of Availabilities by Size:					
0 - 5,000 SF	26	21	25	25	25
5,000 - 10,000 SF	6	5	2	3	3
10,000 - 20,000 SF	2	2	2	1	2
20,000 SF & Up	1	1	1	1	1
Total Availabilities:	**35**	**29**	**30**	**30**	**31**

Vacancy & Average Asking Rate Trend

Office Market Report

Silicon Valley • Third Quarter 2017

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West San Jose

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	877,089	877,089	877,089	877,089	877,089
Class B Building Base	1,699,416	1,699,416	1,699,416	1,699,416	1,699,416
All Classes Building Base	**4,187,792**	**4,187,792**	**4,187,792**	**4,187,792**	**4,187,792**
Class A Direct Availabilities	85,429	125,208	87,870	124,999	108,422
Class B Direct Availabilities	49,044	27,227	30,560	31,906	26,881
Total Direct Availabilities	**212,112**	**223,565**	**179,160**	**219,471**	**205,448**
Class A Sublease Availabilities	10,834	89,491	89,491	10,741	18,886
Class B Sublease Availabilities	1,790	1,790	0	6,608	17,026
Total Sublease Availabilities	**12,624**	**91,281**	**91,522**	**19,380**	**37,943**
Class A Overall Availabilities	96,263	214,699	177,361	135,740	127,308
Class B Overall Availabilities	50,834	29,017	30,560	38,514	43,907
Total Overall Availabilities	**224,736**	**314,846**	**270,682**	**238,851**	**243,391**
Growth Rate (%)	-0.4%	-2.2%	1.1%	0.8%	-0.1%
Class A Overall Vacancy	11.0%	24.5%	20.2%	15.5%	14.5%
Class B Overall Vacancy	3.0%	1.7%	1.8%	2.3%	2.6%
Total Overall Vacancy	**5.4%**	**7.5%**	**6.5%**	**5.7%**	**5.8%**
Market Rent Range (FS):	$1.60-$5.10	$1.60-$7.15	$1.75-$7.15	$1.75-$7.15	$1.75-$5.65
Class A Direct Avg Asking Rent (FS)	$5.05	$5.02	$5.05	$5.43	$4.92
Class B Direct Avg Asking Rent (FS)	$3.50	$2.96	$3.31	$3.99	$3.90
All Classes Direct Avg Asking Rate	**$3.76**	**$4.14**	**$4.10**	**$4.70**	**$4.19**
Class A Overall Avg Asking Rent (FS)	$4.84	$5.24	$5.30	$5.38	$4.91
Class B Overall Avg Asking Rent (FS)	$3.45	$2.92	$3.31	$3.92	$3.69
All Classes Overall Avg Asking Rate	**$3.72**	**$4.54**	**$4.58**	**$4.65**	**$4.14**
Avg Deal Rate (FS)	**$3.02**	**$2.62**	**$3.02**	**$2.90**	**N/A**
Gross Absorption	65,541	91,940	78,095	110,409	38,434
- Excluding Renewals	35,217	73,001	75,316	75,116	38,434
Class A Net Absorption	-16,577	-118,436	37,338	41,621	8,432
Class B Net Absorption	-10,920	21,817	-1,543	-7,954	-5,393
All Classes Net Absorption	**-15,932**	**-90,110**	**44,164**	**31,831**	**-4,540**
All Classes Direct Net Absorption	-15,932	-11,453	44,405	-40,311	14,023
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
# of Availabilities by Size:					
0 - 5,000 SF	65	49	43	53	46
5,000 - 10,000 SF	4	3	3	3	4
10,000 - 20,000 SF	2	3	3	4	4
20,000 SF & Up	1	3	2	1	1
Total Availabilities:	**72**	**58**	**51**	**61**	**55**

Vacancy & Average Asking Rate Trend

Office Market Report

Silicon Valley • Third Quarter 2017

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West Valley

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	5,291,317	5,291,317	5,291,317	5,291,317	5,469,132
Class B Building Base	3,908,087	3,908,087	3,908,087	3,908,087	3,908,087
All Classes Building Base	**13,480,450**	**13,480,450**	**13,480,450**	**13,480,450**	**13,658,265**
Class A Direct Availabilities	207,252	243,231	222,594	298,199	449,744
Class B Direct Availabilities	143,557	105,947	113,967	110,237	136,586
Total Direct Availabilities	**543,865**	**532,981**	**527,539**	**573,089**	**769,704**
Class A Sublease Availabilities	125,084	200,886	229,747	153,492	161,637
Class B Sublease Availabilities	69,066	69,066	54,826	57,531	69,217
Total Sublease Availabilities	**203,548**	**273,877**	**293,514**	**219,964**	**241,217**
Class A Overall Availabilities	332,336	444,117	452,341	451,691	611,381
Class B Overall Availabilities	212,623	175,013	168,793	167,768	205,803
Total Overall Availabilities	**747,413**	**806,858**	**821,053**	**793,053**	**1,010,921**
Growth Rate (%)	-0.2%	-0.4%	-0.1%	0.2%	-0.3%
Class A Overall Vacancy	6.3%	8.4%	8.5%	8.5%	11.2%
Class B Overall Vacancy	5.4%	4.5%	4.3%	4.3%	5.3%
Total Overall Vacancy	**5.5%**	**6.0%**	**6.1%**	**5.9%**	**7.4%**
Market Rent Range (FS):	$1.60-$6.10	$1.60-$7.15	$1.75-$7.15	$1.75-$7.15	$1.75-$5.65
Class A Direct Avg Asking Rent (FS)	$4.97	$4.97	$4.84	$4.96	$4.43
Class B Direct Avg Asking Rent (FS)	$3.62	$3.71	$3.77	$3.92	$3.92
All Classes Direct Avg Asking Rate	**$3.94**	**$4.15**	**$4.09**	**$4.39**	**$4.12**
Class A Overall Avg Asking Rent (FS)	$4.81	$5.03	$4.82	$4.72	$4.39
Class B Overall Avg Asking Rent (FS)	$3.56	$3.60	$3.66	$3.77	$3.77
All Classes Overall Avg Asking Rate	**$3.99**	**$4.33**	**$4.25**	**$4.29**	**$4.08**
Avg Deal Rate (FS)	**$3.53**	**$3.60**	**$3.53**	**$3.34**	**$3.48**
Gross Absorption	196,438	242,474	245,326	308,473	167,191
- Excluding Renewals	137,516	202,583	153,291	152,516	129,318
Class A Net Absorption	-28,140	-111,781	-8,224	650	18,125
Class B Net Absorption	-7,148	37,610	6,220	1,025	-38,035
All Classes Net Absorption	**-20,565**	**-59,445**	**-14,195**	**28,000**	**-40,053**
All Classes Direct Net Absorption	6,856	10,884	5,442	-45,550	-18,800
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	177,815
Total New Construction:	0	0	0	0	177,815
# of Availabilities by Size:					
0 - 5,000 SF	157	137	147	146	145
5,000 - 10,000 SF	25	19	22	28	28
10,000 - 20,000 SF	10	10	11	10	12
20,000 SF & Up	4	7	6	5	6
Total Availabilities:	**196**	**173**	**186**	**189**	**191**

Vacancy & Average Asking Rate Trend

Office Market Report

Silicon Valley • Third Quarter 2017

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Sunnyvale

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	8,530,631	8,879,608	9,194,880	9,194,880	9,194,880
Class B Building Base	707,280	707,280	707,280	707,280	707,280
All Classes Building Base	**10,194,307**	**10,543,284**	**10,858,556**	**10,858,556**	**10,858,556**
Class A Direct Availabilities	226,021	243,370	61,194	24,127	39,454
Class B Direct Availabilities	30,230	24,705	19,899	17,859	16,329
Total Direct Availabilities	**280,958**	**292,782**	**102,561**	**78,410**	**99,314**
Class A Sublease Availabilities	12,094	59,854	105,314	151,374	228,424
Class B Sublease Availabilities	0	0	0	2,160	0
Total Sublease Availabilities	**27,258**	**68,402**	**117,785**	**159,642**	**232,571**
Class A Overall Availabilities	238,115	303,224	166,508	175,501	267,878
Class B Overall Availabilities	30,230	24,705	19,899	20,019	16,329
Total Overall Availabilities	**308,216**	**361,184**	**220,346**	**238,052**	**331,885**
Growth Rate (%)	5.8%	2.8%	4.2%	-0.2%	-0.9%
Class A Overall Vacancy	2.8%	3.4%	1.8%	1.9%	2.9%
Class B Overall Vacancy	4.3%	3.5%	2.8%	2.8%	2.3%
Total Overall Vacancy	**3.0%**	**3.4%**	**2.0%**	**2.2%**	**3.1%**
Market Rent Range (FS):	$2.20-$7.20	$1.90-$7.20	$1.50-$7.20	$2.50-$7.20	$2.50-$7.20
Class A Direct Avg Asking Rent (FS)	$4.88	$5.97	$7.20	$7.20	$6.62
Class B Direct Avg Asking Rent (FS)	$3.81	$3.78	$3.76	$3.73	$3.55
All Classes Direct Avg Asking Rate	**$4.65**	**$4.94**	**$4.70**	**$4.82**	**$4.84**
Class A Overall Avg Asking Rent (FS)	$4.81	$5.37	$5.25	$4.90	$5.91
Class B Overall Avg Asking Rent (FS)	$3.81	$3.78	$3.76	$3.61	$3.55
All Classes Overall Avg Asking Rate	**$4.53**	**$4.72**	**$4.56**	**$4.43**	**$5.37**
Avg Deal Rate (FS)	**$4.38**	**$4.92**	**$4.38**	**$3.39**	**$4.73**
Gross Absorption	644,675	425,406	522,195	42,094	29,065
- Excluding Renewals	643,571	425,406	520,134	42,094	23,051
Class A Net Absorption	593,384	283,868	451,988	-8,993	-92,377
Class B Net Absorption	997	5,525	4,806	-120	3,690
All Classes Net Absorption	**592,088**	**296,009**	**456,110**	**-17,706**	**-93,833**
All Classes Direct Net Absorption	595,826	337,153	505,493	24,151	-20,904
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	348,977	315,272	0	0
Total New Construction:	0	348,977	315,272	0	0
# of Availabilities by Size:					
0 - 5,000 SF	27	25	25	29	25
5,000 - 10,000 SF	4	4	3	3	4
10,000 - 20,000 SF	2	3	3	3	4
20,000 SF & Up	3	4	3	3	4
Total Availabilities:	**36**	**36**	**34**	**38**	**37**

Vacancy & Average Asking Rate Trend

Office Market Report

Silicon Valley • Third Quarter 2017

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Santa Clara

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	7,475,400	7,475,400	7,695,556	8,135,868	8,135,868
Class B Building Base	760,013	760,013	760,013	760,013	760,013
All Classes Building Base	**9,618,676**	**9,618,676**	**9,838,832**	**10,279,144**	**10,279,144**
Class A Direct Availabilities	798,662	1,083,708	1,059,559	1,697,454	1,773,798
Class B Direct Availabilities	76,030	41,704	49,051	63,390	65,542
Total Direct Availabilities	**957,057**	**1,218,527**	**1,210,960**	**1,891,391**	**1,969,739**
Class A Sublease Availabilities	313,603	521,873	893,817	1,122,544	1,120,101
Class B Sublease Availabilities	10,658	3,033	10,419	34,615	36,791
Total Sublease Availabilities	**324,261**	**524,906**	**904,236**	**1,157,159**	**1,159,581**
Class A Overall Availabilities	1,112,265	1,605,581	1,953,376	2,819,998	2,893,899
Class B Overall Availabilities	86,688	44,737	59,470	98,005	102,333
Total Overall Availabilities	**1,281,318**	**1,743,433**	**2,115,196**	**3,048,550**	**3,129,320**
Growth Rate (%)	1.2%	-4.8%	-1.5%	-4.8%	-0.8%
Class A Overall Vacancy	14.9%	21.5%	25.4%	34.7%	35.6%
Class B Overall Vacancy	11.4%	5.9%	7.8%	12.9%	13.5%
Total Overall Vacancy	**13.3%**	**18.1%**	**21.5%**	**29.7%**	**30.4%**
Market Rent Range (FS):	$1.35-$5.25	$1.35-$5.00	$1.65-$5.00	$1.65-$5.00	$1.65-$5.20
Class A Direct Avg Asking Rent (FS)	$4.66	$4.70	$4.70	$4.77	$4.75
Class B Direct Avg Asking Rent (FS)	$2.90	$3.57	$3.55	$3.49	$3.55
All Classes Direct Avg Asking Rate	**$4.31**	**$4.48**	**$4.45**	**$4.60**	**$4.59**
Class A Overall Avg Asking Rent (FS)	$4.57	$4.64	$4.57	$4.62	$4.60
Class B Overall Avg Asking Rent (FS)	$2.92	$3.57	$3.54	$3.49	$3.53
All Classes Overall Avg Asking Rate	**$4.31**	**$4.47**	**$4.39**	**$4.49**	**$4.48**
Avg Deal Rate (FS)	**$4.33**	**$3.64**	**$4.33**	**$3.45**	**$3.91**
Gross Absorption	343,117	158,181	210,053	210,907	332,672
- Excluding Renewals	334,211	112,929	167,506	62,005	116,541
Class A Net Absorption	87,863	-493,316	-127,639	-426,310	-73,901
Class B Net Absorption	20,362	41,951	-14,733	-38,535	-4,328
All Classes Net Absorption	**111,273**	**-462,115**	**-151,607**	**-493,042**	**-80,770**
All Classes Direct Net Absorption	157,758	-261,470	227,723	-240,119	-78,348
Build-To-Suit:	0	0	0	0	0
Spec Construction:	220,156	0	220,156	440,312	0
Total New Construction:	220,156	0	220,156	440,312	0
# of Availabilities by Size:					
0 - 5,000 SF	72	63	64	71	70
5,000 - 10,000 SF	10	12	12	14	15
10,000 - 20,000 SF	5	5	5	5	10
20,000 SF & Up	14	20	22	31	31
Total Availabilities:	**101**	**100**	**103**	**121**	**126**

Vacancy & Average Asking Rate Trend

Office Market Report

Silicon Valley • Third Quarter 2017

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San Jose Airport

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	3,300,866	3,300,866	3,300,866	3,657,972	3,657,972
Class B Building Base	424,369	424,369	424,369	424,369	424,369
All Classes Building Base	**3,983,772**	**3,983,772**	**3,983,772**	**4,340,878**	**4,340,878**
Class A Direct Availabilities	420,872	414,677	410,778	685,177	741,288
Class B Direct Availabilities	33,255	33,255	31,982	30,609	30,609
Total Direct Availabilities	**528,840**	**518,277**	**500,821**	**771,961**	**841,637**
Class A Sublease Availabilities	278,459	295,818	265,832	383,151	361,443
Class B Sublease Availabilities	0	0	1,700	1,700	3,873
Total Sublease Availabilities	**278,459**	**295,818**	**267,532**	**384,851**	**365,316**
Class A Overall Availabilities	699,331	710,495	676,610	1,068,328	1,102,731
Class B Overall Availabilities	33,255	33,255	33,682	32,309	34,482
Total Overall Availabilities	**807,299**	**814,095**	**768,353**	**1,156,812**	**1,206,953**
Growth Rate (%)	-7.0%	-0.2%	1.1%	-0.7%	-1.2%
Class A Overall Vacancy	21.2%	21.5%	20.5%	29.2%	30.1%
Class B Overall Vacancy	7.8%	7.8%	7.9%	7.6%	8.1%
Total Overall Vacancy	**20.3%**	**20.4%**	**19.3%**	**26.6%**	**27.8%**
Market Rent Range (FS):	$1.35-$4.35	$1.35-$4.35	$1.35-$4.50	$1.35-$4.45	$1.35-$4.45
Class A Direct Avg Asking Rent (FS)	$3.33	$3.27	$3.34	$3.90	$3.86
Class B Direct Avg Asking Rent (FS)	$2.46	$2.46	$2.49	$2.23	$2.23
All Classes Direct Avg Asking Rate	**$3.04**	**$3.01**	**$3.10**	**$3.68**	**$3.62**
Class A Overall Avg Asking Rent (FS)	$3.36	$3.33	$3.39	$3.74	$3.75
Class B Overall Avg Asking Rent (FS)	$2.46	$2.46	$2.49	$2.25	$2.23
All Classes Overall Avg Asking Rate	**$3.16**	**$3.15**	**$3.23**	**$3.60**	**$3.58**
Avg Deal Rate (FS)	**$2.96**	**$3.18**	**$2.96**	**$3.19**	**$3.00**
Gross Absorption	381,359	151,557	270,861	145,189	263,244
- Excluding Renewals	89,979	84,492	203,080	77,878	193,315
Class A Net Absorption	-256,639	-11,164	33,885	-34,612	-34,403
Class B Net Absorption	3,359	0	-427	1,373	-2,173
All Classes Net Absorption	**-277,922**	**-6,796**	**45,742**	**-31,353**	**-50,141**
All Classes Direct Net Absorption	-80,495	10,563	17,456	85,966	-69,676
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	357,106	0
Total New Construction:	0	0	0	357,106	0
# of Availabilities by Size:					
0 - 5,000 SF	61	56	58	43	43
5,000 - 10,000 SF	17	21	22	22	19
10,000 - 20,000 SF	13	14	11	7	9
20,000 SF & Up	6	6	5	9	11
Total Availabilities:	**97**	**97**	**96**	**81**	**82**

