



Memorandum

TO: COYOTE VALLEY SPECIFIC
PLAN TASK FORCE

FROM: Sal Yakubu

SUBJECT: SUMMARY OF NORTH AND
MID-COYOTE VALLEY
PROPERTY OWNERS MEETING
ON 5/1/06

DATE: May 15, 2006

Approved

Date

Property Owners and Representatives Present:

Peter Bensen, Mike Biggar, Darlene Campbell, Joe Castro, Roger Costa, Richard DeSmet, Beth Eperson, Roger Eperson, Frank Giancola, Art Gonzalez, Janet Hebert, Ann Howard, Bob Howard, Jennifer Kim, Lee Lester, Linda Lester, Ryan Lester, Rich Linquist, Patricia Liu, Don Roen, Peter Rothschild, Lil Ruscitto, Paul Ruscitto, Annie Saso, Kathleen Seebach, Pauline Seebach, Gary Shang, Jiun Tzeng, and Ray Williams.

Members of CVSP Task Force Present:

Co-chair Councilmember Forrest Williams and Ken Saso.

San Jose City Staff Present:

Laurel Prevetti (PBCE), Susan Walsh (PBCE), Sylvia Do (PBCE), and Regina Mancera (PBCE).

Consultants Present:

Doug Dahlin (Dahlin Group), Roger Shanks (Dahlin Group), Paul Barber (KenKay Associates), Darin Smith (Economic and Planning Systems), Bill Wagner (HMH Engineers), and Eileen Goodwin (Apex Strategies).

1) Welcome and Introductions

Eileen Goodwin, with Apex Strategies, welcomed everyone in attendance to the Coyote Valley Specific Plan (CVSP) North and Mid-Coyote Valley property owners meeting. A show of hands indicated that this was the first CVSP meeting for one attendee.

Eileen reviewed the meeting agenda. The purpose of the meeting was to provide an overview of the Coyote Valley Specific Plan (CVSP) and to discuss financing principles and financing mechanisms.

2) CVSP Overview

Laurel Prevetti, Deputy Director of the Planning, Building and Code Enforcement Department, provided an overview of the CVSP. She reviewed the City Council's Vision and Expected Outcomes, the consultant team, the level of outreach and participation, the environmental footprint, the blue and green infrastructure, the transportation system, and the illustrative land use plan.

The property owners did not have any comments regarding the CVSP overview.

3) Discussion of Financing Principles and Financing Mechanisms

Eileen introduced Darin Smith of Economic and Planning Systems (EPS), an economic consultant for the CVSP. The purpose of the financing presentation was to re-engage property owners in the on-going process, provide an overview of public land requirements, discuss infrastructure and public facility costs, review estimated property owner obligations, present draft land acquisition and financing principles, and to receive input from property owners.

- a) Darin provided a status report of the CVSP. The City's CVSP team has distributed land uses to reach jobs/housing goals, identified locations of public facilities, tested financial self-sufficiency for services, and initiated the environmental impact analysis. The CVSP team is working on identifying financing measures for land and infrastructure, and determining the feasibility of private development. Darin emphasized that property owner input is required. Two financial components to public facilities requirements include public land acquisition and the financing of infrastructure and public facilities.

Property owners provided the following comments:

- What if property owners do want to be annexed into the City? *The annexation process will occur after the CVSP is considered by the City Council in 2007. If Council approves the plan, the City will apply to the Local Agency Formation Commission (LAFCO) for*

annexation. The City has not worked out the issues of whether annexation will require approval from property owners. The plan's costs will not incur until a property owner is interested in developing.

- b) Darin reviewed public land acquisition. He discussed the general approach to “fair share” land dedication, the “fair share” public land allocation, “actual” versus “fair share” land dedication, the draft public land acquisition principles, and the public land allocation for each CVSP subarea. Outstanding issues on land dedication include reaching a consensus on the general approach, establishing valuation methodology for dedicated land, and coordinating land dedication with the overall infrastructure financing program.

