

Summary of LSAP Market Study, Fiscal Impact Analysis, and Residual Land Value Analysis Findings

Market Study

- Rising employment growth results in a strong demand for housing, particularly multifamily rental housing.
- The LSAP area is less competitive for office development than other parts of the City, such as Peery Park and Moffett Park as well as retail, where there is stronger demand in Downtown. However, employment growth is expected to continue with development for specific users (such as Intuitive), rather than on a speculative basis.
- Existing industrial/manufacturing tenants have few places to relocate in the City, should residential development occur on their sites. Their displacement impacts should be balanced with the need to increase housing.
- As the LSAP transforms into a mixed-use district over time, the area will become more attractive for higher intensity office/R&D development.
- Increased residential development would not make a substantial difference in the employment base for the area, although it could result in loss of nonresidential area.

Fiscal Impact Analysis/Residual Land Value Analysis

- The LSAP Update's proposed residential buildout would yield minor fiscal gains for the City's General Fund.
- The proposed residential buildout would generate significant property tax increases based on the very high value of residential development.
- Increased residential development with higher income households will support existing retail, generating increased sales tax revenue.
- Increased residential development would increase expenditures for City services, particularly public safety.
- Established businesses are expected to remain in the near- to mid-term, because their existing value exceeds that of redevelopment to residential. Residential is in high demand, but in the near term is likely limited to older properties that do not command top market pricing for nonresidential use.