Vacancy & Average Asking Rate Trend

Office Market Report

Silicon Valley • Third Quarter 2017

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North San Jose

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	2,577,060	2,577,060	2,577,060	2,577,060	2,577,060
Class B Building Base	1,683,982	1,683,982	1,683,982	1,683,982	1,683,982
All Classes Building Base	**4,952,777**	**4,952,777**	**4,952,777**	**4,952,777**	**4,952,777**
Class A Direct Availabilities	431,362	425,548	427,676	411,388	411,388
Class B Direct Availabilities	153,682	229,573	244,954	176,452	177,657
Total Direct Availabilities	**596,889**	**666,966**	**685,299**	**621,343**	**620,324**
Class A Sublease Availabilities	64,003	74,144	46,550	27,968	25,743
Class B Sublease Availabilities	32,438	35,394	29,445	11,397	39,490
Total Sublease Availabilities	**96,441**	**109,538**	**75,995**	**39,365**	**65,233**
Class A Overall Availabilities	495,365	499,692	474,226	439,356	437,131
Class B Overall Availabilities	186,120	264,967	274,399	187,849	217,147
Total Overall Availabilities	**693,330**	**776,504**	**761,294**	**660,708**	**685,557**
Growth Rate (%)	-0.7%	-1.7%	0.3%	2.0%	-0.5%
Class A Overall Vacancy	19.2%	19.4%	18.4%	17.0%	17.0%
Class B Overall Vacancy	11.1%	15.7%	16.3%	11.2%	12.9%
Total Overall Vacancy	**14.0%**	**15.7%**	**15.4%**	**13.3%**	**13.8%**
Market Rent Range (FS):	$1.25-$4.35	$1.25-$4.35	$1.25-$4.35	$1.25-$3.95	$1.25-$3.95
Class A Direct Avg Asking Rent (FS)	$3.84	$3.78	$3.78	$3.43	$3.43
Class B Direct Avg Asking Rent (FS)	$2.74	$2.95	$2.95	$2.83	$2.85
All Classes Direct Avg Asking Rate	**$3.54**	**$3.49**	**$3.47**	**$3.25**	**$3.25**
Class A Overall Avg Asking Rent (FS)	$3.80	$3.75	$3.76	$3.41	$3.43
Class B Overall Avg Asking Rent (FS)	$2.72	$2.91	$2.92	$2.82	$2.73
All Classes Overall Avg Asking Rate	**$3.50**	**$3.46**	**$3.45**	**$3.23**	**$3.20**
Avg Deal Rate (FS)	**$2.71**	**$2.94**	**$2.71**	**$3.06**	**$2.60**
Gross Absorption	63,596	102,555	79,223	105,399	74,763
- Excluding Renewals	38,967	84,227	78,202	105,399	56,477
Class A Net Absorption	7,574	-4,327	25,466	34,870	2,225
Class B Net Absorption	-40,843	-78,847	-9,432	86,550	-29,298
All Classes Net Absorption	**-32,445**	**-83,174**	**15,210**	**100,586**	**-24,849**
All Classes Direct Net Absorption	-18,198	-70,077	-18,333	63,956	1,019
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
# of Availabilities by Size:					
0 - 5,000 SF	26	33	43	38	38
5,000 - 10,000 SF	11	11	15	15	15
10,000 - 20,000 SF	7	7	6	5	6
20,000 SF & Up	7	10	8	6	6
Total Availabilities:	**51**	**61**	**72**	**64**	**65**

Vacancy & Average Asking Rate Trend

Office Market Report

Silicon Valley • Third Quarter 2017

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Alameda / Civic Center

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	121,070	121,070	121,070	121,070	121,070
Class B Building Base	541,989	541,989	541,989	541,989	541,989
All Classes Building Base	**2,181,059**	**2,181,059**	**2,181,059**	**2,181,059**	**2,181,059**
Class A Direct Availabilities	0	0	0	0	0
Class B Direct Availabilities	20,993	21,205	34,850	24,162	18,160
Total Direct Availabilities	**82,497**	**82,709**	**94,417**	**83,729**	**65,638**
Class A Sublease Availabilities	0	0	0	0	0
Class B Sublease Availabilities	3,969	3,969	0	0	3,340
Total Sublease Availabilities	**3,969**	**3,969**	**0**	**0**	**3,340**
Class A Overall Availabilities	0	0	0	0	0
Class B Overall Availabilities	24,962	25,174	34,850	24,162	21,500
Total Overall Availabilities	**86,466**	**86,678**	**94,417**	**83,729**	**68,978**
Growth Rate (%)	0.5%	0.0%	-0.4%	0.5%	0.7%
Class A Overall Vacancy	0.0%	0.0%	0.0%	0.0%	0.0%
Class B Overall Vacancy	4.6%	4.6%	6.4%	4.5%	4.0%
Total Overall Vacancy	**4.0%**	**4.0%**	**4.3%**	**3.8%**	**3.2%**
Market Rent Range (FS):	$1.65-$3.50	$1.65-$3.50	$1.65-$3.50	$1.65-$3.50	$1.65-$3.50
Class A Direct Avg Asking Rent (FS)	$0.00	$0.00	$0.00	$0.00	$0.00
Class B Direct Avg Asking Rent (FS)	$3.13	$3.16	$2.92	$2.69	$2.81
All Classes Direct Avg Asking Rate	**$2.43**	**$2.41**	**$2.59**	**$2.48**	**$2.54**
Class A Overall Avg Asking Rent (FS)	$4.18	$4.18	$4.18	$4.18	$4.18
Class B Overall Avg Asking Rent (FS)	$2.97	$2.99	$2.92	$2.69	$2.77
All Classes Overall Avg Asking Rate	**$2.41**	**$2.40**	**$2.59**	**$2.48**	**$2.55**
Avg Deal Rate (FS)	**$2.86**	**$2.60**	**$2.86**	**$2.76**	**$2.66**
Gross Absorption	37,143	13,396	50,150	21,561	73,213
- Excluding Renewals	28,813	6,516	33,586	9,199	66,318
Class A Net Absorption	0	0	0	0	0
Class B Net Absorption	6,053	-212	-9,676	10,688	2,662
All Classes Net Absorption	**10,104**	**-212**	**-7,739**	**10,688**	**14,751**
All Classes Direct Net Absorption	14,073	-212	-11,708	10,688	18,091
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
# of Availabilities by Size:					
0 - 5,000 SF	27	26	24	21	22
5,000 - 10,000 SF	5	5	6	5	3
10,000 - 20,000 SF	0	0	0	0	0
20,000 SF & Up	0	0	0	0	0
Total Availabilities:	**32**	**31**	**30**	**26**	**25**

Vacancy & Average Asking Rate Trend

Office Market Report

Silicon Valley • Third Quarter 2017

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South San Jose

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	464,865	464,865	464,865	464,865	464,865
Class B Building Base	195,869	195,869	195,869	195,869	195,869
All Classes Building Base	**1,641,940**	**1,826,940**	**1,826,940**	**1,826,940**	**1,826,940**
Class A Direct Availabilities	84,488	75,895	0	0	0
Class B Direct Availabilities	15,240	14,041	12,342	7,312	7,312
Total Direct Availabilities	**156,181**	**141,908**	**46,811**	**56,205**	**66,105**
Class A Sublease Availabilities	5,796	7,346	11,670	11,670	11,670
Class B Sublease Availabilities	0	0	0	0	0
Total Sublease Availabilities	**15,696**	**17,246**	**21,570**	**11,670**	**11,670**
Class A Overall Availabilities	90,284	83,241	11,670	11,670	11,670
Class B Overall Availabilities	15,240	14,041	12,342	7,312	7,312
Total Overall Availabilities	**171,877**	**159,154**	**68,381**	**67,875**	**77,775**
Growth Rate (%)	-0.4%	10.8%	5.0%	0.0%	-0.5%
Class A Overall Vacancy	19.4%	17.9%	2.5%	2.5%	2.5%
Class B Overall Vacancy	7.8%	7.2%	6.3%	3.7%	3.7%
Total Overall Vacancy	**10.5%**	**8.7%**	**3.7%**	**3.7%**	**4.3%**
Market Rent Range (FS):	$1.35-$2.75	$1.35-$2.75	$1.35-$3.30	$1.35-$3.30	$1.55-$3.30
Class A Direct Avg Asking Rent (FS)	$2.21	$2.22	$2.22	$2.22	$2.22
Class B Direct Avg Asking Rent (FS)	$2.16	$2.20	$2.27	$2.49	$2.49
All Classes Direct Avg Asking Rate	**$2.07**	**$2.06**	**$1.95**	**$2.00**	**$1.99**
Class A Overall Avg Asking Rent (FS)	$2.21	$2.22	$2.95	$3.00	$3.00
Class B Overall Avg Asking Rent (FS)	$2.16	$2.20	$2.27	$2.49	$2.49
All Classes Overall Avg Asking Rate	**$2.02**	**$2.02**	**$2.04**	**$2.17**	**$2.16**
Avg Deal Rate (FS)	**$1.65**	**$2.82**	**$1.65**	**$1.88**	**N/A**
Gross Absorption	8,619	199,026	105,361	9,252	0
- Excluding Renewals	8,619	199,026	105,361	9,252	0
Class A Net Absorption	-1	7,043	71,571	0	0
Class B Net Absorption	0	1,199	1,699	5,030	0
All Classes Net Absorption	**-6,951**	**197,723**	**90,773**	**506**	**-9,900**
All Classes Direct Net Absorption	2,950	199,273	95,097	-9,394	-9,900
Build-To-Suit:	0	185,000	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	185,000	0	0	0
# of Availabilities by Size:					
0 - 5,000 SF	24	23	21	28	27
5,000 - 10,000 SF	4	4	4	3	4
10,000 - 20,000 SF	1	1	0	0	0
20,000 SF & Up	1	1	0	0	0
Total Availabilities:	**30**	**29**	**25**	**31**	**31**

Vacancy & Average Asking Rate Trend

Office Market Report

Silicon Valley • Third Quarter 2017

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Downtown San Jose

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	4,719,029	4,719,029	4,719,029	4,719,029	4,719,029
Class B Building Base	2,470,163	2,470,163	2,470,163	2,470,163	2,470,163
All Classes Building Base	**8,613,709**	**8,613,709**	**8,613,709**	**8,613,709**	**8,613,709**
Class A Direct Availabilities	460,960	412,434	428,936	328,355	358,200
Class B Direct Availabilities	360,717	381,678	375,597	390,029	411,487
Total Direct Availabilities	**1,026,389**	**1,017,718**	**1,002,887**	**926,581**	**1,005,373**
Class A Sublease Availabilities	99,799	93,077	33,710	59,111	77,059
Class B Sublease Availabilities	12,617	12,960	12,960	42,102	21,228
Total Sublease Availabilities	**116,621**	**110,242**	**71,060**	**125,603**	**124,306**
Class A Overall Availabilities	560,759	505,511	462,646	387,466	435,259
Class B Overall Availabilities	373,334	394,638	388,557	432,131	432,715
Total Overall Availabilities	**1,143,010**	**1,127,960**	**1,073,947**	**1,052,184**	**1,129,679**
Growth Rate (%)	1.6%	0.2%	0.6%	0.3%	-0.9%
Class A Overall Vacancy	11.9%	10.7%	9.8%	8.2%	9.2%
Class B Overall Vacancy	15.1%	16.0%	15.7%	17.5%	17.5%
Total Overall Vacancy	**13.3%**	**13.1%**	**12.5%**	**12.2%**	**13.1%**
Market Rent Range (FS):	$1.40-$4.50	$1.40-$4.50	$1.25-$4.50	$1.25-$4.50	$1.25-$4.50
Class A Direct Avg Asking Rent (FS)	$3.86	$3.95	$3.98	$4.01	$4.11
Class B Direct Avg Asking Rent (FS)	$3.08	$3.08	$3.27	$3.38	$3.36
All Classes Direct Avg Asking Rate	**$3.34**	**$3.41**	**$3.53**	**$3.55**	**$3.58**
Class A Overall Avg Asking Rent (FS)	$3.66	$3.77	$3.93	$3.93	$4.03
Class B Overall Avg Asking Rent (FS)	$3.06	$3.06	$3.22	$3.28	$3.31
All Classes Overall Avg Asking Rate	**$3.27**	**$3.36**	**$3.50**	**$3.50**	**$3.53**
Avg Deal Rate (FS)	**$2.85**	**$3.44**	**$2.85**	**$3.53**	**$3.47**
Gross Absorption	265,991	210,884	158,431	324,758	184,859
- Excluding Renewals	162,246	199,082	142,396	155,230	152,764
Class A Net Absorption	86,367	55,248	42,865	75,180	-47,793
Class B Net Absorption	843	-21,304	6,081	-43,574	-584
All Classes Net Absorption	**133,726**	**15,050**	**54,013**	**21,763**	**-77,495**
All Classes Direct Net Absorption	143,399	8,671	14,831	76,306	-78,792
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
# of Availabilities by Size:					
0 - 5,000 SF	65	67	70	77	85
5,000 - 10,000 SF	35	41	37	45	42
10,000 - 20,000 SF	22	21	24	29	31
20,000 SF & Up	9	9	9	5	7
Total Availabilities:	**131**	**138**	**140**	**156**	**165**

Vacancy & Average Asking Rate Trend

Office Market Report

Silicon Valley • Third Quarter 2017

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San Jose Totals

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	12,059,979	12,059,979	12,059,979	12,417,085	12,417,085
Class B Building Base	7,015,788	7,015,788	7,015,788	7,015,788	7,015,788
All Classes Building Base	**25,561,049**	**25,746,049**	**25,746,049**	**26,103,155**	**26,103,155**
Class A Direct Availabilities	1,483,111	1,453,762	1,355,260	1,549,919	1,619,298
Class B Direct Availabilities	632,931	706,979	730,285	660,470	672,106
Total Direct Availabilities	**2,602,908**	**2,651,143**	**2,509,395**	**2,679,290**	**2,804,525**
Class A Sublease Availabilities	458,891	559,876	447,253	492,641	494,801
Class B Sublease Availabilities	50,814	54,113	44,105	61,807	84,957
Total Sublease Availabilities	**523,810**	**628,094**	**527,679**	**580,869**	**607,808**
Class A Overall Availabilities	1,942,002	2,013,638	1,802,513	2,042,560	2,114,099
Class B Overall Availabilities	683,745	761,092	774,390	722,277	757,063
Total Overall Availabilities	**3,126,718**	**3,279,237**	**3,037,074**	**3,260,159**	**3,412,333**
Growth Rate (%)	-0.7%	0.1%	0.9%	0.5%	-0.6%
Class A Overall Vacancy	16.1%	16.7%	14.9%	16.4%	17.0%
Class B Overall Vacancy	9.7%	10.8%	11.0%	10.3%	10.8%
Total Overall Vacancy	**12.2%**	**12.7%**	**11.8%**	**12.5%**	**13.1%**
Market Rent Range (FS):	$0.75-$5.10	$0.75-$5.10	$0.75-$5.10	$1.25-$5.10	$1.25-$5.65
Class A Direct Avg Asking Rent (FS)	$3.68	$3.71	$3.79	$3.92	$3.88
Class B Direct Avg Asking Rent (FS)	$2.98	$2.99	$3.09	$3.17	$3.17
All Classes Direct Avg Asking Rate	**$3.25**	**$3.31**	**$3.40**	**$3.55**	**$3.50**
Class A Overall Avg Asking Rent (FS)	$3.58	$3.70	$3.81	$3.81	$3.81
Class B Overall Avg Asking Rent (FS)	$2.94	$2.96	$3.06	$3.12	$3.09
All Classes Overall Avg Asking Rate	**$3.24**	**$3.35**	**$3.45**	**$3.51**	**$3.47**
Avg Deal Rate (FS)	**$2.84**	**$3.18**	**$2.84**	**$3.22**	**$2.99**
Gross Absorption	822,249	769,358	742,121	716,568	634,513
- Excluding Renewals	363,841	646,344	637,941	432,074	507,308
Class A Net Absorption	-179,276	-71,636	211,125	117,059	-71,539
Class B Net Absorption	-41,508	-77,347	-13,298	52,113	-34,786
All Classes Net Absorption	**-189,420**	**32,481**	**242,163**	**134,021**	**-152,174**
All Classes Direct Net Absorption	45,797	136,765	141,748	187,211	-125,235
Build-To-Suit:	0	185,000	0	0	0
Spec Construction:	0	0	0	357,106	0
Total New Construction:	0	185,000	0	357,106	0
# of Availabilities by Size:					
0 - 5,000 SF	268	254	259	260	261
5,000 - 10,000 SF	76	85	87	93	87
10,000 - 20,000 SF	45	46	44	45	50
20,000 SF & Up	24	29	24	21	25
Total Availabilities:	**413**	**414**	**414**	**419**	**423**

Vacancy & Average Asking Rate Trend

Office Market Report

Silicon Valley • Third Quarter 2017

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Central Silicon Valley

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	27,188,921	27,537,898	28,073,326	28,870,744	28,870,744
Class B Building Base	6,783,665	6,783,665	6,783,665	6,783,665	6,783,665
All Classes Building Base	**41,186,240**	**41,720,217**	**42,255,645**	**43,053,063**	**43,053,063**
Class A Direct Availabilities	2,422,365	2,655,632	2,388,143	3,146,501	3,324,128
Class B Direct Availabilities	690,147	746,161	768,675	709,813	727,096
Total Direct Availabilities	**3,628,811**	**3,938,887**	**3,643,756**	**4,429,620**	**4,668,130**
Class A Sublease Availabilities	773,754	1,052,112	1,356,893	1,755,818	1,824,440
Class B Sublease Availabilities	59,682	55,356	54,524	91,974	104,722
Total Sublease Availabilities	**862,705**	**1,130,121**	**1,458,178**	**1,878,290**	**1,962,017**
Class A Overall Availabilities	3,196,119	3,707,744	3,745,036	4,902,319	5,148,568
Class B Overall Availabilities	749,829	801,517	823,199	801,787	831,818
Total Overall Availabilities	**4,491,516**	**5,069,008**	**5,101,934**	**6,307,910**	**6,630,147**
Growth Rate (%)	1.3%	-0.1%	1.2%	-0.9%	-0.7%
Class A Overall Vacancy	11.8%	13.5%	13.3%	17.0%	17.8%
Class B Overall Vacancy	11.1%	11.8%	12.1%	11.8%	12.3%
Total Overall Vacancy	**10.9%**	**12.2%**	**12.1%**	**14.7%**	**15.4%**
Market Rent Range (FS):	$1.25-$7.20	$1.25-$7.20	$1.25-$7.20	$1.25-$7.20	$1.25-$7.20
Class A Direct Avg Asking Rent (FS)	$4.06	$4.26	$4.23	$4.35	$4.34
Class B Direct Avg Asking Rent (FS)	$2.97	$3.05	$3.13	$3.18	$3.19
All Classes Direct Avg Asking Rate	**$3.61**	**$3.74**	**$3.75**	**$3.96**	**$3.96**
Class A Overall Avg Asking Rent (FS)	$3.98	$4.15	$4.20	$4.27	$4.33
Class B Overall Avg Asking Rent (FS)	$2.94	$3.02	$3.10	$3.14	$3.13
All Classes Overall Avg Asking Rate	**$3.61**	**$3.76**	**$3.83**	**$3.98**	**$4.02**
Avg Deal Rate (FS)	**$4.02**	**$4.22**	**$4.02**	**$3.35**	**$3.40**
Gross Absorption	1,744,500	1,261,005	1,396,274	859,160	957,816
- Excluding Renewals	1,306,406	1,111,678	1,250,265	461,057	608,466
Class A Net Absorption	518,548	-162,648	498,136	-359,865	-246,249
Class B Net Absorption	-9,229	-51,688	-21,682	21,412	-30,031
All Classes Net Absorption	**529,873**	**-43,515**	**502,502**	**-408,558**	**-322,237**
All Classes Direct Net Absorption	815,313	223,901	830,559	11,554	-238,510
Build-To-Suit:	0	185,000	0	0	0
Spec Construction:	220,156	348,977	535,428	797,418	0
Total New Construction:	220,156	533,977	535,428	797,418	0
# of Availabilities by Size:					
0 - 5,000 SF	302	293	305	307	310
5,000 - 10,000 SF	86	98	99	107	102
10,000 - 20,000 SF	50	51	49	49	60
20,000 SF & Up	40	50	47	54	59
Total Availabilities:	**478**	**492**	**500**	**517**	**531**

