



SECTION  
**CONTEXT:  
OPPORTUNITIES  
AND CONSTRAINTS**



**INTRODUCTION** The history, location, setting and conditions of Coyote Valley present a variety of opportunities and constraints, which this Specific Plan addresses. This chapter summarizes some of these key opportunities and constraints, discusses Coyote Valley in the historic, geographical, physical, demographic, and infrastructure context of the San Francisco Bay Area region, and describes its immediate surroundings and current land uses.

Coyote Valley is located at the southern boundary of San José, just to the north of the City of Morgan Hill in Santa Clara County. It is surrounded by creeks, hills and farm land, and provides close access to these resources and plentiful open space. It enjoys good connectivity to the rest of the region via the U.S. Highway 101 freeway and Caltrain regional commuter rail service.

Coyote Valley has been held in reserve for future urban development for more than 40 years. Ultimate urban

development in Coyote Valley has been a vision for San José since the annexation of Town of Coyote and its surroundings in 1958.

The Coyote Valley Specific Plan would create a new integrated pedestrian and transit friendly community in San José, with a projected population of approximately 80,000 people on an area similar to the size of the City of Mountain View (64,296 population) or Redwood City (58,600 population).

**HISTORY** *Early Settlement to Annexation into San José* Coyote Valley has been used for human settlement since pre-historic times. The Ohlone people were probably the first settlers around 8,000 B.C., due to the Valley’s proximity to the San Francisco Bay and other Indian villages, and its fertile lands with plentiful supply of oak groves, wildlife, water, and firewood.

The number of Indian settlements grew steadily, and by the Spanish expeditions of the 1770’s the Coyote Valley area was increasingly viewed as an ideal location for a mission, culminating in its blessing for the eighth mission in California, Santa Clara de Asis, on January 12, 1777 by Padre Tomas de la Pena. The missionaries traveled along El Camino Real through Coyote Valley to this new mission.

By the mid-19th century, Coyote and Santa Clara Valley economies were agriculturally based with a strong focus on fruit orchards and wheat. This trend continued into the 20th century with prune and seed farms dominating.

However, by the 21st century, as the costs of land and labor rose, it became increasingly difficult to make a living on traditional agriculture, culminating in a gradual decline in row crop and orchard farming. The effects of this decline are evident in the derelict greenhouses and unproductive orchards that dot the landscape today.

The 1950s witnessed rapid growth in San José with the incorporation of outlying territories into the City. This included the annexation of the original center of Coyote Valley’s farming community, which can still be found on Monterey Road and is referred to as the Hamlet, in 1958.

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## Early Planning and Development in North Coyote Valley

With these early annexations, pressure was beginning to mount to open up Coyote Valley for urban development, as various industrial firms acquired sizable property holdings. These firms included IBM, which was the first to establish an industrial campus in the mid 1970s. Others included Apple Computer, Tandem Computer and Verbatim. These mounting pressures led the City to convene an Economic Development Task Force to study the future of Silicon Valley growth. Based on the Task Force's recommendations, City of San José designated North Coyote Valley for Campus Industrial uses in 1983.

## Comprehensive Planning in Coyote Valley

By the 1980s Coyote Valley was emerging as an important frontier district that needed to be comprehensively planned and integrated into the City's overall development blueprint. Consistent with this approach, in 1984, the City's Horizon 2000 General Plan reaffirmed the desired use of North Coyote Valley for Campus Industrial uses, and established other land use designations for the rest of Coyote Valley as follows:

- The 2,072-acre Mid-Coyote Valley was designated as an Urban Reserve for future urbanized residential development, envisioning a "new town" complete with 25,000 residences, schools, parks, shopping centers, trails, and all services needed to sustain and enrich community life.

- The designation of the approximately 3,621-acre South Coyote Valley as a Greenbelt to ensure a permanent non-urbanized buffer between San José and Morgan Hill.

In 1994, ten years after the Horizon 2000 General Plan, a citizens' Task Force developed the San José 2020 General Plan which significantly prioritized the notion of compact efficient infill development within San José's Urban Service Area, and introduce high-density land use designations for transit corridors to maximize and leverage the City's public investment in mass transportation infrastructure. To further the desire for smart growth, the San José 2020 General Plan established the Greenline/Urban Growth Boundary, which was later ratified by the voters in 1996, as one of its major strategies.

## GREATER SAN JOSE AND THE REGION

### The San Francisco Bay Area

Coyote Valley is strategically located within the southern portion of the San Francisco Bay Area between the job rich counties to the north, and the largely residential communities to the south. This location lends Coyote Valley great opportunity for creative planning aimed at balancing the regional mix of land uses as well as maximizing the utilization of the regional transportation infrastructure particularly during commute hours.

