Task Force Meeting: 2/13/06
Agenda Item: #4

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: COYOTE VALLEY SPECIFIC PLAN TASK FORCE

FROM: Sal Yakubu

SUBJECT: **SUMMARY OF TECHNICAL ADVISORY COMMITTEE MEETING HELD ON 11/30/05**

DATE: December 2, 2005

Approved Date

Technical Advisory Committee Members Present:

Mike Griffis (County Roads), Mark Frederick (County Parks), Jane Mark (County Parks), Dunia Noel (LAFCO), David Bischoff (Consultant to City of Morgan Hill), Bonnie Tognazzini (MHUSD), Michele Beasley (Greenbelt Alliance), Tedd Faraone (Coyote Valley Alliance for Smart Planning), Libby Lucas (CA Native Plant Society), Brian Schmidt (Committee for Green Foothills), Shanna Boigon (SCCAOR), Dennis Martin (HBA), Pat Sausedo (NAIOP), Kerry Williams (CHG), Dave Higgins (SCVWD), Mike Lipman (SCVMDC), Juliana Chow (Audubon Society), and Stephanie Schaaf (EHC LifeBuilders).

City and Other Public Agency Staff Present:

Frances Grammer (Council District 2), Sal Yakubu (PBCE), Susan Walsh (PBCE), Mike Mena (PBCE), and Sylvia Do (PBCE).

Consultants Present:

Roger Shanks (Dahlin Group), Darin Smith (Economic and Planning Systems), Judy Fenerty (DJP&A), and Eileen Goodwin (Apex Strategies).

1. Welcome and Introductions

The Technical Advisory Committee (TAC) meeting convened at 3:00 p.m. The meeting began with introductions around the room. Susan Walsh, Senior Planner with the Planning Building and Code Enforcement Department (PBCE) provided an overview of the agenda. The purpose of the meeting was to discuss the Coyote Valley Specific Plan (CVSP) affordable housing strategies and Coyote Valley's projected medical service needs.

2. CVSP Update

Susan explained that the TAC is on a short break while staff and the consultant's are preparing the draft Specific Plan text. The draft Specific Plan text would be completed in early 2006.

Mike Mena, a Planner with the PBCE Department, stated that the administrative draft Environmental Impact Report (ADEIR) is expected to be available late spring of 2006. The Draft EIR (DEIR) is expected to be available for public circulation in late summer of 2006.

The TAC provided the following question:

- Will the administrative DEIR strictly be circulated internally? *Mike responded in the affirmative.*

3. CVSP Affordable Housing Strategies

Susan explained that per the City Council's Vision and Expected Outcomes, 20 percent of all Coyote Valley units shall be deed restricted and below market-rate units. Per the Task Force's direction, staff convened an affordable housing focus group to provide recommendations on a strategy to achieve the Council's 20 percent affordable housing goal. The focus group has met three times.

Rebecca Flores, with the Housing Department, reviewed the focus group's draft CVSP affordable housing objectives and issues. She also reviewed the Housing Advisory Commission's (HAC) policy objectives and issues for the CVSP affordable housing strategy. The HAC advises the Director of Housing and City Council on matters pertaining to affordable housing policies. In addition she explained some of the draft strategy that the Housing Focus Group has been discussing.

The draft strategy being discussed by the Housing Focus Group includes an 80/20 split for rental and ownership units and incorporates the HAC's recommended income level distribution. There would be two options for developers to meet the 20% ownership requirement (1,000 units): 1) Moderate Income and Low Income units would primarily be built as inclusionary units (i.e. units built within market rate projects) with the Very Low Income (VLI) and Extremely Low Income (ELI) units subsidized; or 2) Land dedication with fees to achieve the same requirement. (Projects of 50 units or less would pay in-lieu fees.)

There would be a menu of approaches for developers to choose from to provide the 80% rental units (4,000 units): Land dedication, land dedication plus fees, or exclusively fees. The land dedicated and fees paid would go into an Affordable Housing Land Trust/Foundation operated by the Housing Department that would hire affordable housing firms to build the affordable units to meet the requirements

Susan indicated that the Housing Focus Group has not come to any final consensus and that they will meet again to discuss the draft strategy ideas and review some additional financing information they requested from Economic Planning Systems (EPS).

The TAC provided following questions and comments, with Eileen Goodwin, of APEX Strategies, facilitating the discussion:

- What are the affordable housing income levels? *The extremely low-income (ELI) limit is 30 percent of Santa Clara County's median income level, very low-income (VLI) limit is 50 percent of the county's median income level, and the low-income (LI) limit is 80 percent of the county's median income level. The moderate (MOD) income limit is 80-120 percent of the county's median income level.*
- Last heard that Coyote Valley would have 26,600 residential units. How will the 20 percent affordability requirement affect this*? Salifu Yakubu, Principal Planner with the Planning, Building and Code Enforcement Department, indicated that the current affordable housing figures are based on 25,000 residential units. However, the actual number of residential units may change as the Plan continues to be refined. The20% affordability unit count will be adjusted to correspond to the final number of residential units in the Plan.*
- The Focus Group recommended a minimum of 60 percent VLI units, whereas the HAC recommended 30 percent VLI units and 30 percent ELI units. Will there be a consensus? *The group should provide their comments on these figures, however a consensus is not required. Darin Smith, with Economic Planning System, will take a look at the affordability levels.*
- To what extent will affordable housing be provided through inclusionary units or financed through in-lieu fees? *In the draft strategy under discussion affordable ownership units may be achieved via three options: (1) inclusionary, (2) land dedication with supplemental fees, or (3) in-lieu fees. Affordable rental units may be provided via land dedication, a combination of land and fees or in-lieu fees.*
- In-lieu fees and land dedication are better strategies than below market rate programs. The former strategies create more affordable housing and better projects.
- The HAC opposes the use of Redevelopment Agency (RDA) affordable housing funds for the purpose of financing CVSP affordable housing units, whereas the Task Force supports using City and RDA funds to subsidize ELI units. Will there be a consensus? *The Task Force will make that decision.*
- Coyote Valley is not a redevelopment area. The City does not have affordable housing policies for non-redevelopment areas. In order to achieve the 20 percent affordable housing goal, the City should use its resources to maximize the number of ELI and VLI units.
- The more resources to support affordable housing, the better. Believes that the affordable Housing Focus Group would support having more resources than less.
- Concerned about flood issues regarding residential units located along Monterey Road and Coyote Creek. Recommended having commercial uses located on the first floor and residential uses above the first floor. Preferred having more residential units on the west side