Vacancy & Average Asking Rate Trend

Office Market Report

Silicon Valley • Third Quarter 2017

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Milpitas

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	273,369	273,369	273,369	273,369	273,369
Class B Building Base	338,285	338,285	338,285	338,285	338,285
All Classes Building Base	**979,437**	**979,437**	**979,437**	**979,437**	**979,437**
Class A Direct Availabilities	13,992	34,147	28,434	15,512	15,512
Class B Direct Availabilities	23,755	31,642	33,490	24,750	12,368
Total Direct Availabilities	**57,192**	**84,754**	**78,924**	**57,262**	**44,880**
Class A Sublease Availabilities	0	0	0	0	0
Class B Sublease Availabilities	0	3,261	3,261	3,261	0
Total Sublease Availabilities	**0**	**3,261**	**3,261**	**3,261**	**1,825**
Class A Overall Availabilities	13,992	34,147	28,434	15,512	15,512
Class B Overall Availabilities	23,755	34,903	36,751	28,011	12,368
Total Overall Availabilities	**57,192**	**88,015**	**82,185**	**60,523**	**46,705**
Growth Rate (%)	0.1%	-3.1%	0.6%	2.2%	1.4%
Class A Overall Vacancy	5.1%	12.5%	10.4%	5.7%	5.7%
Class B Overall Vacancy	7.0%	10.3%	10.9%	8.3%	3.7%
Total Overall Vacancy	**5.8%**	**9.0%**	**8.4%**	**6.2%**	**4.8%**
Market Rent Range (FS):	$1.75-$3.60	$1.75-$3.60	$1.75-$3.60	$1.85-$3.90	$1.85-$3.90
Class A Direct Avg Asking Rent (FS)	$2.09	$2.09	$2.16	$2.19	$2.19
Class B Direct Avg Asking Rent (FS)	$2.18	$2.31	$2.33	$2.35	$2.28
All Classes Direct Avg Asking Rate	**$2.41**	**$2.45**	**$2.53**	**$2.53**	**$2.56**
Class A Overall Avg Asking Rent (FS)	$2.09	$2.09	$2.16	$2.19	$2.19
Class B Overall Avg Asking Rent (FS)	$2.18	$2.34	$2.30	$2.31	$2.28
All Classes Overall Avg Asking Rate	**$2.41**	**$2.46**	**$2.50**	**$2.50**	**$2.54**
Avg Deal Rate (FS)	**$2.40**	**$2.74**	**$2.40**	**$2.00**	**$2.74**
Gross Absorption	11,829	7,973	8,988	35,887	32,737
- Excluding Renewals	11,829	7,973	8,988	31,714	32,737
Class A Net Absorption	2,479	-20,155	5,713	12,922	0
Class B Net Absorption	724	-11,148	-1,848	8,740	15,643
All Classes Net Absorption	**758**	**-30,823**	**5,830**	**21,662**	**13,818**
All Classes Direct Net Absorption	758	-27,562	5,830	21,662	12,382
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
# of Availabilities by Size:					
0 - 5,000 SF	16	17	17	10	8
5,000 - 10,000 SF	1	2	1	1	0
10,000 - 20,000 SF	1	1	1	2	2
20,000 SF & Up	0	1	1	0	0
Total Availabilities:	**18**	**21**	**20**	**13**	**10**

Vacancy & Average Asking Rate Trend

Office Market Report

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Fremont

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	603,804	603,804	603,804	603,804	603,804
Class B Building Base	1,387,946	1,387,946	1,387,946	1,387,946	1,387,946
All Classes Building Base	**1,991,750**	**1,991,750**	**1,991,750**	**1,991,750**	**1,991,750**
Class A Direct Availabilities	29,207	22,135	22,135	45,826	44,657
Class B Direct Availabilities	54,662	59,484	51,176	37,107	31,220
Total Direct Availabilities	**83,869**	**81,619**	**73,311**	**82,933**	**75,877**
Class A Sublease Availabilities	7,609	7,609	7,609	0	0
Class B Sublease Availabilities	0	0	0	5,866	4,583
Total Sublease Availabilities	**7,609**	**7,609**	**7,609**	**5,866**	**4,583**
Class A Overall Availabilities	36,816	29,744	29,744	45,826	44,657
Class B Overall Availabilities	54,662	59,484	51,176	42,973	35,803
Total Overall Availabilities	**91,478**	**89,228**	**80,920**	**88,799**	**80,460**
Growth Rate (%)	-0.4%	0.1%	0.4%	-0.4%	0.4%
Class A Overall Vacancy	6.1%	4.9%	4.9%	7.6%	7.4%
Class B Overall Vacancy	3.9%	4.3%	3.7%	3.1%	2.6%
Total Overall Vacancy	**4.6%**	**4.5%**	**4.1%**	**4.5%**	**4.0%**
Market Rent Range (FS):	$1.55-$2.90	$1.42-$3.25	$1.42-$3.25	$1.42-$3.05	$1.71-$2.85
Class A Direct Avg Asking Rent (FS)	$2.38	$2.36	$2.36	$2.47	$2.50
Class B Direct Avg Asking Rent (FS)	$2.30	$2.33	$2.36	$2.10	$2.15
All Classes Direct Avg Asking Rate	**$2.33**	**$2.34**	**$2.36**	**$2.30**	**$2.36**
Class A Overall Avg Asking Rent (FS)	$2.47	$2.48	$2.48	$2.47	$2.50
Class B Overall Avg Asking Rent (FS)	$2.30	$2.33	$2.36	$2.06	$2.11
All Classes Overall Avg Asking Rate	**$2.37**	**$2.38**	**$2.40**	**$2.27**	**$2.34**
Avg Deal Rate (FS)	**N/A**	**$1.85**	**N/A**	**N/A**	**$2.73**
Gross Absorption	16,628	29,097	21,897	19,643	38,172
- Excluding Renewals	15,018	29,097	8,308	13,182	31,473
Class A Net Absorption	-2,515	7,072	0	-16,082	1,169
Class B Net Absorption	-4,777	-4,822	8,308	8,203	7,170
All Classes Net Absorption	**-7,292**	**2,250**	**8,308**	**-7,879**	**8,339**
All Classes Direct Net Absorption	317	2,250	8,308	-9,622	7,056
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
# of Availabilities by Size:					
0 - 5,000 SF	35	35	30	35	31
5,000 - 10,000 SF	2	1	1	1	1
10,000 - 20,000 SF	1	1	1	1	1
20,000 SF & Up	0	0	0	0	0
Total Availabilities:	**38**	**37**	**32**	**37**	**33**

Vacancy & Average Asking Rate Trend

Office Market Report

Silicon Valley • Third Quarter 2017

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South I-880 Corridor

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Class A Building Base	877,173	877,173	877,173	877,173	877,173
Class B Building Base	1,726,231	1,726,231	1,726,231	1,726,231	1,726,231
All Classes Building Base	**2,971,187**	**2,971,187**	**2,971,187**	**2,971,187**	**2,971,187**
Class A Direct Availabilities	43,199	56,282	50,569	61,338	60,169
Class B Direct Availabilities	78,417	91,126	84,666	61,857	43,588
Total Direct Availabilities	**141,061**	**166,373**	**152,235**	**140,195**	**120,757**
Class A Sublease Availabilities	7,609	7,609	7,609	0	0
Class B Sublease Availabilities	0	3,261	3,261	9,127	4,583
Total Sublease Availabilities	**7,609**	**10,870**	**10,870**	**9,127**	**6,408**
Class A Overall Availabilities	50,808	63,891	58,178	61,338	60,169
Class B Overall Availabilities	78,417	94,387	87,927	70,984	48,171
Total Overall Availabilities	**148,670**	**177,243**	**163,105**	**149,322**	**127,165**
Growth Rate (%)	0.0%	-0.9%	0.5%	0.4%	0.7%
Class A Overall Vacancy	5.8%	7.3%	6.6%	7.0%	6.9%
Class B Overall Vacancy	4.5%	5.5%	5.1%	4.1%	2.8%
Total Overall Vacancy	**4.7%**	**5.6%**	**5.1%**	**4.7%**	**4.1%**
Market Rent Range (FS):	$1.55-$3.60	$1.42-$3.60	$1.42-$3.60	$1.42-$3.90	$1.71-$3.90
Class A Direct Avg Asking Rent (FS)	$2.29	$2.20	$2.25	$2.40	$2.42
Class B Direct Avg Asking Rent (FS)	$2.26	$2.32	$2.34	$2.20	$2.19
All Classes Direct Avg Asking Rate	**$2.36**	**$2.40**	**$2.45**	**$2.39**	**$2.44**
Class A Overall Avg Asking Rent (FS)	$2.36	$2.27	$2.32	$2.40	$2.42
Class B Overall Avg Asking Rent (FS)	$2.26	$2.34	$2.33	$2.16	$2.15
All Classes Overall Avg Asking Rate	**$2.38**	**$2.42**	**$2.45**	**$2.36**	**$2.41**
Avg Deal Rate (FS)	**$2.40**	**$2.01**	**$2.40**	**$2.00**	**$2.73**
Gross Absorption	28,457	37,070	30,885	55,530	70,909
- Excluding Renewals	26,847	37,070	17,296	44,896	64,210
Class A Net Absorption	-36	-13,083	5,713	-3,160	1,169
Class B Net Absorption	-4,053	-15,970	6,460	16,943	22,813
All Classes Net Absorption	**1,075**	**-25,312**	**14,138**	**12,040**	**19,438**
All Classes Direct Net Absorption	1,075	-25,312	14,138	12,040	19,438
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
# of Availabilities by Size:					
0 - 5,000 SF	51	52	47	45	39
5,000 - 10,000 SF	3	3	2	2	1
10,000 - 20,000 SF	2	2	2	3	3
20,000 SF & Up	0	1	1	0	0
Total Availabilities:	**56**	**58**	**52**	**50**	**43**

Vacancy & Average Asking Rate Trend

Silicon Valley
Office Report

CUSHMAN & WAKEFIELD

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Definitions

Office Product
Buildings typically used for office purposes that maintain the following: 3.5/1000 parking or greater; five stories or greater; 10' clear height or less; abundant glass line, three sides or greater; typically full service rents.

Class A Product
Steel and concrete construction, built after 1980, quality tenants, excellent amenities & premium rents.

Class B Product
Built after 1960, fair to good finishes & wide range of tenants.

Total Building Base
Includes Class A, Class B, Class C and suburban garden office buildings over 10,000 SF.

Direct Availabilities
Total square footage being marketed for lease by landlord available within 90 days. This may include availabilities with pending leases.

Sublease Availabilities
Total square footage being marketed for lease by sublessor.

Vacancy
Total available square footage (direct & sublease) divided by Total Building Base.

BTS (Build-to-Suit)
A method of leasing property whereby the landlord builds to suit the tenant (according to tenant's specifications). The cost of construction is figured into the rental amount of the lease, which is usually for a long term.

New Spec (Speculative)
A building constructed for lease or sale but without having a tenant or buyer before construction begins.

Gross Absorption
Total leasing and user sale activity in the marketplace in a given time period.

Net Absorption
Change in occupied building square footage in a given time period.

Avg. Asking Rate
Weighted Average Full Service Rate (by available square footage) of available spaces with NNN rates converted to Full Service rates.

Avg. Time on Market
Weighted Average Time on market (by available square footage) of available spaces reflected in months.

Availables by Size
Number of current available spaces for lease in the given size.

Historical Continuity
Cushman & Wakefield maintains a building by building historical record. Comparing previous reports to this report may show different building size numbers and statistics. Changes are caused by reclassification of buildings and revised building sizes. Historical comparisons should be made from this report only as Cushman & Wakefield adjusts the historical record accordingly.

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R&D Report

Silicon Valley | Third Quarter 2017

R&D Market Report

Silicon Valley • Third Quarter 2017

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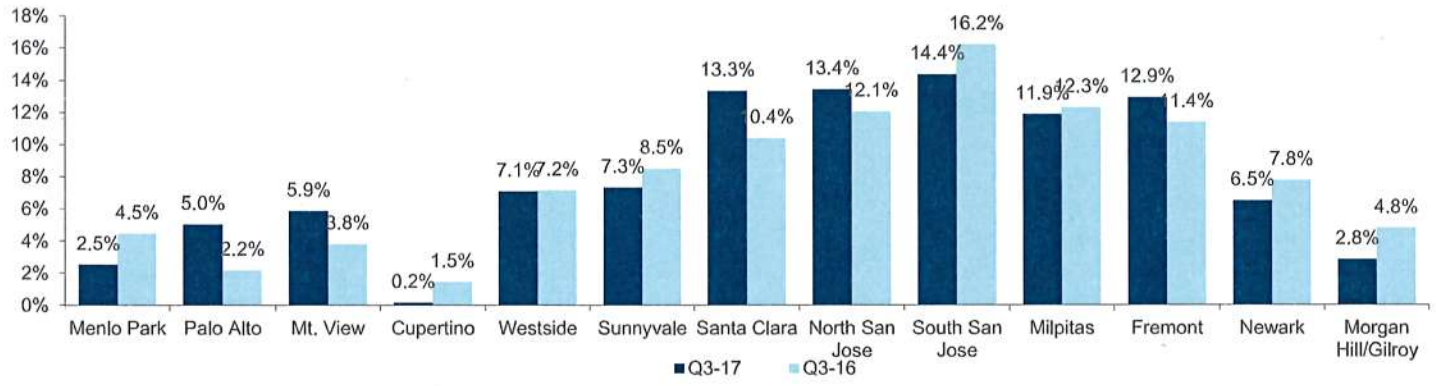
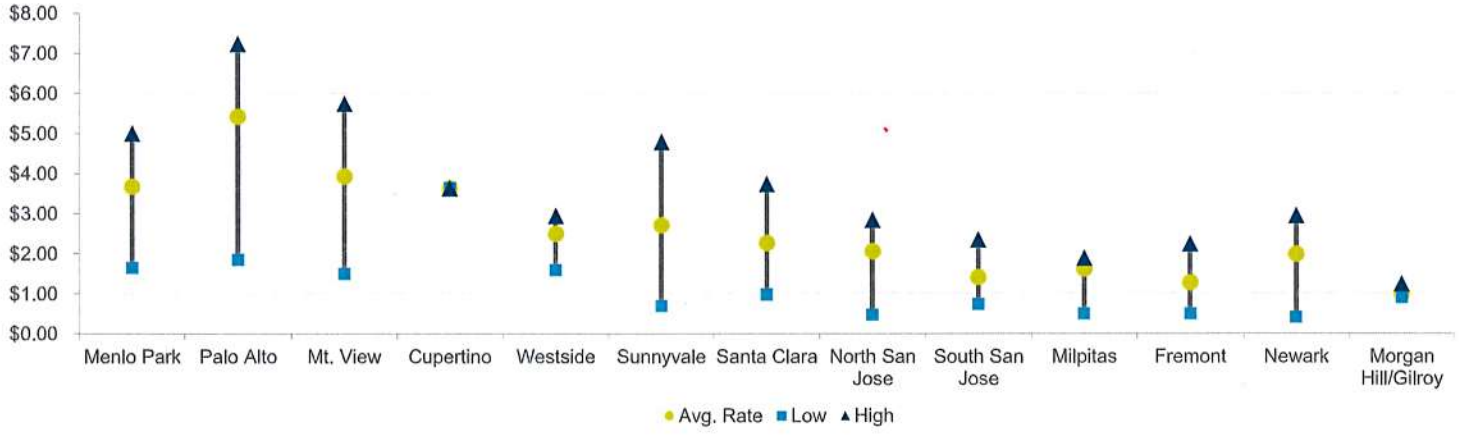
Market Summary

Cities	Building		Available Space			Vacancy Rate		Avg. Asking	Market Rent
	Count	Base	Direct	Sublease	Total	Q3-17	Q3-16	Rate (NNN)	Range
Menlo Park	85	3,952,741	74,195	25,750	99,945	2.5%	4.5%	$3.68	$1.65-$5.01
Palo Alto	165	10,314,766	228,538	291,709	520,247	5.0%	2.2%	$5.43	$1.85-$7.25
Mt. View	293	15,120,555	563,373	322,578	885,951	5.9%	3.8%	$3.94	$1.50-$5.75
Cupertino	53	5,698,346	9,926	0	9,926	0.2%	1.5%	$3.65	$3.65-$3.65
Westside	54	2,286,126	141,965	20,000	161,965	7.1%	7.2%	$2.50	$1.60-$2.95
Sunnyvale	467	22,457,121	1,251,152	393,720	1,644,872	7.3%	8.5%	$2.72	$0.70-$4.80
Santa Clara	320	21,816,107	2,135,167	776,074	2,911,241	13.3%	10.4%	$2.28	$0.99-$3.75
North San Jose	523	36,333,766	3,759,363	1,123,212	4,882,575	13.4%	12.1%	$2.07	$0.48-$2.85
South San Jose	135	10,693,844	1,420,424	115,168	1,535,592	14.4%	16.2%	$1.41	$0.75-$2.35
Milpitas	206	12,944,380	1,442,904	93,096	1,536,000	11.9%	12.3%	$1.62	$0.50-$1.90
Fremont	404	20,941,044	2,340,565	363,870	2,704,435	12.9%	11.4%	$1.28	$0.50-$2.25
Newark	39	3,092,521	119,519	81,611	201,130	6.5%	7.8%	$1.99	$0.42-$2.95
Morgan Hill/Gilroy	78	3,539,908	100,156	0	100,156	2.8%	4.8%	$1.00	$0.90-$1.25
TOTALS	**2,822**	**169,191,225**	**13,587,247**	**3,606,788**	**17,194,035**	**10.2%**	**9.5%**	**$2.15**	**$0.42-$7.25**

Vacancy by Submarket



Market Rent Ranges & Average Asking Rate (Full Service)