Globally, the San Francisco Bay Area is recognized as a leader in all advanced knowledge, information technology and innovation, with research clusters around universities at Berkeley, San Francisco, Stanford University and San José. In the South Bay, Silicon Valley is home to some of the best known technology companies in the world. In addition to the abundant employment opportunities, the region enjoys almost year-round inclement weather, great urban amenities, a beautiful bay and a

generous open spaces that make it an attractive place to live, work and play, and enjoy a good quality of life. These qualities have contributed to making the Bay Area one of the most expensive real estate markets in the United States, which in turn has forced more of the residential growth to move further out into outlying communities in North San Francisco Bay Area (i.e. American Canyon, Fairfield and Vacaville), and in San Joaquin Valley (i.e. Tracy and Modesto).

### Santa Clara County and Silicon Valley

Greater San José, called Santa Clara County, encompasses approximately 1,291 square miles of land, 13 square miles of water, with a 2000 Census population of almost 1.7 million. It is surrounded by San Mateo, Santa Cruz, Alameda, Stanislaus, Merced, and San Benito counties. Santa Clara County is home to Silicon Valley, which for many decades, has been at the forefront of technological innovation, shifting focus

over time from defense contracting and electronics to computer hardware and software, and subsequently to internet-based companies. The numerous firms that are headquartered in Silicon Valley, such as Apple, Hewlett Packard, Oracle, Cisco, Google, Adobe Systems, IBM, Hitachi, and eBay, etc. and the suppliers and services that support them, locate in Silicon Valley because of the world-class educational and research institutions, as well as the benefits of locating near companies conducting complementary businesses. These attributes, and the high-quality workforce that they attract and create, are expected to keep Silicon Valley in a global leadership role for many years.

Over time, and with the growth of southern Santa Clara County cities such as Morgan Hill and Gilroy, the commuted for Silicon Valley now extends well into San Benito, Monterey, and San Joaquin Counties. This extension has drawn urban and suburban development

into previously rural and agricultural areas, and in the process affected their physical form, economic base, demographic characteristics, and in some cases diminished their infrastructure capacity.

**City of San José**

Founded in 1777, San José was the first town in the Spanish colony of Nueva California (later Alta California). It served as the first capital of California after statehood was granted in 1850. After over 150 years as an agricultural center, increased demand for housing from veterans returning from World War II, as well as aggressive expansion during the 1950s and 1960s, led first to San José being a bedroom community for Silicon Valley in the 1970s. San José later begun attracting businesses, and by 1990 the city was well on its way to being the Capital of Silicon Valley.

San José is located at the south end of the San Francisco Bay, and at almost one million people is the largest city in the region, the third in California after Los

Angeles and San Diego, and the tenth most populous city in the United States. The San Francisco Bay Area, of which San José is a part, is the fifth most populated metropolitan region in the United States.

San José is the regional leader in housing production, and from 1990 to 2000, absorbed more than 60% of Santa Clara County’s population growth. With the adoption of the San José 2020 General Plan in 1994, the City Council created opportunities for 52,000 housing units, primarily in infill locations. However, because the City houses more employed residents than it has jobs, it suffers a jobs/housing imbalance. The San José 2020 General Plan policies for Coyote Valley exemplify some of the City’s proactive efforts to improve the City’s jobs/housing balance both numerically and locationally. A jobs/housing imbalance can create both environmental problems, such as traffic congestion, decreased air quality etc., and fiscal problems, such as insufficient property

and sales tax revenue to provide needed services. Some of the locational balance strategies that have been employed by the City have included Campus Industrial zoning for eastern Evergreen, Edenvale and North Coyote Valley in otherwise predominantly residential areas. In 1990, San José had a jobs-housing ratio of 0.78 jobs per employed resident (i.e. fewer jobs than resident workers, requiring a lot of residents to commute outside San José for work). The current jobs-housing balance has improved to about 0.97. (In contrast, the City of Palo Alto has a jobs-housing ratio of 2.43 jobs per employed resident.)

Nevertheless, San José’s industry-driving job growth has continued to be predominantly located in the Airport/North First Street area and Downtown area (Adobe). The Association of Bay Area Governments (ABAG) projects that 63,000 housing units are needed in San José between 2000 and 2020.

