

Attachment B

Review of Initiative Proposer's Environmental, Fiscal, & Transportation Analysis

On December 20, the Initiative Proposers submitted environmental, traffic, and fiscal reports on the impacts of the Evergreen Senior Homes Initiative, if adopted. Staff began its work based on the direction received by City Council on October 17, 2017, to begin analysis and prepare a 9212 report for the Council to understand the impacts associated with the Evergreen Senior Homes petition. Per California Elections Code Section 9212, the report must be completed no later than 30 days after the elections official certifies to the Council the sufficiency of the petition. Given that time was of the essence, Staff implemented Council's direction and began work on the preparation of the 9212 report immediately, on October 18, 2017. The City engaged its consultants to assist with the environmental, fiscal, and transportation impacts from the Initiative's development proposal in Evergreen through the implementation of the Evergreen Senior Homes Specific Plan (ESH Specific Plan) and the proposed Citywide Senior Housing Overlay. Following submission on December 20, staff completed a brief and high-level review of the Proposer's analysis, but the Proposer's analysis is not seen as complete or impartial. Below are the findings of where the Proposer's analysis and City's analysis differs. It should be noted that neither analysis satisfies the usual requirements of CEQA for project review, which would include public input in the development of the analysis scope and circulation to responsible public agencies and the public.

No Proposer's Analysis on Citywide Overlay

The most significant difference between the Initiative Proposer's and City analyses is that the Proposer's analysis does not include any discussion of impacts relating from the Initiative's proposed Citywide Senior Housing Overlay (Citywide Overlay), which would allow "underutilized employment lands" to be converted to senior housing developments. The City analysis dedicates an entire chapter of the 9212 report to analysis the substantial impacts proposed through this element of the Initiative. The Initiative does not define the term "underutilized employment lands." As discussed in the 9212 report, the City analysis assumes that lands designated for employment uses in the General Plan, which are currently vacant, would be potentially impacted by the Citywide Overlay.

Traffic Analysis

As stated previously, the Proposer's analysis does not discuss the impacts of traffic resulting from the Citywide Overlay. Only an analysis of the traffic impacts from the Evergreen Senior Housing Specific Plan was submitted.

The Proposer's traffic analysis varies from the City's analysis of the ESH Specific Plan in some critical areas. Specifically, the Proposer's analysis claims that there are no significant and unavoidable impacts with respect to traffic. The City analysis shows that in the scenario with the background + project, three intersections (Capitol/Story, Capitol/Quimby, and Capitol/Silver Creek) have significant and unavoidable impacts. The Evergreen Senior Homes Specific Plan or subsequent permits to implement the ESHSP may be required to conduct subsequent

environmental review pursuant to the California Environmental Review Act. Should that be the case, and an environmental review identifies significant impacts that do not have feasible mitigations, such as in the findings in the City's traffic analysis associated with the 9212 report, then the City Council will have the discretion to make findings of overriding considerations to accept the significant impact and adopt the Environmental Impact Report (EIR). The Council also has the discretion not to make findings of overriding considerations and not provide the environmental clearance necessary for the project to be approved. Below is a list of the areas where the Proposer's analysis does not align with the City's traffic analysis conducted by Hexagon Transportation Consultants:

- A cumulative analysis is not included.
- The assumed intersection operational standard of LOS E for the intersections of Capitol/Story, Capitol/Quimby, and San Felipe/Yerba Buena is incorrect. The standard is LOS D.
- The proposer's LOS analysis should show the intersections of Capitol Expressway at Story Road, Tully Road, and Silver Creek Road to be deficient.
- The Existing + Project analysis, which measures the existing conditions plus the Initiative, should show impacts at four intersections, not just one. The four are impacted intersections are: Capitol/Story, Capitol/Quimby, Capitol/Aborn, and Capitol/Silver Creek because the City's analysis shows these impacted intersections.
- The proposer's background scenario, which assumes any development that has been entitled is constructed, should show the following three intersections to be deficient in addition to the 8 intersections that are listed: Capitol/Story, Capitol/Quimby, and Capitol/Silver Creek because the City's analysis shows these impacted intersections.
- The proposer's background + project scenario, which evaluates all entitled development, not just existing development, plus the Initiative, should show impacts at three intersections: Capitol/Story, Capitol/Quimby, and Capitol/Silver Creek. These impacts should be identified as significant and unavoidable because that is what the City's analysis shows.
- The VMT analysis and finding of VMT per capita improvement with the Initiative is based on the assumption that the campus industrial jobs would be replaced somewhere else in the City that is more centrally located and transit accessible. This assumption may be incorrect because as the 9212 report indicates 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 could be made up in other locations.
- The Evergreen senior housing site has poor transit service. The Proponent's study does not identify this as a problem.