of Coyote Valley. *Roger Shanks, of the Dahlin Group, indicated that all of Coyote Valley would be taken out of the floodplain via the CVSP. High-density housing would be located along Santa Teresa Boulevard, whereas lower density housing is located in west Coyote Valley areas.*

4. CVSP Medical Service Needs

Susan provided an update of discussions by the Medical Services Focus Group regarding Coyote Valley's future demand for health services. At the September 2005 Task Force meeting, Working Partnerships indicated that their research indicated a need for two health care clinics in Coyote Valley. Per the Task Force's direction, staff convened a Medical Services Focus Group to provide recommendations on Coyote Valley's projected health care needs. The CVSP Medical Services Focus Group has met two times and is composed of medical specialists in the public and private non-profit sector, and representatives from other interest groups, or may even be non-existent.

Susan reviewed the Medical Services Focus Group's goals and objectives for health care services in Coyote Valley. The Focus Group reached a consensus that all Coyote Valley residents should have access to adequate health care. The Focus Group has not reached a consensus on the size of the "gap" in health care services (for the underinsured and the uninsured future CVSP residents) since it is difficult to project the health care needs for CVSP 40 years from now. We cannot accurately project the future CVSP demographics and the health care industry is changing rapidly. Although the Santa Clara County Valley Health and Hospital System (SCVHHS) projected a 15-20 percent gap, private non-profit health care providers believed that the gap may not be that high.

Susan explained that the Medical Focus Group has considered two options to fill the projected gap for the underinsured and the uninsured:

- Option 1: Designating a site for a 50,000 square foot main health clinic and funding and constructing such a facility through a Community Facilities District (CFD).
- Option 2: Creating a CVSP health Care Foundation/Trust Fund using a combination of financing methods (e.g. Community Facilities District, Benefit Assessment District and or grant money etc.). These funds may also be used to leverage other grant funds. After a specified amount of time, there would be a review to determine whether there is a need for health care facilities. If a facility is warranted, the funds could be used to construct the health care facility. If not, the funds may be reimbursed to the funders or portions of the fund may be used to supplement existing health care services.

Santa Clara Valley Health and Hospital Systems estimated that it would cost about $27.1 million to construct a 50,000 square foot medical facility.

The TAC provided the following questions and comments:

- Ultimately, we cannot project Coyote Valley's demand for health services. We can only apply existing assumptions, which suggest that there will be a gap.
- Based on the projected gap, concerned that the underinsured and uninsured would not be served.
- Coyote Valley's net daytime population may exceed 70,000 due to non-resident employees.
- Private, non-profit providers expressed interest in serving Coyote Valley.
- Emergency wards are currently highly used or even overused.
- Is anyone familiar with Morgan Hill's health foundation? *The purpose of Morgan Hill's health foundation was to bring in more acute care, more health care personnel, and bring back Saint Louise Hospital. The City of Morgan Hill provided $250,000 as seed money. The health foundation is primarily privately funded.*
- Does the estimated $27.1 million include land acquisition costs? *No. The figure also does not include operational costs.*
- Who will pay operating costs? Will the fiscal impact analysis include operating costs? *Focus group members have indicated that if the clinic were constructed the operators would be able to leverage grants for operating costs.*
- Need a flexible strategy. Recommended looking at different models and seeing what fits with Coyote Valley.
- Recommended having satellite heath care clinics rather than having one or two large facilities.
- Preferred a strategy that assesses Coyote Valley's needs. Recommended against building a 50,000 square foot facility upfront.
- Need a flexible strategy to attract employers. Employers may not come to Coyote Valley if they are required to fund a CFD. Preferred the strategy that creates a trust fund and assesses Coyote Valley's needs after a specified amount of time.
- It would be challenging to use CFD.

5. Open Forum/Other Issues

The TAC provided the following questions and comments:

- What trends and assumptions are used in suggesting that housing could finance infrastructure during the Task Force's discussion of the co-chairs "Timing and Logistical Requirement" memorandum? Does this assume that housing prices will increase? *Market analysis was done for each CVSP residential typology. The assumptions use current housing prices. Additional information is available on the CVSP website, though figures have slightly changed since the Task Force meeting.*
- When will the transportation sub-committee reconvene? Would like to review the traffic data before the DEIR is released. *The transportation sub-committee will reconvene before the DEIR is released. Staff is waiting for the VTA traffic model results.*
- When will fiscal impact analysis be presented to the Task Force? *EPS will complete the*

fiscal impact analysis in January 2006. The analysis will be presented to the Task Force in February or March 2006.

6. Adjourn

Future TAC meetings have not been scheduled at this time. Upcoming TAC meetings may be held on the third Tuesday of January or February 2006. Staff will send out an agenda and invitation before the next TAC meeting.

The next Task Force meeting will be held on Monday, December 12, 2005.

The meeting was adjourned at 4:20 p.m.