**COYOTE VALLEY’S PHYSICAL SURROUNDINGS** Coyote Valley is surrounded by natural hillsides, mountain ranges, lakes and creeks, offering a variety of recreation and reclusive opportunities.

On the westerly boundary of Coyote Valley is the Santa Cruz Mountain Range, which separates the Santa Clara Valley from the Pacific coast. The highest point of the Santa Cruz range is Loma Prieta Peak, which stands at more than 3,800 feet. The Santa Cruz Range is home to a number of special status animal species including the California tiger salamander and Bay checkerspot butterfly, and plant species including Hall’s bush mallow and Santa Clara Valley dudleya. The range is also home to the southernmost coastal redwoods.

To the east, Coyote Valley is defined by the Mount Hamilton Range, which separates the Santa Clara Valley from the central valley of California. The highest



point of the range is Mount Hamilton with a 4,200-foot summit. The Lick Observatory and Research Center is located at the summit of Mount Hamilton. Immediately east of Coyote Valley is Coyote Ridge, made up of serpentine rock formations and serves as a natural habitat for a number of special status animal and plant species. Special status animal species located on Coyote Ridge includes the Bay checkerspot butterfly and California red-legged frog. Special status plant species include Metcalf Canyon jewelflower, Santa Clara Valley dudleya, and Mount Hamilton thistle, just to name a few. Another feature along the easterly boundary is the Coyote Creek County Park and Trail

system which extends from Anderson Lake to the south to the San Francisco Bay to the north. Coyote Creek is over 42 miles long; with a watershed that drains over 320 square miles. Historically, the adjoining creek lands were used as orchards, truck farms, flower nurseries, and other family owned agricultural enterprises. Today, these lands serve as both a natural and recreational corridor.

A variety of recreational uses that abound in the surrounding Valley include a “pay-to-fish” operation, an aircraft field for remote control model airplanes, Coyote Ranch for group and corporate picnics, a County motorcycle park, and a water ski club, which uses

the percolation ponds at Metcalf Avenue just north of the Plan Area for water skiing. Additionally, a number of recreational resources can be found around Anderson Dam, the Calero Reservoir, as well as two golf courses (Coyote Creek Country Club and Cinnabar Country Club). Coyote Valley also enjoys a number of existing and proposed recreational trails. These include the Coyote Creek County Park Trail to the east and the westerly Los Alamitos/Coyote Creek Canal Trail which connects to the 400-mile long greater Bay Area Ridge Trail/Anza Trail that traverses through some of the San Francisco Bay Area’s beautiful locations and vistas.

## EXISTING LAND USES

Coyote Valley is divided into three dissimilar areas, which contain various uses including agriculture, residential, recreation, power generation plants as well as some industrial uses. These uses include:

### North Coyote Valley

The existing land uses in North Coyote Valley are:

- IBM Silicon Valley lab, which is the primary non-agricultural use in the North Coyote Valley area was developed in the early 1970’s. The IBM site is located on the north side of Bailey Avenue, approximately 1,800 feet westerly of Santa Teresa Boulevard. The 600,000 square foot research and development facility is situated on a 1,180-acre site. The IBM lab conducts activities principally related to the development of computer software and component systems.
- A major SBC telephone switching station, which was constructed on the north side of Bailey Avenue in anticipation of the development of the Coyote Valley Research Park.
- The Metcalf Energy Center (MEC), completed in June 2005, is an electricity-generating power plant operated by

San José-based Calpine Corporation. The MEC utilizes natural gas for fuel and delivers up to 600 megawatts of power to northern California.

### Mid-Coyote Valley

Existing land uses include the historic village center known as the Hamlet, and several historic structures including the Coyote Grange Hall (built in 1892), and the Coyote Stop Café. A potential historic district, located across Monterey Road from the Hamlet, is the location of the Coyote Depot Complex which includes the original train depot (circa 1869), bunkhouse (circa 1869), pump house (circa 1869), water tower (circa 1869), and, Braslan Seed Company Warehouse (circa 1902). Currently there is a bait and tackle shop on the site.

Other land uses east of Monterey Road include a mix of smaller and odd size parcels, almost all-fronting on or accessing Monterey Road. Most uses are residential and a few new homes continue to be constructed while this planning process

is underway. Non-residential uses include cell towers and agricultural related enterprises. A Morgan Hill Unified School District Charter School is located just south of Bailey Avenue.