R&D Market Report

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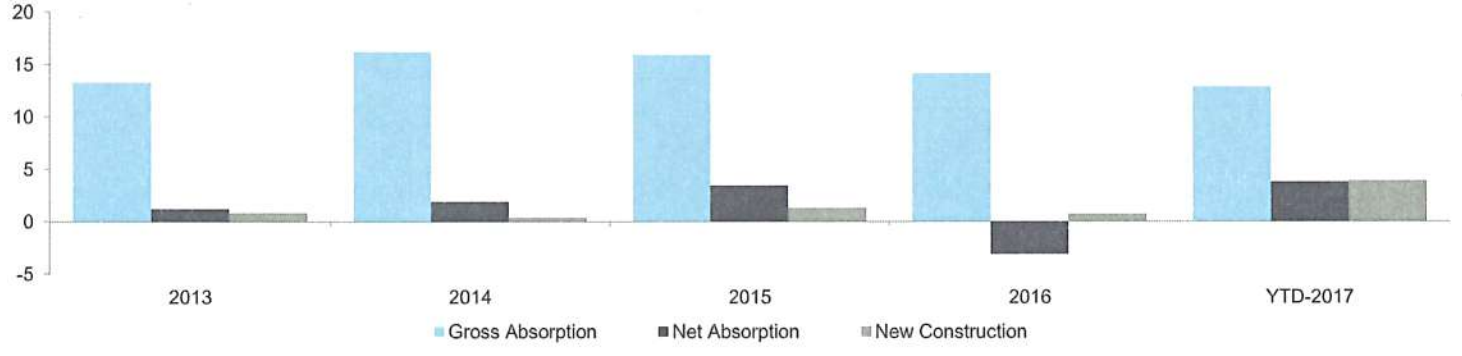
Historical Summary

Area		2013	2014	2015	2016	YTD-2017
Menlo Park	Gross Absorption	368,732	387,981	600,419	318,198	179,709
	Net Absorption	125,048	231,976	21,281	41,477	36,279
	New Construction	36,000	0	25,600	0	0
Palo Alto	Gross Absorption	395,990	1,013,314	474,239	940,558	209,257
	Net Absorption	-101,651	476,875	142,321	39,925	-315,195
	New Construction	0	82,000	218,000	150,000	0
Mountain View	Gross Absorption	1,903,363	1,078,714	547,726	1,683,270	475,905
	Net Absorption	414,353	286,655	180,875	76,768	-237,796
	New Construction	18,272	0	317,024	337,642	0
Cupertino	Gross Absorption	50,100	171,444	0	3,000	3,362,413
	Net Absorption	-6,554	-1,737,118	-613,504	-31,747	3,332,871
	New Construction	0	0	0	0	3,311,050
Westside	Gross Absorption	275,509	212,298	199,537	224,885	158,361
	Net Absorption	60,986	-80,769	-53,157	10,239	14,076
	New Construction	0	0	0	0	0
Sunnyvale	Gross Absorption	1,568,854	2,918,835	2,207,103	1,983,123	1,880,504
	Net Absorption	-187,729	96,952	736,349	-1,087,070	340,119
	New Construction	285,855	0	213,117	65,876	266,316
Santa Clara	Gross Absorption	2,200,734	1,940,963	2,705,482	1,346,087	1,225,125
	Net Absorption	-179,271	7,270	1,048,341	-724,122	-234,226
	New Construction	467,934	0	329,590	0	187,000
North San Jose	Gross Absorption	2,532,850	2,786,035	3,577,340	2,417,218	1,837,005
	Net Absorption	278,681	703,952	442,046	-1,733,483	530,785
	New Construction	0	0	0	0	101,374
South San Jose	Gross Absorption	250,870	895,530	842,689	1,175,036	662,273
	Net Absorption	-403,414	333,909	173,661	222,957	302,449
	New Construction	0	0	0	150,000	0
Milpitas	Gross Absorption	1,250,014	1,078,424	615,445	1,270,936	834,230
	Net Absorption	445,684	335,597	-451,769	-121,603	122,374
	New Construction	0	0	0	0	0
Fremont	Gross Absorption	2,125,141	3,217,344	3,334,596	2,431,354	1,524,708
	Net Absorption	266,840	1,084,272	1,287,101	19,057	-211,251
	New Construction	0	275,000	176,000	0	0
Newark	Gross Absorption	267,410	333,480	556,810	216,434	276,111
	Net Absorption	57,181	39,518	380,525	-8,924	51,568
	New Construction	0	0	0	0	0
Morgan Hill/Gilroy	Gross Absorption	111,279	127,737	243,630	146,678	228,025
	Net Absorption	409,903	109,989	114,415	40,113	40,725
	New Construction	0	0	0	0	0
Total	**Gross Absorption**	**13,300,846**	**16,162,099**	**15,905,016**	**14,156,777**	**12,853,626**
	Net Absorption	**1,180,057**	**1,889,078**	**3,408,485**	**-3,124,541**	**3,772,778**
	New Construction	**808,061**	**357,000**	**1,279,331**	**703,518**	**3,865,740**

Historical Absorption & New Construction



R&D Market Report

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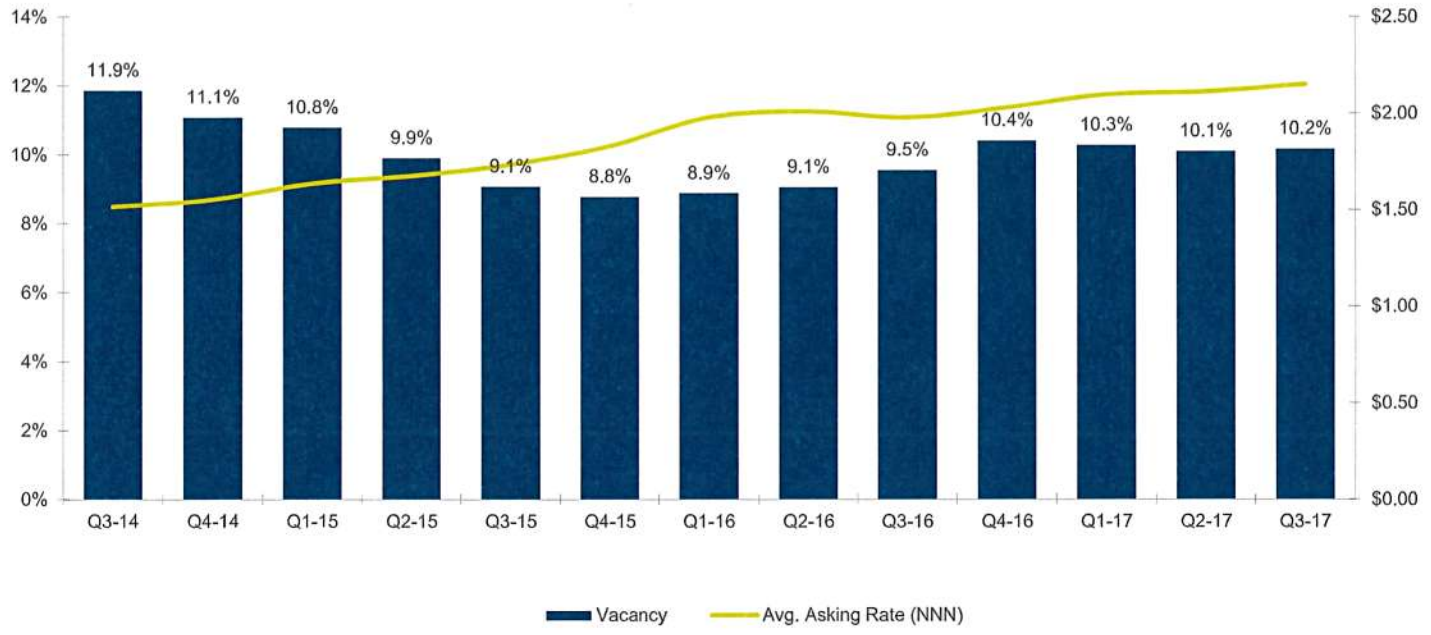
Total

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Total Building Base	**165,477,315**	**165,441,725**	**165,629,108**	**168,924,909**	**169,191,225**
Total Direct Availabilities	13,806,817	14,940,243	14,093,759	13,477,898	13,587,247
Total Sublease Availabilities	1,995,425	2,277,070	2,918,406	3,571,573	3,606,788
Total Overall Availabilities	**15,802,242**	**17,217,313**	**17,012,165**	**17,049,471**	**17,194,035**
Growth Rate (%)	-0.5%	-0.9%	0.2%	1.9%	0.1%
Direct Vacancy	8.3%	9.0%	8.5%	8.0%	8.0%
Sublease Vacancy	1.2%	1.4%	1.8%	2.1%	2.1%
Overall Vacancy	**9.5%**	**10.4%**	**10.3%**	**10.1%**	**10.2%**
Market Rent Range (NNN):	$0.20-$6.95	$0.35-$6.95	$0.42-$7.75	$0.42-$6.95	$0.42-$7.25
Direct Avg Asking Rate (NNN)	$2.02	$2.05	$2.11	$2.10	$2.14
Sublease Avg Asking Rate (NNN)	$1.52	$1.70	$1.82	$1.99	$2.08
Overall Avg Asking Rate (NNN)	**$1.98**	**$2.03**	**$2.10**	**$2.11**	**$2.15**
Avg Deal Rate (NNN)	**$2.72**	**$1.93**	**$1.82**	**$2.55**	**$1.87**
Gross Absorption	3,521,548	4,046,504	3,463,337	6,464,805	2,925,484
- Excluding Renewals	2,402,262	2,625,734	2,772,703	5,597,469	2,311,316
Direct Net Absorption	-488,524	-1,169,016	1,033,867	3,911,662	156,967
Overall Net Absorption	**-802,096**	**-1,450,661**	**392,531**	**3,258,495**	**121,752**
Build-To-Suit:	0	335,644	151,000	3,311,050	0
Spec Construction:	0	0	36,383	100,991	266,316
Total New Construction:	0	335,644	187,383	3,412,041	266,316
# of Availabilities by Size:					
10K SF - 24.9K SF	108	107	116	120	123
25K SF - 49.9K SF	80	82	77	75	90
50K SF - 99.9K SF	100	110	105	97	97
100K SF +	31	32	34	38	35
Total Availabilities:	**319**	**331**	**332**	**330**	**345**

Vacancy & Average Asking Rate Trend



R&D Market Report

Silicon Valley • Third Quarter 2017

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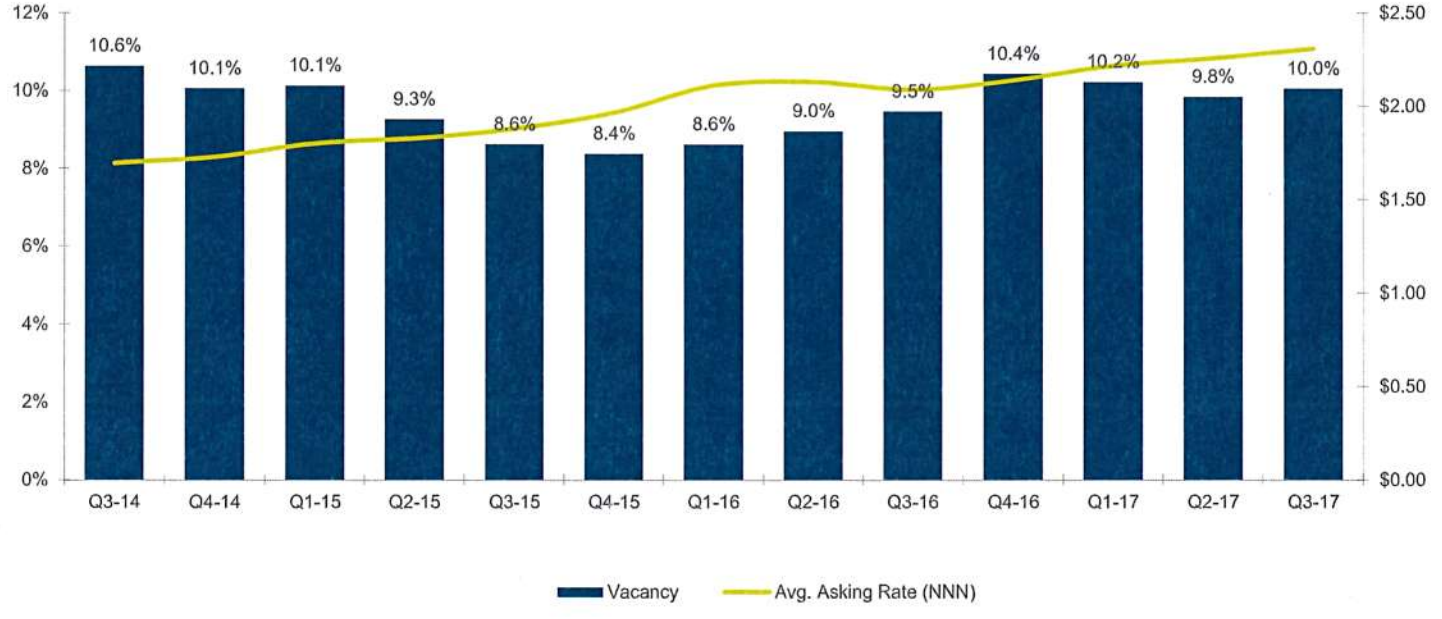
Santa Clara County

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Total Building Base	**137,491,009**	**137,455,419**	**137,642,802**	**140,938,603**	**141,204,919**
Total Direct Availabilities	11,295,420	12,300,806	11,413,228	10,763,609	11,052,968
Total Sublease Availabilities	1,711,212	2,034,401	2,649,654	3,104,428	3,135,557
Total Overall Availabilities	**13,006,632**	**14,335,207**	**14,062,882**	**13,868,037**	**14,188,525**
Growth Rate (%)	-0.5%	-1.0%	0.3%	2.5%	0.0%
Direct Vacancy	8.2%	8.9%	8.3%	7.6%	7.8%
Sublease Vacancy	1.2%	1.5%	1.9%	2.2%	2.2%
Overall Vacancy	**9.5%**	**10.4%**	**10.2%**	**9.8%**	**10.0%**
Market Rent Range (NNN):	$0.20-$6.95	$0.35-$6.95	$0.48-$7.75	$0.48-$6.95	$0.48-$7.25
Direct Avg Asking Rate (NNN)	$2.15	$2.17	$2.25	$2.26	$2.30
Sublease Avg Asking Rate (NNN)	$1.57	$1.75	$1.87	$2.10	$2.21
Overall Avg Asking Rate (NNN)	**$2.09**	**$2.14**	**$2.22**	**$2.26**	**$2.31**
Avg Deal Rate (NNN)	**$2.89**	**$2.56**	**$1.98**	**$2.55**	**$2.03**
Gross Absorption	2,940,594	3,197,352	3,067,598	5,819,670	1,985,830
- Excluding Renewals	2,025,320	2,336,223	2,520,712	5,192,788	1,547,000
Direct Net Absorption	-421,252	-1,040,976	1,074,961	3,945,420	-23,043
Overall Net Absorption	**-740,451**	**-1,364,165**	**459,708**	**3,490,646**	**-54,172**
Build-To-Suit:	0	335,644	151,000	3,311,050	0
Spec Construction:	0	0	36,383	100,991	266,316
Total New Construction:	0	335,644	187,383	3,412,041	266,316
# of Availabilities by Size:					
10K SF - 24.9K SF	85	81	88	89	91
25K SF - 49.9K SF	59	60	54	50	63
50K SF - 99.9K SF	88	97	93	83	83
100K SF +	20	23	23	27	27
Total Availabilities:	**252**	**261**	**258**	**249**	**264**

Vacancy & Average Asking Rate Trend



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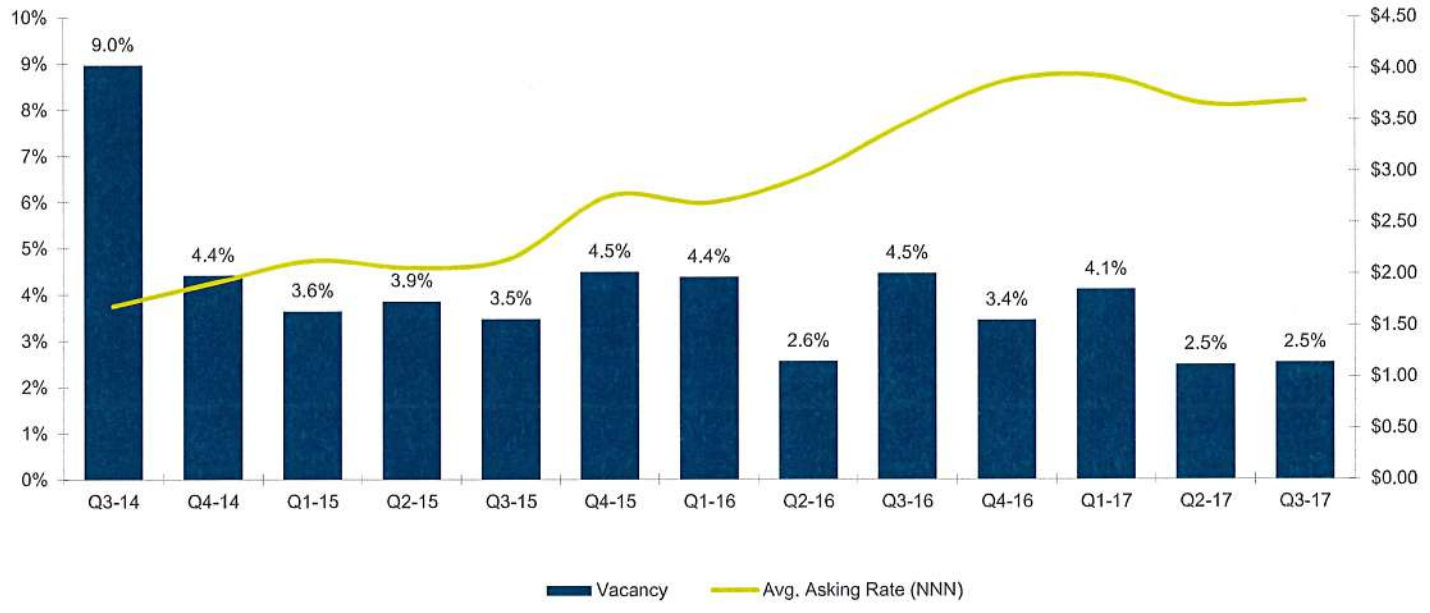
Menlo Park

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Total Building Base	**3,952,741**	**3,952,741**	**3,952,741**	**3,952,741**	**3,952,741**
Total Direct Availabilities	156,212	116,367	113,833	61,971	74,195
Total Sublease Availabilities	19,857	19,857	48,312	36,312	25,750
Total Overall Availabilities	**176,069**	**136,224**	**162,145**	**98,283**	**99,945**
Growth Rate (%)	-1.9%	1.0%	-0.7%	1.6%	0.0%
Direct Vacancy	4.0%	2.9%	2.9%	1.6%	1.9%
Sublease Vacancy	0.5%	0.5%	1.2%	0.9%	0.7%
Overall Vacancy	**4.5%**	**3.4%**	**4.1%**	**2.5%**	**2.5%**
Market Rent Range (NNN):	$1.35-$3.50	$1.30-$4.50	$1.35-$3.50	$1.35-$3.50	$1.65-$5.01
Direct Avg Asking Rate (NNN)	$3.13	$3.56	$3.61	$3.48	$3.77
Sublease Avg Asking Rate (NNN)	$2.18	$1.99	$2.18	$2.18	$2.74
Overall Avg Asking Rate (NNN)	**$3.47**	**$3.88**	**$3.92**	**$3.65**	**$3.68**
Avg Deal Rate (NNN)	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Gross Absorption	40,275	124,488	28,027	104,262	47,420
- Excluding Renewals	40,275	39,845	28,027	104,262	47,420
Direct Net Absorption	-69,152	39,845	2,534	51,862	-12,224
Overall Net Absorption	**-75,009**	**39,845**	**-25,921**	**63,862**	**-1,662**
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
# of Availabilities by Size:					
10K SF - 24.9K SF	0	0	0	0	0
25K SF - 49.9K SF	0	0	0	0	0
50K SF - 99.9K SF	1	1	1	1	0
100K SF +	5	3	5	5	5
Total Availabilities:	**6**	**4**	**6**	**6**	**5**