Fiscal Analysis

As stated previously, the Proposer's analysis does not discuss the fiscal impacts resulting from the Citywide Overlay, so only an analysis on the fiscal impacts from the Evergreen Senior Housing Specific Plan was submitted. The Proposer's fiscal analysis varies from the City's analysis of the ESH Specific Plan in some critical areas.

The Proposer's analysis does not compare impacts between the Initiative's ESH Specific Plan and the Adopted General Plan, which would support a 2 million square foot development on the site. The City's analysis compares the impacts opportunity cost of either development scenario. The Proposer's study estimates the ESH Specific Plan would produce annual City revenues of \$1,760,066 and annual City costs of \$1,549,711, for a net positive benefit of \$210,355. This is in contrast to the City's fiscal estimates prepared by Applied Development Economics, in which the ESH Specific Plan would generate \$2,094,400 in revenues against \$2,003,200 in costs for a net negative impact of \$92,900.

The main difference in revenues is the assumption about property tax, which the Proposer's analysis estimates about \$300,000 lower than ADE. This is primarily due to the assumption that 182 affordable rental units would be provided and these units would be operated by a non-profit entity and therefore tax exempt. This may be feasible, but that manner of providing the units is not specified in or a requirement of the proposed Initiative and specific plan. Regarding the market rate units, the Proposer's analysis fails to factor in potential senior citizen assessed value exclusions. For more information on the senior citizen assessed value exclusions, see Fiscal Section of Chapter 3 in 9212 report.

On the cost side, the Proposer's analysis is lower in most service categories, but is particularly low with regard to fire protection and parks and recreation. The Proposer's study states that it generally follows the ADE methodology as described in the Envision San Jose 2040 Fiscal Impact Analysis. However, for fire services, the Proposer's analysis does not account for the increased property value of the project, which represents a fire protection obligation and risk for the City. For parks, the Proposer's analysis does not separately estimate park maintenance costs from other recreation services and arrives at a lower estimate than ADE.

Environmental Analysis

As stated previously, the Proposer's analysis does not discuss the environmental impacts resulting from the Citywide Overlay, so only an analysis on the environmental impacts from the Evergreen Senior Housing Specific Plan were submitted.

The most significant difference in analysis is that the Proposer's analysis evaluates impacts from the ESH Specific Plan on a largely vacant site. The City analysis compares the build out of the ESH Specific Plan with the effects of the build out of the Adopted General Plan. Below is a summary of differences between the City's and Proposer's analysis:

- The Proposer's analysis evaluates impacts of Specific Plan development on the largely vacant site. The 9212 Environmental Analysis compares buildout of the adopted General Plan with the Senior Housing Initiative with the effects of buildout of the adopted General Plan. Note that the Initiative allows modifications by the City Council 10 years after the Initiative's adoption; however, for the purposes of analysis it assumes the Initiative has the same time horizon as the General Plan.
- The Proposer's analysis assumes a lower residential population for the Specific Plan, 1,875 for the 910 dwelling units, than the City's assumption of 2,160. Some sections of the Proposer's analysis were based upon an earlier version of the Specific Plan with

different single- and multi-family unit counts and an estimated population of 1,516. The difference does not change any of the 9212 Report's Environmental Analysis or Fiscal Analysis conclusions.

- Regarding Biology – a 2017 survey was completed as part of the Proposer's analysis that found burrowing owls on the site. Since the City does not have access to the site, it cannot confirm this but has no reason to believe this is inaccurate. The City will assess the site upon later CEQA review associated with future discretionary permits.
- The Proposer's analysis does not identify the closest school to the site, Chaboya Middle School, but this would not change the results of the analysis in the 9212 report.

In conclusion, the Proposer's submitted fiscal, traffic, and environmental elements have key differences from the city's conducted analysis. From a methodology stand point, the Proposer's analysis does not discuss the Initiative's proposed Senior Housing Overlay, which has substantial fiscal, environmental, and traffic impacts which the City discloses in the 9212 report. The proposer's traffic analysis uses the incorrect standard of E for level of service impact in the Evergreen-East Hills Development Policy Area, when the level of service impact standard is D. In addition, the Proposer's analysis does not measure the impact of the Adopted General Plan but only the impact of the implementation of the ESH Specific Plan. This does not allow for a comparison of the City's adopted General Plan to the Initiative's proposed development.