West of Monterey Road and the rail lines, only limited development has occurred. With the exception of the two residential estate subdivisions, parcels remain fairly large (10 acres plus) and structures include farmhouses and agricultural related buildings. The smaller of the two estate neighborhoods is located on Dougherty Avenue north of Laguna Avenue and consists of eight estate homes. The second residential neighborhood is located in the area around the intersection of Lantz Drive and Scheller Avenue, and contains 40 existing estate homes. In both areas, lots generally range from 1.5 to 2.5 acres. These two neighborhoods are characterized as high-end estates with tree lined streets and a rural residential character.

The predominant land use in the Mid-Coyote Valley, however, remains in

agricultural production, including row crops, cherries, and sod.

### South Coyote Valley Greenbelt

The Greenbelt area is the most highly developed and parcelized portion of Coyote Valley. Parcels of twenty or more acres adjoin rural subdivisions of less than two acres. Located outside the Urban Growth Boundary, there are no City supplied urban services. Water is supplied by private wells and sewage is stored in septic tanks.

There are some 401 parcels in the Greenbelt and approximately 248 homes. Homes range from large new estate homes to poorly maintained tenant occupied older buildings. Non-residential land uses include yard and outdoor industrial manufacturing (i.e. truss manufacturer and cast concrete yard) and agricultural/industrial along Monterey Road, and Monterey Mushrooms Company employs over 400 people in its facilities at Hale Avenue. The agricultural uses within the Greenbelt include: cherry and fig orchards; pastureland; sod

production, row crops and hay; animal farming, including, chickens and goats. There are more than 50 greenhouses on 24 parcels. About half of the greenhouses are in use for cut flowers, nursery plants, orchid production and Asian vegetable production. Abandoned greenhouses present an overall appearance of agricultural blight.

Recreational uses include the Coyote Creek Golf Course (a privately owned 313-acre golf course west of U.S.101) and The Coyote Creek County Park.

## ENVIRONMENTAL SETTING

Prior to commencing the urban design of Coyote Valley, the City of San José retained a team of environmental scientists to research the Valley's history and prepare baseline information on Coyote Valley's environmental setting that would inform the CVSP planning team and the Environmental Impact Report. The environmental setting information would facilitate our understanding of the Valley's current natural ecosystem, and subsequently provide a framework to guide how we protect, enhance and celebrate this system and the context of planning for urban development in Coyote Valley. The following section summarizes the findings of the studies:

### Physical Features and Drainage (see Appendix 1)

Coyote Valley is part of the Santa Clara Valley that lies between the eastern side of the Santa Cruz Mountains and the west side of the Mount Hamilton Range. Its highpoint, in the southeast, mark the crest where lands immediately south slope southerly to Monterey Bay while the Valley itself slopes north to San Francisco Bay. The Santa Cruz Mountains (west) join with the Santa Teresa Hills and Tulare Hill to form the Valley's northern boundary.

The groundwater basin for the Santa Clara County area is divided into three interconnected subbasins, including the Coyote Subbasin, which extends from Metcalf Road south to Cochrane Road, where it meets the Llagas Subbasin. The Coyote Subbasin is approximately seven miles long and two miles wide and has a surface area of approximately 14 square miles. The sub-basin is generally unconfined, has no thick clay layers and

therefore allows for good percolation and aquifer recharge. This sub-basin generally drains into the Santa Clara Valley Basin through the Coyote Narrows.

The Santa Clara Valley Water district facilities connect to the California Aqueduct at San Luis Reservoir in the Central Valley via the Pacheco Tunnel and the Santa Clara Conduit to Anderson Reservoir. From here, SCVWD water is supplied by releasing Anderson Reservoir water down Coyote Creek to recharge aquifers in both the Santa Clara Valley Subbasin and the Coyote Valley Subbasin. These releases create significant unseasonal flows establishing a unique natural/managed riparian habitat along Coyote Creek.

Coyote Valley is part of the Coyote Creek watershed, which is one of the largest watersheds in Santa Clara County. The Coyote Creek watershed drains the western slopes of the Mount Hamilton Range in eastern Santa Clara County,

through San José, where it eventually flows north toward the San Francisco Bay. However, most of the CVSP area lies within another watershed, the local Fisher Creek watershed (a tributary to Coyote Creek), which drains roughly 16 square miles of the undeveloped western foothills and approximately 12 square miles of the agricultural Valley floor. Although there are no existing formal flood control facilities within the CVSP, a combination of creeks and small drainage ditches currently collect agricultural and hillside runoff.