Vacancy & Average Asking Rate Trend



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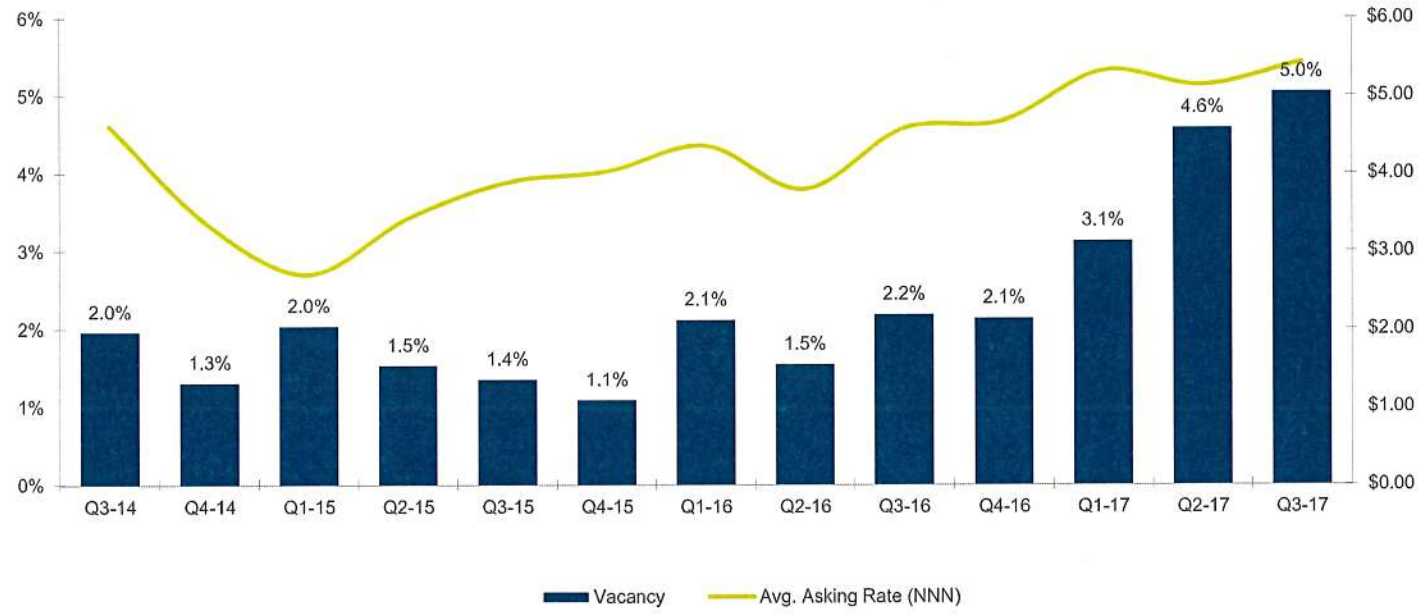
Palo Alto

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Total Building Base	**10,330,606**	**10,330,606**	**10,330,606**	**10,314,766**	**10,314,766**
Total Direct Availabilities	153,184	148,266	245,561	215,345	228,538
Total Sublease Availabilities	72,626	72,626	77,736	257,234	291,709
Total Overall Availabilities	**225,810**	**220,892**	**323,297**	**472,579**	**520,247**
Growth Rate (%)	-0.6%	0.0%	-1.0%	-1.6%	-0.5%
Direct Vacancy	1.5%	1.4%	2.4%	2.1%	2.2%
Sublease Vacancy	0.7%	0.7%	0.8%	2.5%	2.8%
Overall Vacancy	**2.2%**	**2.1%**	**3.1%**	**4.6%**	**5.0%**
Market Rent Range (NNN):	$2.00-$6.95	$2.00-$6.95	$1.85-$7.75	$1.85-$6.95	$1.85-$7.25
Direct Avg Asking Rate (NNN)	$5.24	$5.39	$5.96	$5.27	$5.20
Sublease Avg Asking Rate (NNN)	$2.46	$2.46	$2.57	$4.95	$5.71
Overall Avg Asking Rate (NNN)	**$4.58**	**$4.67**	**$5.32**	**$5.13**	**$5.43**
Avg Deal Rate (NNN)	**$7.78**	**N/A**	**N/A**	**$3.27**	**$3.52**
Gross Absorption	253,803	217,818	35,974	37,595	135,688
- Excluding Renewals	253,803	125,318	31,612	37,595	135,688
Direct Net Absorption	-61,305	4,918	-97,295	14,376	-13,193
Overall Net Absorption	**-66,005**	**4,918**	**-102,405**	**-165,122**	**-47,668**
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
# of Availabilities by Size:					
10K SF - 24.9K SF	7	7	8	8	8
25K SF - 49.9K SF	1	1	1	2	3
50K SF - 99.9K SF	1	1	2	2	2
100K SF +	0	0	0	1	1
Total Availabilities:	**9**	**9**	**11**	**13**	**14**

Vacancy & Average Asking Rate Trend



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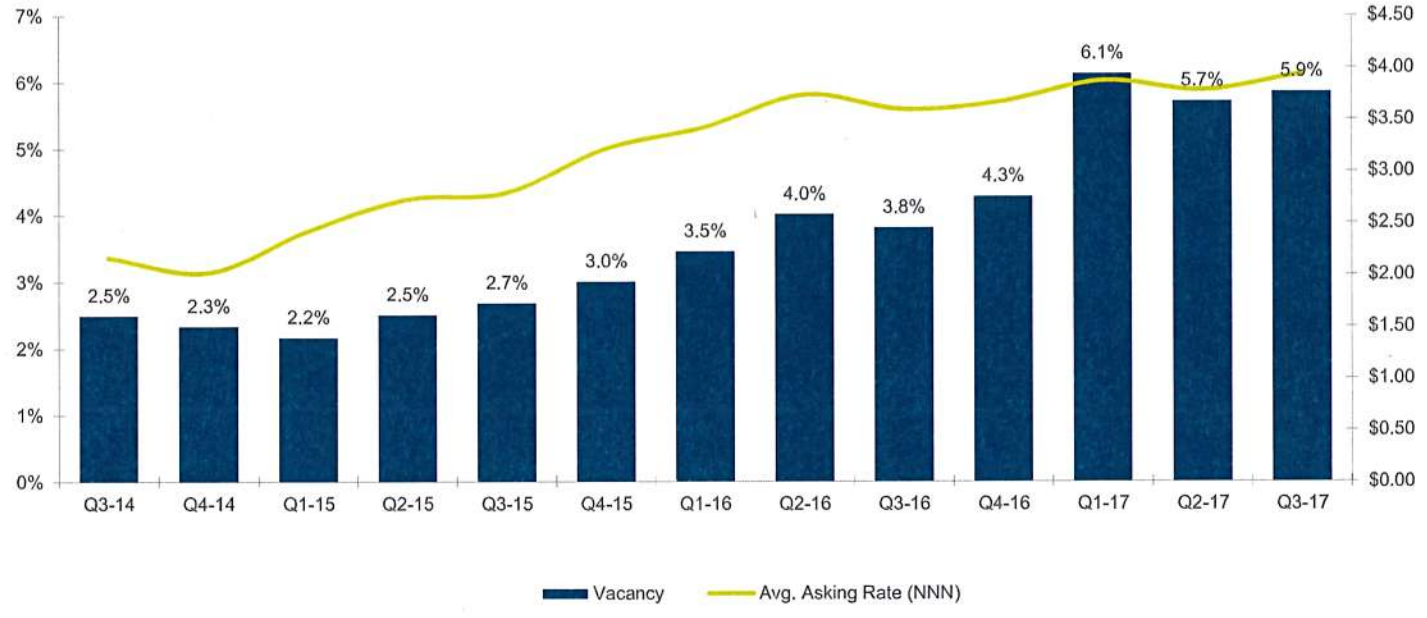
Mountain View

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Total Building Base	**14,934,911**	**15,120,555**	**15,120,555**	**15,120,555**	**15,120,555**
Total Direct Availabilities	409,936	426,856	539,683	530,927	563,373
Total Sublease Availabilities	160,053	221,299	387,147	333,367	322,578
Total Overall Availabilities	**569,989**	**648,155**	**926,830**	**864,294**	**885,951**
Growth Rate (%)	0.2%	0.7%	-1.8%	0.4%	-0.1%
Direct Vacancy	2.7%	2.8%	3.6%	3.5%	3.7%
Sublease Vacancy	1.1%	1.5%	2.6%	2.2%	2.1%
Overall Vacancy	**3.8%**	**4.3%**	**6.1%**	**5.7%**	**5.9%**
Market Rent Range (NNN):	$1.50-$4.95	$1.50-$4.95	$1.50-$5.75	$1.50-$6.85	$1.50-$5.75
Direct Avg Asking Rate (NNN)	$4.15	$4.07	$4.07	$3.96	$4.02
Sublease Avg Asking Rate (NNN)	$2.28	$2.65	$3.49	$3.44	$3.74
Overall Avg Asking Rate (NNN)	**$3.60**	**$3.67**	**$3.88**	**$3.78**	**$3.94**
Avg Deal Rate (NNN)	**$4.37**	**$3.38**	**$3.16**	**$4.99**	**$4.44**
Gross Absorption	703,186	670,612	97,496	295,379	83,030
- Excluding Renewals	571,647	596,599	97,496	207,589	83,030
Direct Net Absorption	3,674	168,724	-112,827	8,756	-32,446
Overall Net Absorption	**29,799**	**107,478**	**-278,675**	**62,536**	**-21,657**
Build-To-Suit:	0	185,644	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	185,644	0	0	0
# of Availabilities by Size:					
10K SF - 24.9K SF	9	7	11	11	12
25K SF - 49.9K SF	4	7	7	6	8
50K SF - 99.9K SF	2	2	5	5	4
100K SF +	1	1	1	1	1
Total Availabilities:	**16**	**17**	**24**	**23**	**25**

Vacancy & Average Asking Rate Trend



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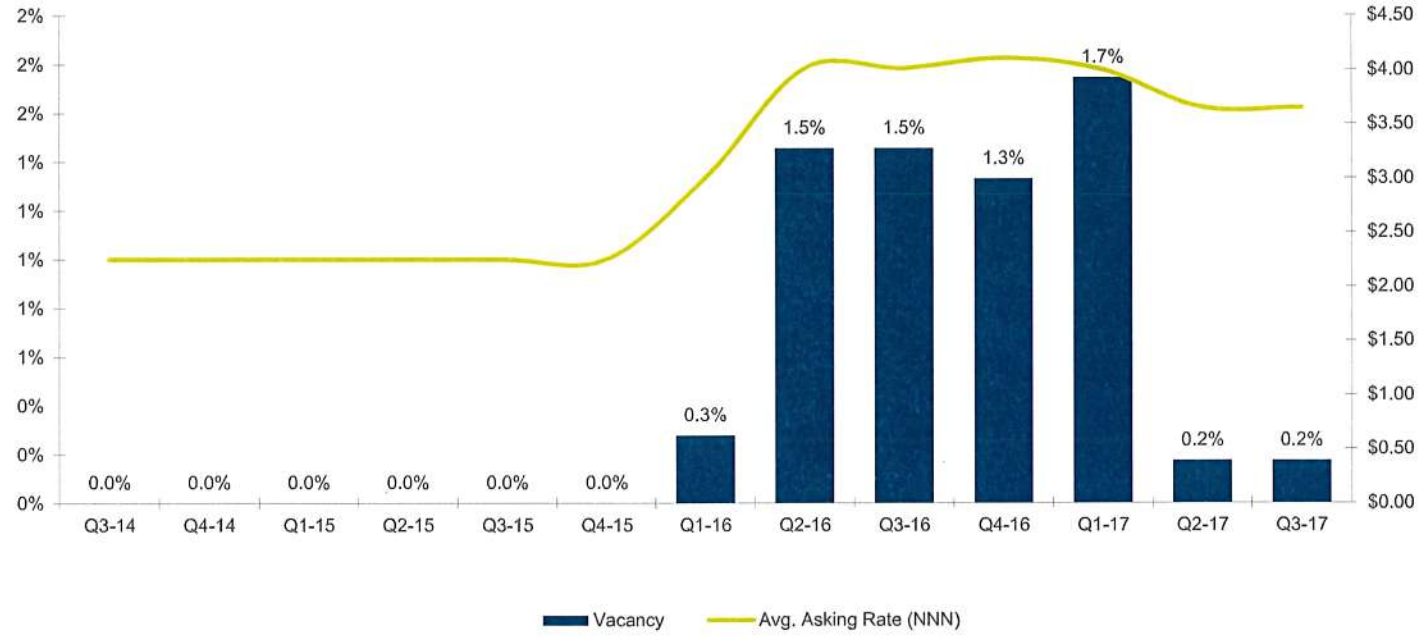
Cupertino

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Total Building Base	**2,387,296**	**2,387,296**	**2,387,296**	**5,698,346**	**5,698,346**
Total Direct Availabilities	34,747	31,747	41,673	9,926	9,926
Total Sublease Availabilities	0	0	0	0	0
Total Overall Availabilities	**34,747**	**31,747**	**41,673**	**9,926**	**9,926**
Growth Rate (%)	0.0%	0.1%	-0.4%	58.7%	0.0%
Direct Vacancy	1.5%	1.3%	1.7%	0.2%	0.2%
Sublease Vacancy	0.0%	0.0%	0.0%	0.0%	0.0%
Overall Vacancy	**1.5%**	**1.3%**	**1.7%**	**0.2%**	**0.2%**
Market Rent Range (NNN):	$3.00-$4.25	$3.00-$4.25	$3.00-$4.25	$3.65-$3.65	$3.65-$3.65
Direct Avg Asking Rate (NNN)	$4.01	$4.11	$4.00	$3.65	$3.65
Sublease Avg Asking Rate (NNN)	$4.01	$4.01	$4.11	$4.00	$3.65
Overall Avg Asking Rate (NNN)	**$4.01**	**$4.11**	**$4.00**	**$3.65**	**$3.65**
Avg Deal Rate (NNN)	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Gross Absorption	0	3,000	0	3,362,413	0
- Excluding Renewals	0	3,000	0	3,342,797	0
Direct Net Absorption	0	3,000	-9,926	3,342,797	0
Overall Net Absorption	**0**	**3,000**	**-9,926**	**3,342,797**	**0**
Build-To-Suit:	0	0	0	3,311,050	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	3,311,050	0
# of Availabilities by Size:					
10K SF - 24.9K SF	0	0	0	0	0
25K SF - 49.9K SF	1	1	1	0	0
50K SF - 99.9K SF	0	0	0	0	0
100K SF +	0	0	0	0	0
Total Availabilities:	**1**	**1**	**1**	**0**	**0**

Vacancy & Average Asking Rate Trend



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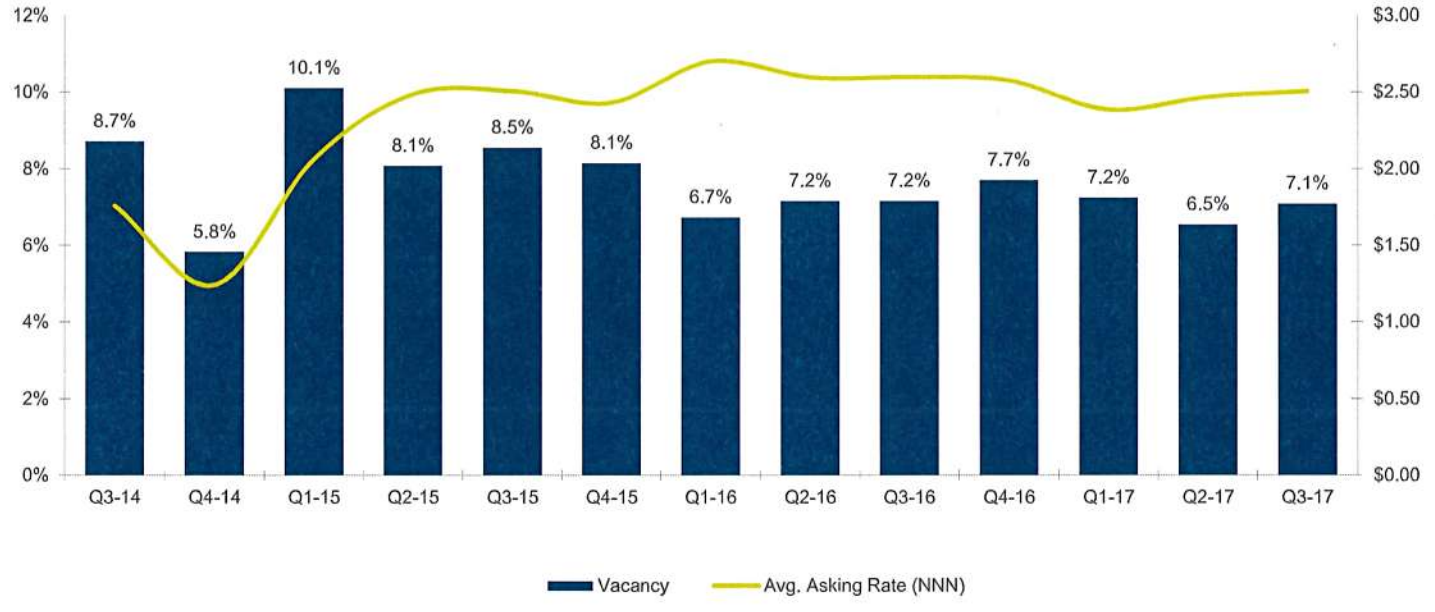
Westside