Property owners provided the following comments:

- When will the dollar assessment for “fair share” public land dedication be determined? *The allocation will be determined with the property owners reach a consensus on what is a fair transactional value.*
 - Will the 35 percent public land allocation be evaluated by subarea or by individual parcel? *Parcels will be evaluated individually.*
 - The plan is asking property owners to give up 35 percent of their land, pay \$55,000 per residential unit, and pay typical City permit fees. Is this really feasible? *The plan is still a work in progress. It is ultimately up to the property owners and developers to determine whether private development is feasible. The ultimate question of feasibility is whether someone is willing to pay these fees.*
 - Is affordable housing already included in the acreages for public land dedication? When will parcels be designated for affordable housing? *The CVSP affordable housing focus group is currently working on the strategy for affordable housing and will present it to the Task Force soon. There would be some land specifically dedicated to affordable housing development. Other affordable housing units will be built within market-rate development. Affordable housing is currently not included in the acreages for public land dedication. Council will ultimately approve the affordable housing strategy and the sites.*
 - Who decided that Coyote Valley would include affordable housing? *It is the City's commitment to provide housing for all income segments of the community. Council established a goal that a minimum of 20 percent of all Coyote Valley residential units shall be affordable.*
 - Is any of the land in the planning area officially designated as wetlands? *The CVSP Environmental Impact Report (EIR) is undergoing studies to identify wetlands. The planning approach is to avoid wetlands and to protect natural resources. There will be mitigation requirements for natural resources that may be impacted by development. The EIR will be available in fall 2006.*
- c) Darin reviewed infrastructure and public facilities financing. He discussed infrastructure financing issues, the general approach to infrastructure cost allocation and feasibility analysis, the preliminary infrastructure costs, and the preliminary cost allocation for various

types of development. The project's total backbone infrastructure is estimated to cost about \$1.5 billion. Darin also discussed financial feasibility in terms of value versus cost ratios, the draft financing principles, and outstanding issues on infrastructure financing. The next steps in this financing process include resolving the trigger/concurrency policies, allocating cost burdens, testing feasibility and making adjustments, establishing a methodology for the public land acquisition program, developing a detailed financing and implementation program, holding more property owners meetings, and building a consensus between property owners.

Property owners provided the following comments:

- Will property owners be forced to annex or will they be allowed to vote on it? This question needs to be answered before anything else is discussed.
- Is there a target date for annexation? *Annexation will occur after Council adopts the plan. This will take place no earlier than 2007.*
- Will taxes be affected once properties are annexed into the City? *Tax allocation will be determined through the annexation process with LAFCO. The City has just started discussing this issue with LAFCO.*
- Would like to increase the value of his property by doing a paper subdivision. What triggers the \$55,000 per residential unit fee? Prefers to defer the fees as long as possible. *It has not yet been decided whether the fee will be applied on a per unit basis as an average or if it will be applied on a per acre basis. The \$55,000 is an illustrative number that is an average for the overall development. The numbers in the Preliminary Cost Allocation table do not necessarily include all costs ultimately borne by the development; the numbers are subject to change. The figure could also vary on a unit-by-unit basis depending on the type of residential development. The task force has discussed having a fee on a per acre basis as an incentive for higher density development.*
- If densities and land uses are already proposed, would a paper subdivision increase property values? Would this affect taxes? *Any change in the status of the land affects land valuation in terms of assessed value and your taxes would reflect that. Paper subdivisions would not affect taxes to the same extent. The City Attorney's Office may have an opinion as to when the fees need to be assessed.*
- If a street is proposed to go through a property, this may create 2-3 parcels. *If the parcel is subdivided, the parcels could be developed at different times rather than at once.*
- Recommended separating the park in-lieu fee from the actual land dedication burden.
- Will office/commercial mixed uses be subject to the \$4.70 per square foot for commercial land? *This issue is subject to discussion among the property owners. If it were strictly a commercial use, it would be \$4.70 per square foot.*
- What are assessment districts? How are they formed? Are they voluntary? *Assessment districts place a contingent lien on a property. Assessment districts are voluntary and require a 2/3 voter approval.*
- Concerned about the 35 percent public land dedication requirement. This percentage is excessive and seems to be growing. Is it feasible for property owners? *Coyote Valley's*