Two creeks traverse Coyote Valley—Coyote and Fisher Creeks. Coyote Creek is a perched, incised natural channel that sits above its westerly floodplain. Based on the latest topographic information and hydrology, the 100-year storm flow appears to be contained within the creek channel and its natural floodplain. During more extreme runoff events, however, the Coyote Valley is prone to flooding along the banks of Coyote

## FIGURE 2: COYOTE CREEK WATERSHED



Creek. This area originally drained to Fisher Creek, but when the railroad track and Monterey Road were constructed, the drainage was blocked, which tends to force water in Coyote Creek's west overbank to the north rather than continue naturally toward Fisher Creek. Coyote Creek is also a major riparian corridor that sustains both wildlife habitat and riparian planting.

Fisher Creek flows in a northerly direction from its headwaters in Morgan Hill, through the lowest elevations of the Valley, to its confluence with Coyote Creek. It runs west of Santa Teresa Boulevard, through culverts at Bailey Avenue and Santa Teresa Boulevard, and finally east of Santa Teresa Boulevard along the northernmost boundary of the North Coyote Valley area to a point where it discharges into Coyote Creek at the Coyote Narrows. Documented research indicates that Fisher Creek has been altered over time. Maps from the late 19th Century indicate that earlier alignments followed the lowest-lying areas of the Valley at the base of the

Santa Cruz Mountains, west of Santa Teresa Boulevard, through the historic Laguna Seca lakebed, to its confluence with Coyote Creek. Fisher Creek has a marginal riparian corridor that provides some habitat for vegetation and wildlife. It generally dries up in the summer, upstream of Palm Avenue, where the channel becomes an agricultural ditch that supports little habitat.

The northern part of Coyote Valley is low-lying and portions of the Valley are in an area of historic flooding. A fresh water marsh formerly occupied the area west of Santa Teresa Boulevard, and a historically low-lying area known, as Laguna Seca is located in the northwestern corner of the North Coyote area between the Santa Teresa Hills and Tulare Hill. This area has been subject to inundation, particularly during wet winters when the groundwater table is high. A large portion of the historic Laguna Seca lakebed is an existing seasonal wetland, and tributary waters are located in an existing creek leading to the seasonal wetlands.

The Valley's geology generally consists of Basin Deposits in the Northwest (silty clay sediments where floodwaters deposit fine grained material); Levee Deposits along Coyote Creek (course grained material deposited during flooding that can form natural levees); and Older Alluvium Fan Deposits in the Southeast (older and denser stream deposits ranging from clay to cobbles; this material extends under newer deposits). Seismic liquefaction (the tendency for soil particles to become lubricated by groundwater and flow when shaken by an earthquake) potential ranges between high and moderate, with some very high susceptibility along Coyote Creek.

### Biology and Habitats (see Appendix 2)

Due to existing development and active agricultural practices within Coyote Valley, there are very few occurrences of endangered or special status plants and animals within the Development Area of the CVSP. The surrounding slopes of the Mount Hamilton and Santa Cruz

Mountain ranges include a number of special status species. Within these hills are significant habitat areas for the Bay Checkerspot Butterfly, and wildlife species such as California Tiger Salamander, Western Pond Turtle, Burrowing Owl, California Red Legged Frog have been recorded. Special status plant species that surround the Valley include: Hall's bush mallow, Metcalf Canyon and Most Beautiful jewelflower, Mount Hamilton thistle, and Santa Clara Valley dudleya.

Majestic oaks can be seen in spectacular tree formations within the agricultural fields, in several planted rows along roads and properties, and in natural sloping Oak savannah areas. The most significant natural habitat in the Valley however, occurs along the riparian corridor of Coyote Creek with a variety of mature oaks and Sycamores which provide substantial cooling shade cover and as well as bird habitat.

The Valley floor contains several areas that appear to meet the criteria established by the Army Corps of Engineers for wetlands or jurisdictional waters. These potentially include streams in the western hills, wetlands on the IBM property, and wetlands at the base of the western hills near the Central Commons.

### **Cultural Resources and Archaeology (see Appendix 3)**

Coyote Valley has a long history of human settlement, including Native American, Spanish Colonial, early American, early 20th Century and the current Modern Period; a story of human activity unfolds that defines a rich local cultural heritage. There are two notable ranch complexes along Monterey Road that are included on the Santa Clara County heritage Resource Inventory. They are the Joséph Ramelli Ranch Complex (circa 1870's), which contains the first school in Coyote Valley (the old

Encinal School); and the Tom Sugishita House at 9000 Old Monterey Road (circa 1865). There are also other structures of early 20th Century vintage that may be considered architectural resources.