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Total Building Base	**2,286,126**	**2,286,126**	**2,286,126**	**2,286,126**	**2,286,126**
Total Direct Availabilities	163,598	176,041	165,464	129,425	141,965
Total Sublease Availabilities	0	0	0	20,000	20,000
Total Overall Availabilities	**163,598**	**176,041**	**165,464**	**149,425**	**161,965**
Growth Rate (%)	0.0%	-0.5%	0.5%	0.7%	-0.5%
Direct Vacancy	7.2%	7.7%	7.2%	5.7%	6.2%
Sublease Vacancy	0.0%	0.0%	0.0%	0.9%	0.9%
Overall Vacancy	**7.2%**	**7.7%**	**7.2%**	**6.5%**	**7.1%**
Market Rent Range (NNN):	$0.85-$2.95	$0.85-$2.85	$0.85-$2.85	$1.60-$2.85	$1.60-$2.95
Direct Avg Asking Rate (NNN)	$2.60	$2.58	$2.38	$2.42	$2.47
Sublease Avg Asking Rate (NNN)	$2.60	$2.60	$2.58	$2.75	$2.75
Overall Avg Asking Rate (NNN)	**$2.60**	**$2.58**	**$2.38**	**$2.47**	**$2.50**
Avg Deal Rate (NNN)	**N/A**	**N/A**	**$2.91**	**$2.53**	**$2.61**
Gross Absorption	22,643	18,011	78,955	52,009	27,397
- Excluding Renewals	0	0	22,641	52,009	27,397
Direct Net Absorption	0	-12,443	10,577	36,039	-12,540
Overall Net Absorption	**0**	**-12,443**	**10,577**	**16,039**	**-12,540**
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
# of Availabilities by Size:					
10K SF - 24.9K SF	2	3	2	4	5
25K SF - 49.9K SF	1	1	1	2	2
50K SF - 99.9K SF	1	1	1	0	0
100K SF +	0	0	0	0	0
Total Availabilities:	**4**	**5**	**4**	**6**	**7**

Vacancy & Average Asking Rate Trend



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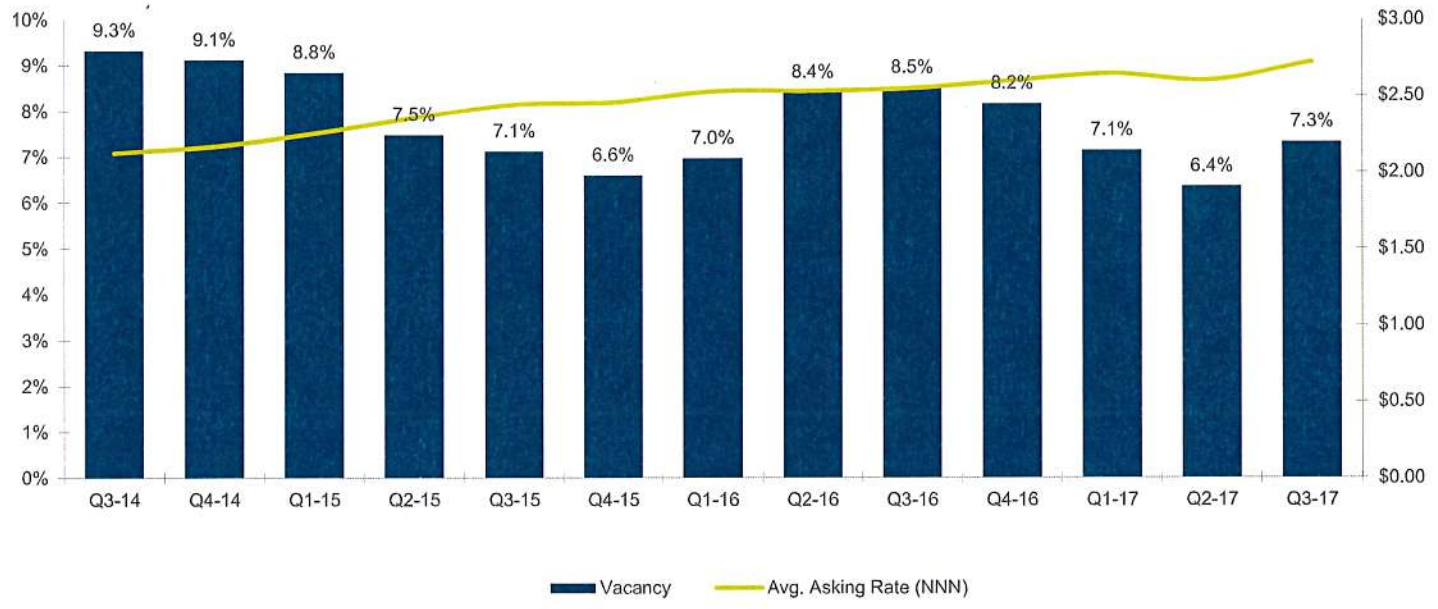
Sunnyvale

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Total Building Base	**22,662,439**	**22,291,205**	**22,291,205**	**22,190,805**	**22,457,121**
Total Direct Availabilities	1,558,584	1,422,030	1,090,326	958,707	1,251,152
Total Sublease Availabilities	369,274	397,045	501,566	450,862	393,720
Total Overall Availabilities	**1,927,858**	**1,819,075**	**1,591,892**	**1,409,569**	**1,644,872**
Growth Rate (%)	-0.1%	-1.2%	1.0%	0.4%	0.1%
Direct Vacancy	6.9%	6.4%	4.9%	4.3%	5.6%
Sublease Vacancy	1.6%	1.8%	2.3%	2.0%	1.8%
Overall Vacancy	**8.5%**	**8.2%**	**7.1%**	**6.4%**	**7.3%**
Market Rent Range (NNN):	$0.60-$4.80	$1.10-$4.80	$1.10-$4.80	$0.70-$4.80	$0.70-$4.80
Direct Avg Asking Rate (NNN)	$2.68	$2.71	$2.93	$3.01	$3.01
Sublease Avg Asking Rate (NNN)	$1.89	$2.08	$1.96	$1.70	$1.70
Overall Avg Asking Rate (NNN)	**$2.55**	**$2.60**	**$2.64**	**$2.60**	**$2.72**
Avg Deal Rate (NNN)	**$1.86**	**$3.15**	**$2.53**	**$1.96**	**$2.39**
Gross Absorption	495,148	659,132	1,047,453	352,873	480,178
- Excluding Renewals	267,881	463,486	831,972	203,439	480,178
Direct Net Absorption	102,747	-234,680	331,704	31,219	-26,129
Overall Net Absorption	**-23,175**	**-262,451**	**227,183**	**81,923**	**31,013**
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	266,316
Total New Construction:	0	0	0	0	266,316
# of Availabilities by Size:					
10K SF - 24.9K SF	19	19	19	16	19
25K SF - 49.9K SF	16	14	11	8	11
50K SF - 99.9K SF	12	12	9	9	8
100K SF +	1	1	2	2	3
Total Availabilities:	**48**	**46**	**41**	**35**	**41**

Vacancy & Average Asking Rate Trend



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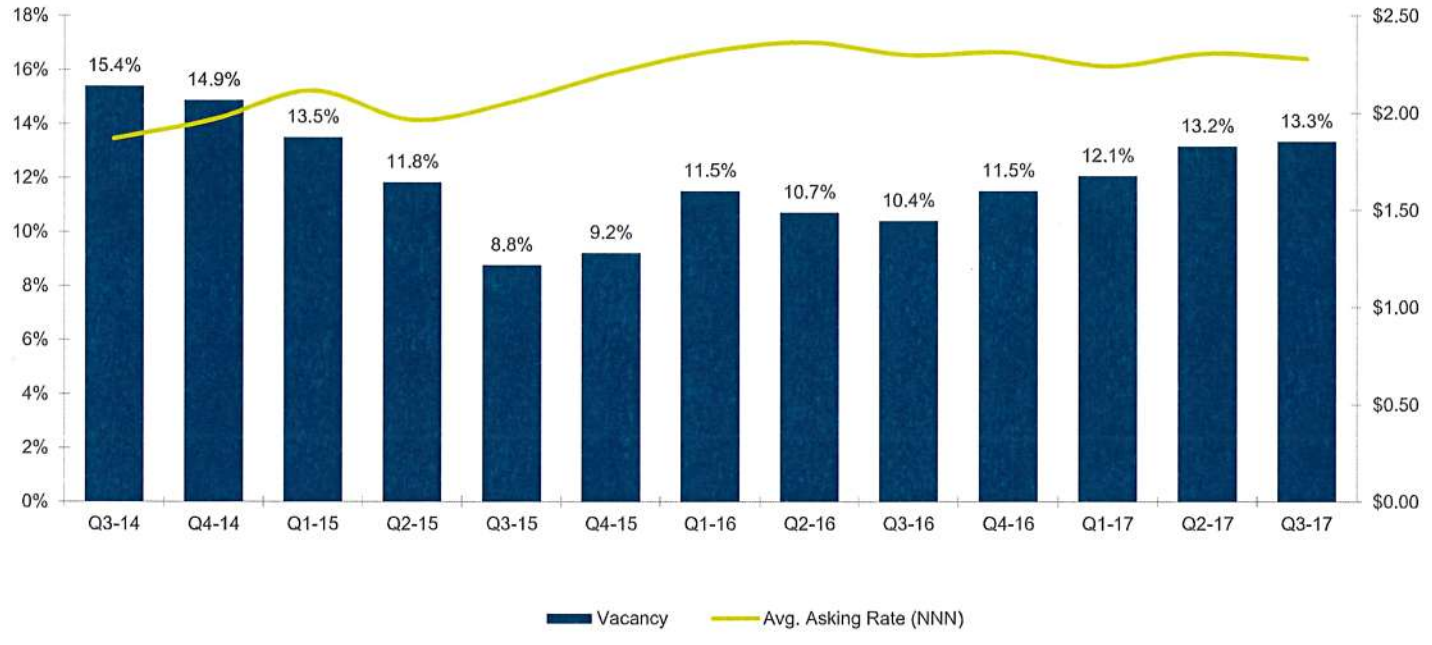
Santa Clara

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Total Building Base	**21,629,107**	**21,629,107**	**21,780,107**	**21,816,107**	**21,816,107**
Total Direct Availabilities	2,154,239	2,266,931	2,295,672	2,123,635	2,135,167
Total Sublease Availabilities	96,905	223,084	332,837	747,487	776,074
Total Overall Availabilities	**2,251,144**	**2,490,015**	**2,628,509**	**2,871,122**	**2,911,241**
Growth Rate (%)	0.1%	-1.1%	0.1%	-0.9%	-0.2%
Direct Vacancy	10.0%	10.5%	10.5%	9.7%	9.8%
Sublease Vacancy	0.4%	1.0%	1.5%	3.4%	3.6%
Overall Vacancy	**10.4%**	**11.5%**	**12.1%**	**13.2%**	**13.3%**
Market Rent Range (NNN):	$0.60-$3.50	$1.00-$3.25	$1.00-$3.15	$0.85-$3.75	$0.99-$3.75
Direct Avg Asking Rate (NNN)	$2.31	$2.34	$2.28	$2.30	$2.29
Sublease Avg Asking Rate (NNN)	$2.14	$2.03	$1.95	$2.35	$2.24
Overall Avg Asking Rate (NNN)	**$2.30**	**$2.31**	**$2.24**	**$2.31**	**$2.28**
Avg Deal Rate (NNN)	**$2.45**	**$2.70**	**$2.15**	**$2.19**	**$1.62**
Gross Absorption	249,684	361,269	445,964	575,068	204,093
- Excluding Renewals	181,328	76,308	303,931	474,602	100,198
Direct Net Absorption	31,351	-112,692	122,259	208,037	-11,532
Overall Net Absorption	**17,877**	**-238,871**	**12,506**	**-206,613**	**-40,119**
Build-To-Suit:	0	0	151,000	0	0
Spec Construction:	0	0	0	36,000	0
Total New Construction:	0	0	151,000	36,000	0
# of Availabilities by Size:					
10K SF - 24.9K SF	10	12	17	19	16
25K SF - 49.9K SF	10	10	10	8	10
50K SF - 99.9K SF	12	13	13	9	9
100K SF +	5	6	7	10	10
Total Availabilities:	**37**	**41**	**47**	**46**	**45**

Vacancy & Average Asking Rate Trend



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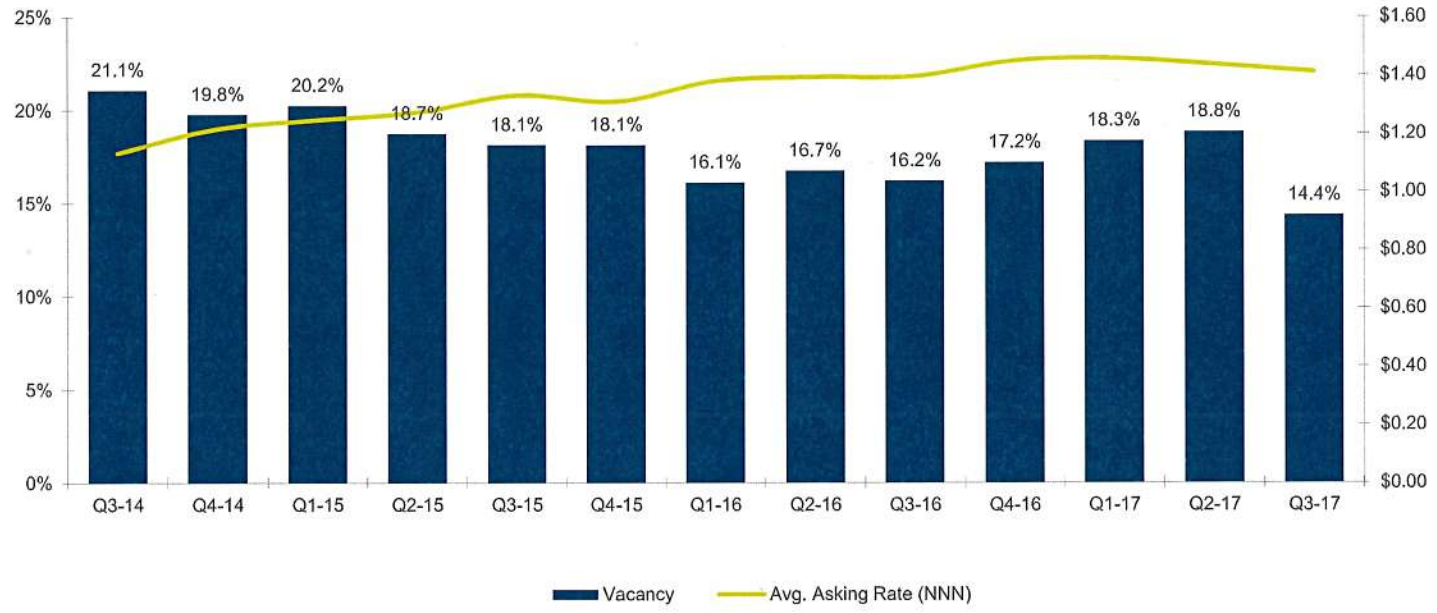
South San Jose

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Total Building Base	**10,543,844**	**10,693,844**	**10,693,844**	**10,693,844**	**10,693,844**
Total Direct Availabilities	1,678,003	1,818,441	1,859,318	1,897,067	1,420,424
Total Sublease Availabilities	29,687	19,600	101,744	115,168	115,168
Total Overall Availabilities	**1,707,690**	**1,838,041**	**1,961,062**	**2,012,235**	**1,535,592**
Growth Rate (%)	0.5%	0.2%	-1.2%	-0.5%	4.5%
Direct Vacancy	15.9%	17.0%	17.4%	17.7%	13.3%
Sublease Vacancy	0.3%	0.2%	1.0%	1.1%	1.1%
Overall Vacancy	**16.2%**	**17.2%**	**18.3%**	**18.8%**	**14.4%**
Market Rent Range (NNN):	$1.00-$2.35	$1.00-$2.35	$1.00-$2.35	$0.75-$2.35	$0.75-$2.35
Direct Avg Asking Rate (NNN)	$1.40	$1.45	$1.46	$1.47	$1.45
Sublease Avg Asking Rate (NNN)	$1.20	$1.40	$1.45	$0.81	$0.81
Overall Avg Asking Rate (NNN)	**$1.40**	**$1.45**	**$1.46**	**$1.44**	**$1.41**
Avg Deal Rate (NNN)	**$1.78**	**$1.76**	**$1.63**	**$1.24**	**$0.91**
Gross Absorption	76,941	471,526	88,046	97,584	476,643
- Excluding Renewals	76,941	465,883	66,296	97,584	476,643
Direct Net Absorption	86,004	9,562	-40,877	-37,749	476,643
Overall Net Absorption	**56,317**	**19,649**	**-123,021**	**-51,173**	**476,643**
Build-To-Suit:	0	150,000	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	150,000	0	0	0
# of Availabilities by Size:					
10K SF - 24.9K SF	6	5	7	8	7
25K SF - 49.9K SF	2	2	2	2	1
50K SF - 99.9K SF	15	14	15	15	15
100K SF +	2	2	2	2	1
Total Availabilities:	**25**	**23**	**26**	**27**	**24**

Vacancy & Average Asking Rate Trend



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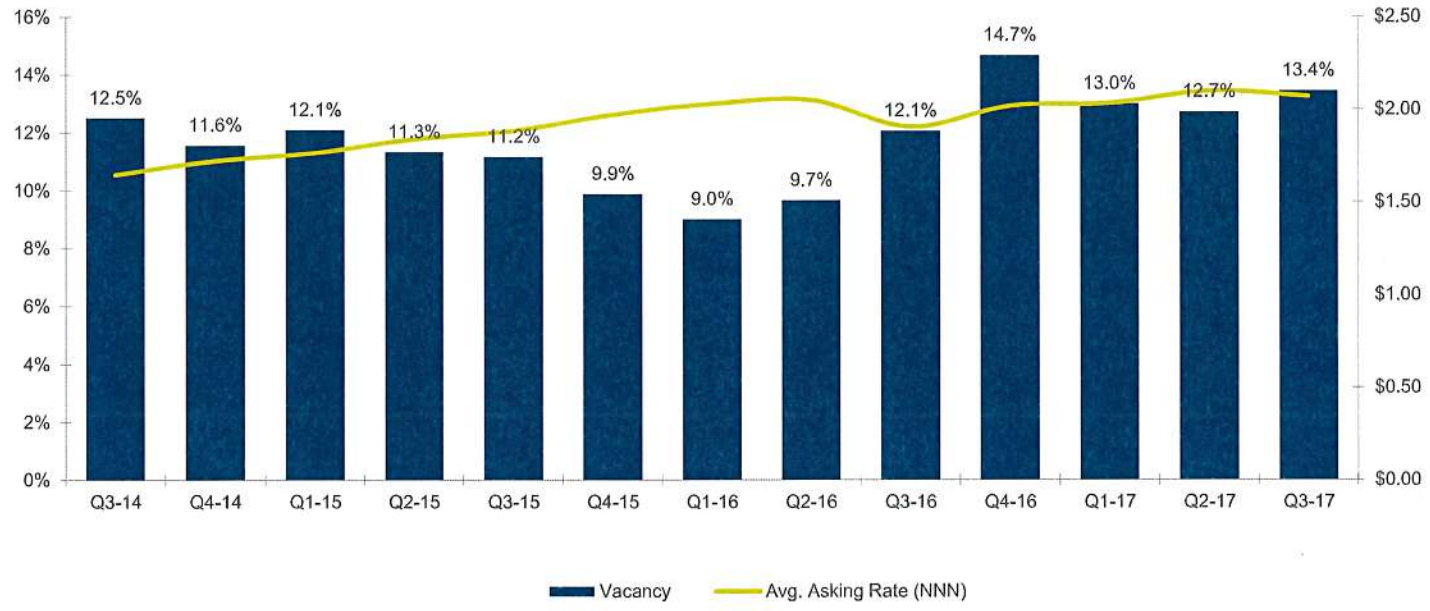
North San Jose