The Greenbelt area is also culturally significant. Lands adjoining Coyote Creek encompass settlements of the Spanish Colonial and Early American era including the Hamlet and Rancho Laguna Seca/Fisher Ranch. A history of resource exploitation in the form of gravel quarries extend over the creek's entire length through Coyote Valley. The Greenbelt area west of Coyote Creek, south of Palm Avenue, and east of Monterey Road also contains the largest remaining orchards in the Valley.

### **Parks and Open Space Amenities (see Appendix 4)**

Coyote Valley contains several open space and recreational amenities. They include the Coyote Creek County Park. This park is a multi-functional recreational, riparian, and water supply facility that spans along 16 miles of the Coyote Creek's 42-mile reach; it provides hiking/biking opportunities, as well as other recreational uses such as a "pay-to-fish" operation, an aircraft field for remote control model airplanes, Coyote Ranch for group and corporate picnics, a County motorcycle park, and a water ski club which uses the percolation ponds at Metcalf Avenue just north of the Plan Area. Other recreational amenities in the surrounding area include the Santa Teresa Park, Parkway Lakes (Metcalf Percolation Ponds), and three golf courses (Santa Teresa, Coyote Creek, and Cinnabar Golf Courses).

Other recreational/open space amenities include trails, surrounding hillside ranchlands, and sports fields at the Charter School of Morgan Hill, Burnett Elementary School, and Anne Sobrato High School.

### **Urban Services and Utilities (see Appendix 5)**

Both the City of San José Municipal Water Division and Great Oaks Water Company provide water service to designated areas within the North Coyote Valley region through a system of wells, water tanks, and water distribution mains. The majority of the Mid-Coyote Urban Reserve and Greenbelt does not currently receive water by water retailers. These areas generally rely upon private wells for potable water supply, with some limited water retailer service.

The City of San José provides sewage treatment for the Santa Clara County Region and the Coyote Valley area at the San José/Santa Clara Water Pollution Control Plant (WPCP) located in Alviso. The Plant is a regional facility with 167 million gallons per day (mgd) capacity that provides primary, secondary, and tertiary wastewater treatment for several surrounding cities and sanitation districts. Currently, the WPCP is operating below capacity, with an average daily flow of 120 million gallons a day (mgd). However, based on the projected number of jobs and residences, there should be enough capacity to serve the CVSP development. There is also an opportunity to implement the use of recycled water with this project as a strategy to reduce peak discharges to the San Francisco Bay from WPCP.

Electric power and natural gas services exist in and around the Coyote Valley and are provided by the Pacific Gas and Electric Company (PG&E). Several telecommunications companies also provide service to the Valley via communication lines. The Metcalf Energy Center and PG&E substation are located at the North end of the CVSP area.

## TRANSPORTATION

### Regional Context

Coyote Valley enjoys excellent access and connectivity to major transportation and transit facilities of the larger region, such as freight and passenger rail services, freeways, and a myriad of arterials and collectors that cater to bus transit and various other modes of travel. The region is blessed with numerous amenities desirable for convenient regional and local travel.

Coyote Valley is served by various rail systems, including Caltrain, Valley Transportation Authority of Santa Clara County (VTA), Bay Area Rapid Transit (BART, and future BART extension to San José), Altamont Commuter Express (ACE) from San José to the San Joaquin Valley, and the Capital Corridor (San José to Sacramento). All four existing rail lines and the future BART extension connect at San José's Diridon multi-modal transit center, the region's most comprehensive transit hub.

A daily commuter passenger service from Gilroy to San José and from San José to San Francisco is operated by Caltrain under the auspices of the Peninsula Corridor Joint Powers Board (JPB), an entity formed in 1987 by the Counties of San Mateo, Santa Clara and San Francisco. The JPB owns the rail right-of-way from San Francisco to San José and trackage rights to Gilroy with an option to acquire half the right-of-way in the future. Union Pacific Railroad (UPRR), formerly Southern Pacific Railroad, retains rights to operate freight service in the corridor. Because the existing double-track rail ends near the

old Coyote Depot (north of the Monterey Road/Bailey Avenue over-crossing), Caltrain operates the commuter rail service through Coyote Valley on a single track west of Monterey Road. The nearest Caltrain station is located approximately five miles north of Coyote Valley at the Blossom Hill station. Caltrain currently provides four trains each way with approximately 30-minute headways during commute periods. Access from Coyote Valley to the Blossom Hill station is currently provided via transfers from bus lines 68 and 501. The Coyote Valley Specific Plan proposes a Caltrain station to provide connections to the regional rail systems and the VTA Light Rail at both the Diridon and Tamien Stations.