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Total Building Base	**36,232,392**	**36,232,392**	**36,268,775**	**36,333,766**	**36,333,766**
Total Direct Availabilities	3,550,772	4,349,965	3,651,192	3,557,256	3,759,363
Total Sublease Availabilities	816,385	962,021	1,061,636	1,061,637	1,123,212
Total Overall Availabilities	**4,367,157**	**5,311,986**	**4,712,828**	**4,618,893**	**4,882,575**
Growth Rate (%)	-2.4%	-2.6%	1.8%	0.4%	-0.7%
Direct Vacancy	9.8%	12.0%	10.1%	9.8%	10.3%
Sublease Vacancy	2.3%	2.7%	2.9%	2.9%	3.1%
Overall Vacancy	**12.1%**	**14.7%**	**13.0%**	**12.7%**	**13.4%**
Market Rent Range (NNN):	$0.34-$2.75	$0.35-$2.85	$0.48-$2.85	$0.48-$2.85	$0.48-$2.85
Direct Avg Asking Rate (NNN)	$2.04	$2.12	$2.16	$2.25	$2.22
Sublease Avg Asking Rate (NNN)	$1.18	$1.34	$1.27	$1.19	$1.23
Overall Avg Asking Rate (NNN)	**$1.91**	**$2.02**	**$2.03**	**$2.10**	**$2.07**
Avg Deal Rate (NNN)	**$0.99**	**$1.05**	**$1.07**	**$1.95**	**$1.95**
Gross Absorption	573,740	611,729	933,145	628,107	275,753
- Excluding Renewals	289,370	421,374	830,040	437,469	186,111
Direct Net Absorption	-771,252	-799,193	735,156	158,927	-202,107
Overall Net Absorption	**-867,969**	**-944,829**	**635,541**	**158,926**	**-263,682**
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	36,383	64,991	0
Total New Construction:	0	0	36,383	64,991	0
# of Availabilities by Size:					
10K SF - 24.9K SF	19	18	13	12	13
25K SF - 49.9K SF	20	22	18	17	19
50K SF - 99.9K SF	34	41	37	36	38
100K SF +	7	9	7	7	7
Total Availabilities:	**80**	**90**	**75**	**72**	**77**

Vacancy & Average Asking Rate Trend



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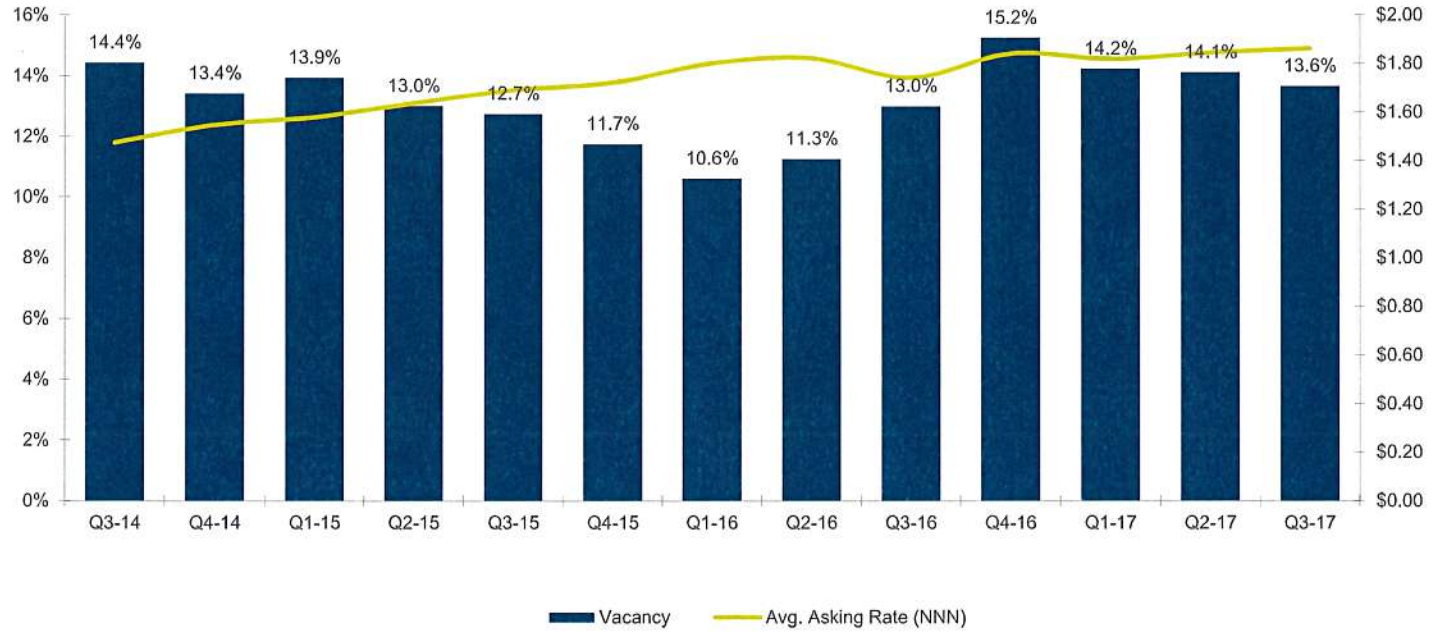
San Jose Totals

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Total Building Base	**46,776,236**	**46,926,236**	**46,962,619**	**47,027,610**	**47,027,610**
Total Direct Availabilities	5,228,775	6,168,406	5,510,510	5,454,323	5,179,787
Total Sublease Availabilities	846,072	981,621	1,163,380	1,176,805	1,238,380
Total Overall Availabilities	**6,074,847**	**7,150,027**	**6,673,890**	**6,631,128**	**6,418,167**
Growth Rate (%)	-1.7%	-2.0%	1.1%	0.2%	0.5%
Direct Vacancy	11.2%	13.1%	11.7%	11.6%	11.0%
Sublease Vacancy	1.8%	2.1%	2.5%	2.5%	2.6%
Overall Vacancy	**13.0%**	**15.2%**	**14.2%**	**14.1%**	**13.6%**
Market Rent Range (NNN):	$0.95-$3.60	$0.95-$3.50	$0.95-$3.50	$1.13-$3.50	$1.13-$3.50
Direct Avg Asking Rate (NNN)	$1.81	$1.89	$1.87	$1.93	$1.96
Sublease Avg Asking Rate (NNN)	$1.18	$1.34	$1.27	$1.12	$1.16
Overall Avg Asking Rate (NNN)	**$1.74**	**$1.84**	**$1.82**	**$1.84**	**$1.86**
Avg Deal Rate (NNN)	**$1.72**	**$1.57**	**$1.61**	**$1.72**	**$1.54**
Gross Absorption	650,681	1,083,255	1,021,191	725,691	752,396
- Excluding Renewals	366,311	887,257	896,336	535,053	662,754
Direct Net Absorption	-685,248	-789,631	694,279	121,178	274,536
Overall Net Absorption	**-811,652**	**-925,180**	**512,520**	**107,753**	**212,961**
Build-To-Suit:	0	150,000	0	0	0
Spec Construction:	0	0	36,383	64,991	0
Total New Construction:	0	150,000	36,383	64,991	0
# of Availabilities by Size:					
10K SF - 24.9K SF	25	23	20	20	20
25K SF - 49.9K SF	22	24	20	19	20
50K SF - 99.9K SF	49	55	52	51	53
100K SF +	9	11	9	9	8
Total Availabilities:	**105**	**113**	**101**	**99**	**101**

Vacancy & Average Asking Rate Trend



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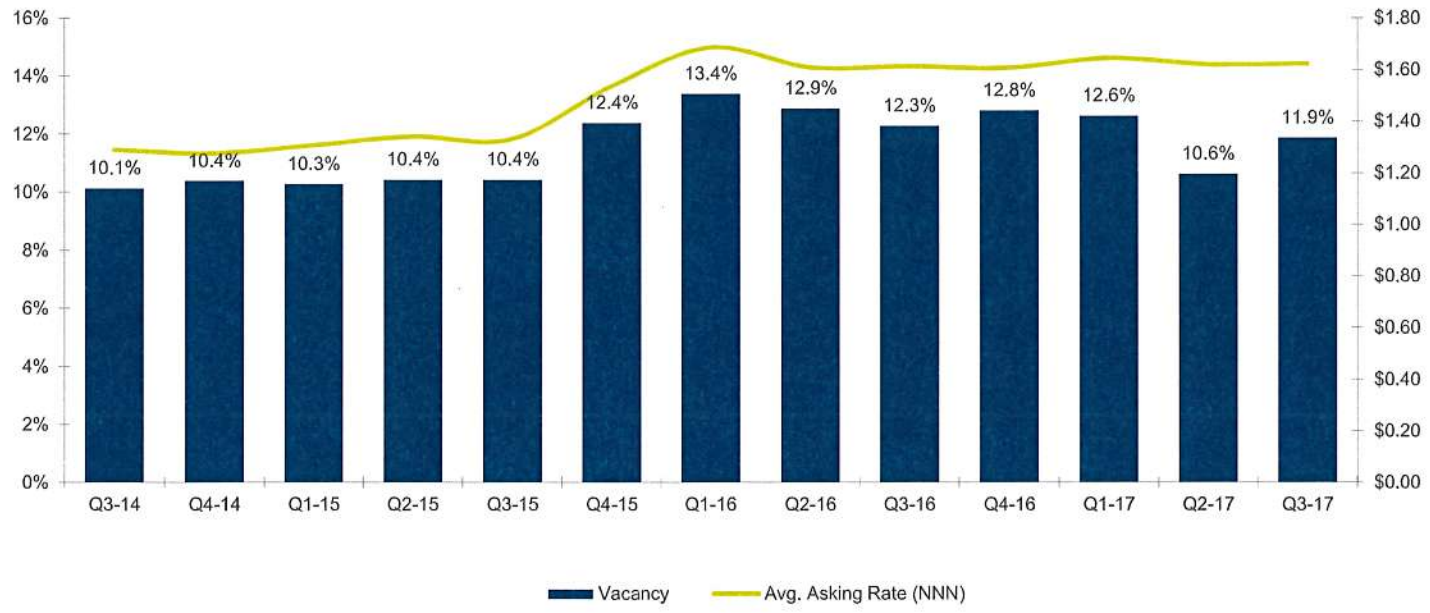
Milpitas

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Total Building Base	**12,944,380**	**12,944,380**	**12,944,380**	**12,944,380**	**12,944,380**
Total Direct Availabilities	1,423,215	1,519,648	1,447,222	1,255,983	1,442,904
Total Sublease Availabilities	166,282	138,726	186,988	118,673	93,096
Total Overall Availabilities	**1,589,497**	**1,658,374**	**1,634,210**	**1,374,656**	**1,536,000**
Growth Rate (%)	0.6%	-0.5%	0.2%	2.0%	-1.2%
Direct Vacancy	11.0%	11.7%	11.2%	9.7%	11.1%
Sublease Vacancy	1.3%	1.1%	1.4%	0.9%	0.7%
Overall Vacancy	**12.3%**	**12.8%**	**12.6%**	**10.6%**	**11.9%**
Market Rent Range (NNN):	$0.20-$1.95	$0.55-$1.95	$0.50-$2.35	$0.50-$1.90	$0.50-$1.90
Direct Avg Asking Rate (NNN)	$1.64	$1.62	$1.67	$1.65	$1.65
Sublease Avg Asking Rate (NNN)	$1.37	$1.48	$1.47	$1.29	$1.30
Overall Avg Asking Rate (NNN)	**$1.61**	**$1.61**	**$1.64**	**$1.62**	**$1.62**
Avg Deal Rate (NNN)	**$1.36**	**$1.36**	**$1.49**	**$1.22**	**$2.12**
Gross Absorption	474,394	155,994	194,176	353,706	286,348
- Excluding Renewals	293,295	155,994	190,335	339,704	41,055
Direct Net Absorption	152,899	-96,433	72,426	191,239	-186,921
Overall Net Absorption	**78,075**	**-68,877**	**24,164**	**259,554**	**-161,344**
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
# of Availabilities by Size:					
10K SF - 24.9K SF	12	9	10	10	10
25K SF - 49.9K SF	3	2	3	5	9
50K SF - 99.9K SF	9	11	10	6	6
100K SF +	4	4	4	4	4
Total Availabilities:	**28**	**26**	**27**	**25**	**29**

Vacancy & Average Asking Rate Trend



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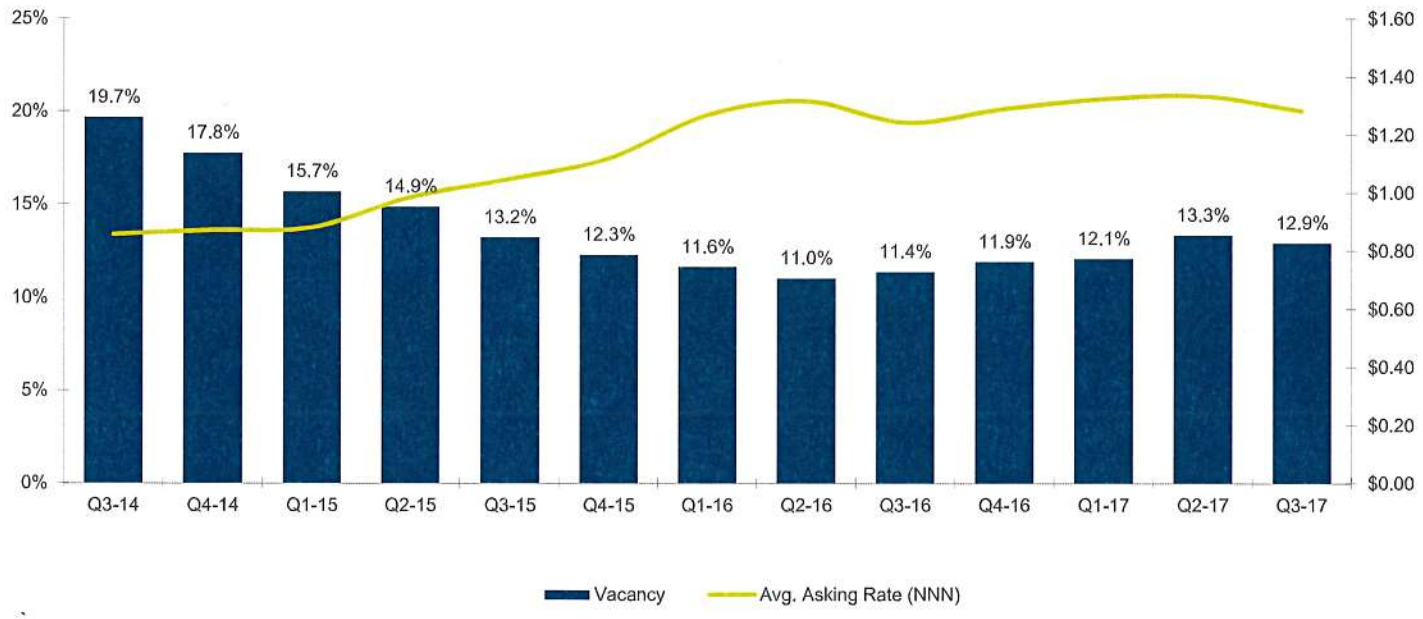
Fremont

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Total Building Base	**20,941,044**	**20,941,044**	**20,941,044**	**20,941,044**	**20,941,044**
Total Direct Availabilities	2,162,399	2,331,481	2,360,528	2,436,446	2,340,565
Total Sublease Availabilities	217,110	161,703	165,160	353,259	363,870
Total Overall Availabilities	**2,379,509**	**2,493,184**	**2,525,688**	**2,789,705**	**2,704,435**
Growth Rate (%)	-0.6%	-0.5%	-0.2%	-1.3%	0.4%
Direct Vacancy	10.3%	11.1%	11.3%	11.6%	11.2%
Sublease Vacancy	1.0%	0.8%	0.8%	1.7%	1.7%
Overall Vacancy	**11.4%**	**11.9%**	**12.1%**	**13.3%**	**12.9%**
Market Rent Range (NNN):	$0.60-$1.75	$0.69-$2.25	$0.69-$2.25	$0.50-$2.25	$0.50-$2.25
Direct Avg Asking Rate (NNN)	$1.26	$1.31	$1.34	$1.37	$1.33
Sublease Avg Asking Rate (NNN)	$1.06	$1.01	$1.10	$1.04	$0.97
Overall Avg Asking Rate (NNN)	**$1.24**	**$1.29**	**$1.32**	**$1.33**	**$1.28**
Avg Deal Rate (NNN)	**$1.30**	**$1.47**	**$1.02**	**$1.02**	**$1.14**
Gross Absorption	508,067	720,407	254,755	504,440	765,513
- Excluding Renewals	304,055	245,409	206,545	263,986	590,175
Direct Net Absorption	-91,440	-169,082	-29,047	-75,918	95,881
Overall Net Absorption	**-130,644**	**-113,675**	**-32,504**	**-264,017**	**85,270**
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
# of Availabilities by Size:					
10K SF - 24.9K SF	17	19	22	23	23
25K SF - 49.9K SF	21	22	23	25	27
50K SF - 99.9K SF	11	12	11	13	14
100K SF +	5	5	5	5	3
Total Availabilities:	**54**	**58**	**61**	**66**	**67**