The San José City Council has provided direction that their preferred alignment for High Speed Rail in south San José is along Monterey Road. (Additional discussion may be provided after the completion of the EIR.)

Interlacing the San Francisco Bay Region is a freeway network that includes U.S. Highway 101, and Freeways I-80, I-280, I-880, I-680, I-580, SR-17, SR-237, SR-85, SR-87, SR-92, and SR-84. All these highways experience a degree of commute time congestion, and some include dedicated lanes for High Occupancy Vehicles (HOV). It is envisioned that future HOV lane opportunities would not only encourage direct connectivity to rail service at transit hubs such as the proposed Coyote Valley Train Station, but also to a fleet of HOV's providing flexible routing to specialized locations like

airports, major employers and other major destinations.

### Local Context

There is no Light Rail Transit (LRT) Service within the Coyote Valley, but the VTA offers buses and shuttles between the Valley and the surrounding area. The nearest LRT station is the Santa Teresa Station located on Santa Teresa Boulevard between San Ignacio Avenue and Miyuki Drive. Access from the Coyote Valley area to Santa Teresa LRT station is currently provided via transfers from bus lines 68 and 501. The VTA also runs the IBM Light Rail Shuttle from the Santa Teresa LRT Station to the IBM campus in North Coyote Valley.

The VTA also provides bus services that connect the Coyote Valley to the region. The local bus route 68 line operates along Santa Teresa Boulevard, between the San José Diridon Caltrain Station and Gavilan College in Gilroy, serving the VTA Park and Ride Lot on Santa Teresa Boulevard and the Santa Teresa LRT Station in the process. Additionally, the 501 super express buses operate on 35 to 45 minute headways during limited commute hours between Palo Alto and the IBM campus in North Coyote Valley.

Coyote Valley is also served by a number of surface roads, including Monterey Road, Santa Teresa Boulevard/Hale Avenue, and Bailey Avenue /McKean Road/ Almaden Expressway, which provide access across the Valley and linkages to the regional highway network.

**MARKET ANALYSIS**

**Regional Jobs/Housing Issues**

The Silicon Valley overall has a housing shortage (see Figure 3). This mismatch means that workers are commuting from outside of Santa Clara County, contributing to traffic congestion, poor air quality, and suburban sprawl.

However, not all jurisdictions in Silicon Valley have a shortage of housing relative to job. San José has more employed residents than jobs, meaning that San José is providing proportionately more housing than other Silicon Valley jurisdictions. By comparison, the cities of Santa Clara and Palo Alto have more than twice as many jobs as employed residents.

While maintaining an overall jobs/housing balance can help to alleviate environmental concerns, some jurisdictions have found that there are financial benefits to having more jobs than housing. Historically, housing development has generated lower tax revenues and demanded higher levels of public services (police, fire, parks, etc.) than workplace development (office, industrial, retail, etc.). As a result, many jurisdictions have prioritized workplace development as a way of maintaining or promoting their fiscal strength. This historical consideration, combined with the fact that San José has a disproportionately high supply of housing relative to jobs, led to the City’s policy interest in developing jobs in Coyote Valley prior to any housing development.

**Residential Market Conditions and Projections**

A historically strong residential market has dominated the five-year period from 2000 through 2005. Fueled more by low interest rates than population, employment or income growth, home prices in San José and the San Francisco Bay Area have risen very rapidly.

**FIGURE 3: JOBS AND EMPLOYED RESIDENTS**

| CITY OF SAN JOSE<br>JOBS PER EMPLOYED RESIDENT, 1990-2030 |         |                     |                            |
|---|---------|---------------------|----------------------------|
| Year  | Jobs    | Employed Residents* | Jobs Per Employed Resident |
| 1990 (Actual) <sup>1</sup>                                | 319,000 | 407,862             | 0.78                       |
| 2000 (Actual) <sup>1</sup>                                | 417,500 | 436,890             | 0.96                       |
| 2005 (Projected) <sup>2</sup>                             | 361,330 | 373,832             | 0.97                       |
| 2010 (Projected) <sup>2</sup>                             | 402,140 | 411,581             | 0.98                       |
| 2015 (Projected) <sup>2</sup>                             | 440,750 | 452,780             | 0.97                       |
| 2020 (Projected) <sup>2</sup>                             | 485,820 | 494,676             | 0.98                       |
| 2025 (Projected) <sup>2</sup>                             | 531,100 | 540,042             | 0.98                       |
| 2030 (Projected) <sup>2</sup>                             | 580,170 | 582,403             | 1.00                       |

<sup>1</sup> Source: U.S. Census Bureau, 1990 & 2000 Census.

<sup>2</sup> Source: Association of Bay Area Governments, *Projections 2005*.

\* Projected employed resident figures utilize San José sphere of influence (SOI) data and assume constant City/SOI ratio (93%).

Housing construction has accelerated in the San Francisco Bay Area to capitalize on the demand, but has done little to temper rising prices.

The plan for Coyote Valley calls for the development of at least 25,000 new homes. Regional planners at ABAG project the addition of 167,000 households in Santa Clara County between 2005 and 2030. Of these projected households, 109,000 are expected to be located within the City of San José. At this rate of household growth, Coyote Valley’s 25,000 housing units would represent less than 23% of San José’s total supply needed to accommodate the growing housing demand. Because the developable land in Coyote Valley is finite and must be shared with workplaces, infrastructure, public facilities, and amenities, the density of housing development must be fairly high. The residential program of the Coyote Valley Specific Plan includes some single-family detached

homes, but is primarily characterized by more urban housing types including attached town homes and low-rise, mid-rise and high-rise condominiums and apartments.

Based on recent construction and sales trends in the Silicon Valley, as well as demographic projections for future household growth, the Coyote Valley Specific Plan economists have estimated that between 1,000 and 1,500 residential units could be built and absorbed each year from the beginning of construction. At such a pace, the full build-out of Coyote Valley’s residential program is estimated to be complete over a period of roughly 20 to 25 years, if left to market forces alone rather than being constrained by public policy.

Under near-term market conditions, the economists project that the lower-density housing types (single-family homes, town homes, and low-rise

apartments) would be most marketable, and that higher-density housing types may become more marketable over time as the urban character, amenities, and services are created in Coyote Valley. This projection does not mean that higher-density housing types would not be allowed to proceed in earlier years, but does suggest that the phasing plan for Coyote Valley should reflect the likelihood of achievable densities at various periods of development. In addition, the recent strength of the housing market presents an opportunity to capitalize on the high residential values to support the extraordinary investments in infrastructure required by the Coyote Valley Specific Plan. See Chapter 12 for a more complete discussion of phasing and financing strategies.

### Workplace Market Conditions and Projections

During the late 1990s, investment and employment growth in the technology industries fueled dramatic increases in commercial and industrial development in San José and Silicon Valley, as well as rapid escalation in lease rates. However, the “dot-com” bust and the economic recession that began in 2001 strongly and adversely affected San José and the Silicon Valley. The region lost hundreds of thousands of jobs, and millions of square feet of commercial and industrial development became vacant. During this period, lease rates dropped drastically, to

the point that they could not support the cost of new construction. As a result, almost no new commercial space was built in the Silicon Valley or elsewhere in the San Francisco Bay Area from 2001 through 2005.

Despite projections of significant economic recovery and job growth, the vast supply of vacant space make it unlikely that significant new workplace development would occur in San José or the Silicon Valley for several more years. However, over the longer-term, job growth combined with the obsolescence of some existing buildings and rising lease rates are expected to generate demand for new workplace construction.

The CVSP calls for the development of workplace for at least 50,000 new industry-driving (ID) jobs and 5,000 new non-industry-driving (non-ID) jobs. Projections based on those by regional planners at ABAG estimate the addition of 440,000 jobs in Santa Clara County between 2005 and 2030. Of these projected additional jobs, 240,000 are expected to be located within the City of San José. Excluding the roughly 40,000 jobs that can be accommodated in existing vacant space, Coyote Valley’s 55,000 total jobs would represent slightly more than one-quarter of the total new jobs in San José requiring new building space through 2030.

Coyote Valley is only one of several locations that employers may consider for the development of new workplace in San José. North First Street, Downtown, and Edenvale are other areas of San José that have an established market for workplace development, and some employers would surely choose to locate in those areas rather than Coyote Valley. However, Coyote Valley’s large tracts of developable land and planned combination of urban character, amenities, and services suggest that some employers would be attracted to the area, and several large employers have already made major property investments in Coyote Valley. Coyote Valley offers greater workplace choices (unlike any other workplace areas in San José) to potential new employers to help encourage them to locate in San José.

Coyote Valley is expected to capture a small percentage of the City’s overall workplace development in the first decade of development. Coyote Valley’s share of growth may increase over time as other areas are built out, but the Coyote Valley Specific Plan economists project that there would be sufficient workplace demand to realize the planned intensification of development on North First Street, in Downtown and in Edenvale in addition to development in Coyote Valley.