Vacancy & Average Asking Rate Trend



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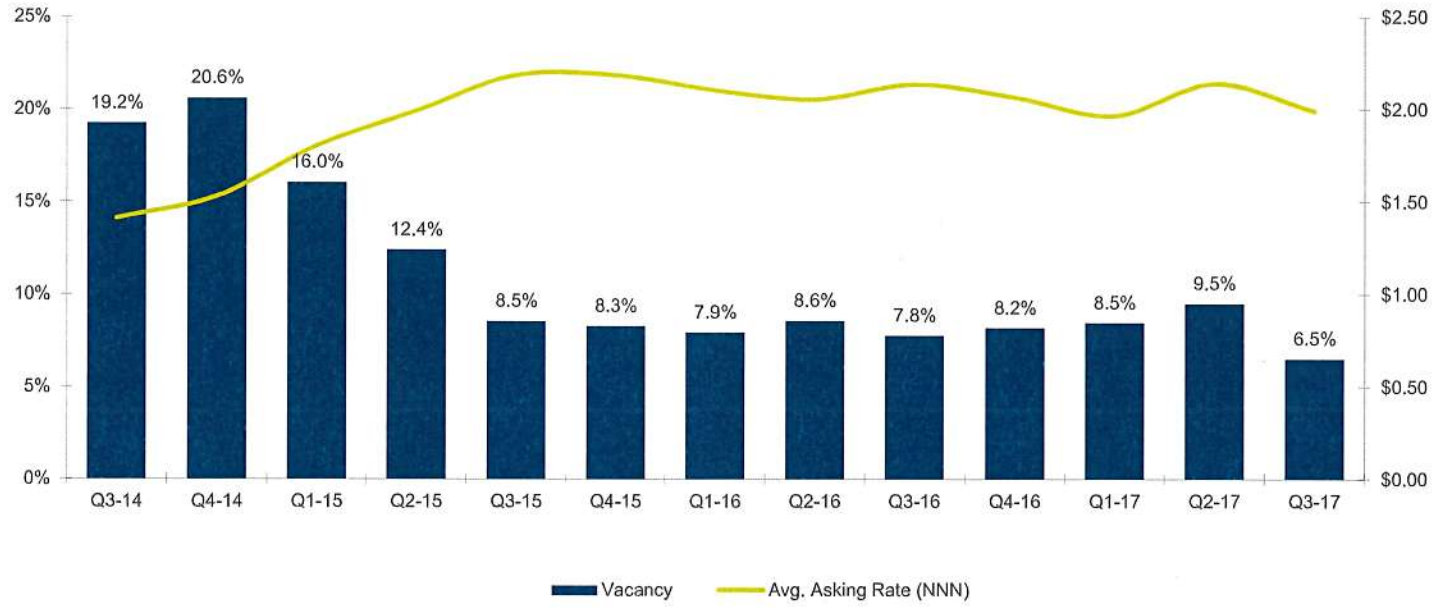
Newark

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Total Building Base	**3,092,521**	**3,092,521**	**3,092,521**	**3,092,521**	**3,092,521**
Total Direct Availabilities	192,786	191,589	206,170	215,872	119,519
Total Sublease Availabilities	47,246	61,109	55,280	77,574	81,611
Total Overall Availabilities	**240,032**	**252,698**	**261,450**	**293,446**	**201,130**
Growth Rate (%)	0.4%	-0.4%	-0.3%	-1.0%	3.0%
Direct Vacancy	6.2%	6.2%	6.7%	7.0%	3.9%
Sublease Vacancy	1.5%	2.0%	1.8%	2.5%	2.6%
Overall Vacancy	**7.8%**	**8.2%**	**8.5%**	**9.5%**	**6.5%**
Market Rent Range (NNN):	$0.42-$2.90	$0.42-$2.90	$0.42-$2.90	$0.42-$2.95	$0.42-$2.95
Direct Avg Asking Rate (NNN)	$2.22	$2.22	$2.12	$2.28	$2.01
Sublease Avg Asking Rate (NNN)	$1.79	$1.59	$1.39	$1.77	$1.96
Overall Avg Asking Rate (NNN)	**$2.13**	**$2.06**	**$1.97**	**$2.14**	**$1.99**
Avg Deal Rate (NNN)	**$0.82**	**N/A**	**$1.64**	**$2.70**	**N/A**
Gross Absorption	32,612	4,257	112,957	36,433	126,721
- Excluding Renewals	32,612	4,257	17,419	36,433	126,721
Direct Net Absorption	12,136	1,197	-14,581	-9,702	96,353
Overall Net Absorption	**12,136**	**-12,666**	**-8,752**	**-31,996**	**92,316**
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
# of Availabilities by Size:					
10K SF - 24.9K SF	6	7	6	8	9
25K SF - 49.9K SF	0	0	0	0	0
50K SF - 99.9K SF	0	0	0	0	0
100K SF +	1	1	1	1	0
Total Availabilities:	**7**	**8**	**7**	**9**	**9**

Vacancy & Average Asking Rate Trend



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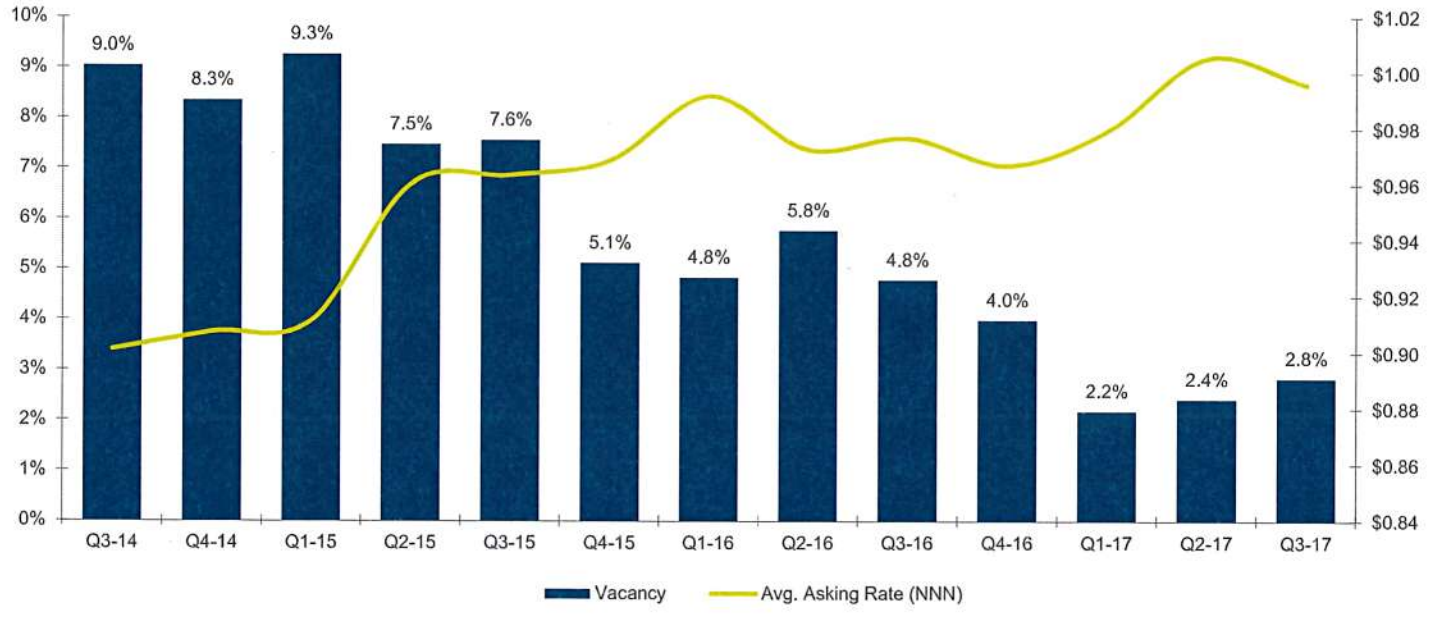
Morgan Hill/Gilroy

Quarter	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
Total Building Base	**3,539,908**	**3,539,908**	**3,539,908**	**3,539,908**	**3,539,908**
Total Direct Availabilities	169,142	140,881	77,117	85,338	100,156
Total Sublease Availabilities	0	0	0	0	0
Total Overall Availabilities	**169,142**	**140,881**	**77,117**	**85,338**	**100,156**
Growth Rate (%)	1.0%	0.8%	1.8%	-0.2%	-0.4%
Direct Vacancy	4.8%	4.0%	2.2%	2.4%	2.8%
Sublease Vacancy	0.0%	0.0%	0.0%	0.0%	0.0%
Overall Vacancy	**4.8%**	**4.0%**	**2.2%**	**2.4%**	**2.8%**
Market Rent Range (NNN):	$0.85-$1.45	$0.85-$1.17	$0.90-$1.45	$0.90-$1.45	$0.90-$1.25
Direct Avg Asking Rate (NNN)	$0.98	$0.97	$0.98	$1.01	$1.00
Sublease Avg Asking Rate (NNN)	$0.97	$0.98	$0.97	$0.98	$1.01
Overall Avg Asking Rate (NNN)	**$0.98**	**$0.97**	**$0.98**	**$1.01**	**$1.00**
Avg Deal Rate (NNN)	**$1.19**	**$0.99**	**N/A**	**N/A**	**N/A**
Gross Absorption	91,055	28,261	146,389	64,936	16,700
- Excluding Renewals	91,055	28,261	146,389	0	16,700
Direct Net Absorption	34,630	28,261	63,764	-8,221	-14,818
Overall Net Absorption	**34,630**	**28,261**	**63,764**	**-8,221**	**-14,818**
Build-To-Suit:	0	0	0	0	0
Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
# of Availabilities by Size:					
10K SF - 24.9K SF	1	1	1	1	1
25K SF - 49.9K SF	1	0	0	0	0
50K SF - 99.9K SF	2	2	1	1	1
100K SF +	0	0	0	0	0
Total Availabilities:	**4**	**3**	**2**	**2**	**2**

Vacancy & Average Asking Rate Trend



Silicon Valley
R&D Report

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Definitions

R&D Product
Buildings typically used for R&D purposes that maintain the following: 3/1000 parking or greater; one to four stories; clear height less than 18'; three sides of glass; good power; usually improved with mixture of office (50% or greater), manufacturing and assembly.

Total Building Base
Total R&D buildings over 10,000 square feet.

Direct Availabilities
Total square footage being marketed for lease by landlord available within 90 days. This may include availabilities with pending leases.

Sublease Availabilities
Total square footage being marketed for lease by sublessor.

Vacancy
Total available square footage (direct & sublease) divided by Total Building Base.

Gross Absorption
Total leasing and user sale activity in the marketplace in a given time period.

Net Absorption
Change in occupied building square footage in a given time period.

BTS (Build-to-Suit)
A method of leasing property whereby the landlord builds to suit the tenant (according to tenant's specifications). The cost of construction is figured into the rental amount of the lease, which is usually for a long term.

New Spec (Speculative)
A building constructed for lease or sale but without having a tenant or buyer before construction begins.

Avg. Asking Rate
Weighted Average NNN Rate (by available square footage) of available spaces with Gross rates converted to NNN rates.

Avg. Time on Market
Weighted Average Time on market (by available square footage) of available spaces reflected in months.

Availables by Size
Number of current available spaces for lease in the given size.

Historical Continuity
Cushman & Wakefield maintains a building by building historical record. Comparing previous reports to this report may show different building size numbers and statistics. Changes are caused by reclassification of buildings and revised building sizes. Historical comparisons should be made from this report only as Cushman & Wakefield adjusts the historical record accordingly.

Appendix 10: CoStar Real Estate Retail Citywide Data Search for City of San Jose

Costar Retail Data

Availability	Survey	5-Year Avg
NNN Rent Per SF	$2.50	$2.25
Vacancy Rate	3.10%	3.60%
Vacant SF	1,129,916	1,281,929
Availability Rate	4.30%	4.70%
Available SF	1,546,830	1,663,692
Sublet SF	47,377	59,789
Months on Market	9	14

Inventory	Survey	5-Year Avg
Existing Buildings	3,074	3,042
Existing SF	36,336,384	35,423,524
12 Mo. Cons. Starts	43,001	311,459
Under Construction	0	260,485
12 Mo. Deliveries	543,441	312,991

Demand	Survey
12 Mo. Absorption SF	683,885
12 Mo. Leasing SF	829,998

Sales	Past Year	5-Year Avg
Sale Price Per SF	$286	$323
Asking Price Per SF	$667	$486
Sales Volume	$149	$306
Cap Rate	5.10%	6.10%

Appendix 11: CoStar Real Estate Industrial and Multifamily Development Data Search for City of San Jose

San Jose Industrial Land Sales Comparisons Jan 1, 2014 thru Dec 11, 2017								
Price Per SF Land	**Buyer Company**	**Land Area SF**	**Land SF Gross**	**Land Area AC**	**Price Per AC Land**	**Property Address**	**Property Name**	**Sale Date**
$28.43	Buddy Silvercreek Llc	94960	94960	2.18	$1,238,542.56	5952 Silver Creek Valley Rd		9/18/2017
$24.56	3K2L Associates, LLC	106722	106722	2.45	$1,069,830.20	E Alma Ave		9/8/2017
$23.27	Duong Family Investment	100624	100624	2.31	$1,013,568.30	Senter Rd & E Alma Ave		9/18/2015
$46.81	Pritam & Dev S & Grewal	44867	44867	1.03	$2,038,826.04	1100 E William St		9/21/2017
$22.15		87991	87991	2.02	$964,851.49	459 Piercy Rd	459 Piercy Road New Edenvale	
	Oxley Living Trust		21702			661 Walnut St		8/28/2017
$27.75	DRL Properties LLC	39639	39639	0.91	$1,208,809.54	1505 Nicora Ave	Parking Lot Site	3/9/2015
$80.08	Gifford Properties, LLC	13112	13112	0.3	$3,488,255.05	169-175 Gifford Ave		3/25/2015
$36.00		26514	26515	0.61	$1,564,701.64	N 10th St	APN: 235-15-004	
$48.96	Hunter Wyatt LLC	11234	11234	0.26	$2,132,633.52	291 San Jose Ave		8/5/2016
$5.71	Timothy L & Tena C Knea	87991	87991	2.02	$248,762.94	459 Piercy Rd	459 Piercy Road New Edenvale	4/28/2016
$39.17	Luis A Cardoso	5080	5080	0.12	$1,706,386.60	117 N 27th St		6/11/2015
				Average Sales Price	**$1,515,924.35**			

San Jose MultiFamily Residential Sales Comparisons Jan 1, 2014 thru Dec 11, 2017								
Price Per SF Land	**Buyer Company**	**Land Area AC**	**Land SF Gross**	**Price Per AC Land**	**Property Address**	**Property Name**	**Recording Date**	**Sale Date**
$522.57	Full Standard Properties LLC	1.71		$22,763,088.78	58-86 S Almaden Ave		4/7/2016	4/7/2016
$123.61	San Jose Apartment Owner SPE, LLC	6.5	283140	$5,384,615.38	Berryessa Rd		4/20/2017	4/20/2017
$448.87	70 Almaden LLC	1.71		$19,552,909.59	58-86 S Almaden Ave		4/7/2016	4/7/2016
$114.43	KB Home California, LLC	6.5	283140	$4,984,615.38	Berryessa Rd		10/14/2016	10/14/2016
$65.41		10.6	461736	$2,849,056.60	641 N Capitol Ave			10/16/2017
$130.65	Pulte Home Company LLC	4.92	214315	$5,691,062.23	1875 Dobbin Dr		1/13/2017	1/13/2017
$48.06	KB Home South Bay, Inc.	9.8	426888	$2,093,469.39	Hillsdale Ave	Lots 77-152 & F-K & N,O, P	6/1/2016	6/1/2016
$44.86	KB Home South Bay, Inc.	9.8	426888	$1,954,030.61	Hillsdale Ave	Communications Hill - Phase I	5/1/2015	5/1/2015
$72.61	Green Republic, LLLP	5.22	227240	$3,162,911.51	879 Auzerais Ave		4/14/2015	4/14/2015
$81.53	Pulte Home Corporation	3.97		$3,551,637.28	1881-1895 Dobbin Dr		11/6/2015	11/6/2015

San Jose MultiFamily Residential Sales Comparisons Jan 1, 2014 thru Dec 11, 2017								
Price Per SF Land	**Buyer Company**	**Land Area AC**	**Land SF Gross**	**Price Per AC Land**	**Property Address**	**Property Name**	**Recording Date**	**Sale Date**
$300.36	AMCAL Swenson LLC	0.99		$13,083,735.91	300-330 S 2nd St		3/30/2016	3/30/2016
$90.06	US Alliance Holden Of San Jose LLC	3.25		$3,923,076.92	4606 Almaden Expy		5/31/2017	5/31/2017
$143.38	CPV Development, LLC	1.78		$6,245,615.71	401 E Taylor St (Part of Multi-Property Sale)	Cannery Park II		3/28/2016
$54.40	CPV Development, LLC	4.36		$2,369,863.39	775 N 10th St (Part of Multi-Property Sale)	Cannery Park II		3/28/2016
$40.50	Sobrato Foundation	5.05	219978	$1,764,257.43	1400 Parkmoor Ave		9/15/2016	9/15/2016
$429.83	Post Street Tower, LLC	0.47	20473	$18,723,587.51	S San Pedro St	Post and San Pedro Street		5/22/2015
$139.81		1.31	57220	$6,090,178.49	252 N 1st St (Part of Portfolio)			4/11/2017
$41.55	Oakmont Of Evergreen, LLC	4.42	192535	$1,809,956.63	3550 San Felipe Rd		6/12/2017	6/12/2017

San Jose MultiFamily Residential Sales Comparisons Jan 1, 2014 thru Dec 11, 2017								
Price Per SF Land	**Buyer Company**	**Land Area AC**	**Land SF Gross**	**Price Per AC Land**	**Property Address**	**Property Name**	**Recording Date**	**Sale Date**
$16.75	Inisght Rail Yard, LLc	10.62	462781	$729,481.12	Santa Teresa St	Land Sale	7/1/2015	7/1/2015
$122.21	CPV Development, LLC	1.12		$5,323,470.54	385-395 E Taylor St (Part of Multi-Property Sale)	Cannery Park 1		3/28/2016
$157.50		0.85	36926	$6,860,707.21	331 Terraine St (Part of Portfolio)			4/11/2017
$31.40	Fairfield San Carlos Sunol LP	4.12		$1,367,611.89	800 W San Carlos St (Part of Multi-Property Sale)	Industrial Bldg		12/19/2014
$96.04	Pulte Hm Corp	1.1	47896	$4,183,564.63	2482 Almaden Expy	Multi-Family Development	7/29/2015	7/29/2015
$74.05	Green Valley Corporation	1.33	57935	$3,225,553.00	1015 S Bascom Ave		5/2/2017	5/2/2017
$309.92	Amcal Swenson LLC	0.31		$13,500,000.00	90 E San Carlos St		5/27/2016	5/27/2016

San Jose MultiFamily Residential Sales Comparisons Jan 1, 2014 thru Dec 11, 2017								
Price Per SF Land	**Buyer Company**	**Land Area AC**	**Land SF Gross**	**Price Per AC Land**	**Property Address**	**Property Name**	**Recording Date**	**Sale Date**
$157.50		0.61	26566	$6,860,707.03	Bassett St (Part of Portfolio)			4/11/2017
$76.21	Western Pacific Housing, Inc.	1.22		$3,319,672.13	955 Branham Ln		7/30/2015	7/30/2015
$343.79	Fairfield Marshalls Squares LP	0.24		$14,975,641.67	80 N 1st St (Part of Multi-Property Sale)	Marshal Squares Bldg- Demolished		5/1/2015
$150.07			**Average Sales Price (per AC)**	**$6,536,883.83**				