35 percent public land dedication requirement is higher than typical Greenfield subdivision developments due to high-density development. This percentage may seem high because there are many people in a smaller amount of place, but they still need the same level of service.

- \$800,000 per residential acre does not include land dedication for affordable housing, financial obligations for affordable housing, agricultural mitigation requirements, environmental mitigation requirements, etc. This number can go up.
- Land dedication for affordable housing is a social cost. Coyote Valley is being asked to support 20 percent affordable housing. This is far above the citywide affordable housing average. Why must Coyote Valley bear a social cost that benefits the whole City? All taxpayers should share in subsidizing this cost.
- One-third of the City is a Strong Neighborhoods Initiative (SNI) area, which have a 15 percent requirement for rental affordable housing and a 20 percent requirement for for-sale affordable housing. Other parts of the City also have an affordable housing burden. *Affordable housing will be discussed at the May 22, 2006 task force meeting. In addition to SNI areas, the City's redevelopment areas also have a 20 percent affordable housing requirement.*
- Newer, larger developments like Silver Creek or the Ranch do not have affordable housing requirements. Coyote Valley's high-density condominiums will be more affordable than homes in Silver Creek or the Ranch. *The Evergreen*East Hills Vision Strategy study area is currently debating whether there should be a 20 percent inclusionary requirement. It is unlikely that Council will remove the 20 percent affordable housing requirement for Coyote Valley.*
- What qualifies as affordable housing? *Affordability levels are determined by the U.S. Department of Housing and Urban Development (HUD) based on the county's income levels. The median income in Santa Clara County for a family of four is a little over \$100,000. Information regarding affordability levels are available on the CVSP website.*
- Recommended categorizing land costs by infrastructure costs, fiscal costs, and social costs. This allows property owners to determine what they might end up having to pay.
- Co-chair Councilmember Forrest Williams explained that the City produces more affordable housing than any other City in the state. Affordable housing is one of the City's priorities and yet there is still not enough housing for people to live and work in the City. Affordable housing houses police, firefighters, teachers, technicians, and nurses. There is a need for affordable housing in order for the City to function. The City cannot force developers to do affordable housing unless there is an affordable housing policy.
- Property owners are not disagreeing with the need for affordable housing. They are concerned that Coyote Valley will have to bear the burden for it when it benefits the whole City. The rest San Jose should also pay their part.
- Does not understand why we don't know the feasibility of this plan yet. *Many issues, such as affordable housing, are still under discussion. These issues may affect the feasibility of the Plan.*

- Aren't transportation improvements done by the State? *If transportation improvements are required to serve new development, there is some responsibility for that new development to bear some or all of that cost.*
- Property owners need to start getting proactive. We cannot overload the plan with "wants" because property owners, developers, and users end up paying for it. It will be tough getting property owners together, but that does not mean that it cannot be done. It would help if property owners could see their land obligations and uses. Property owners need to come together to come up with an equitable plan.
- Coyote Valley is a beautiful place to live. If the City is planning to bring in high-density development and thousands of people, the City should pay property owners \$55,000 per unit. The City is destroying Coyote Valley. Some property owners do not want to improve their land. This is unfair.
- What if property owners want to sell their property now? What do they tell perspective buyers? *Property owners can sell and buy property at any time. Unincorporated parcels are under the county's jurisdiction. Properties in North Coyote Valley have entitlements that may be implemented.*

4) Next Steps/Adjourn

Eileen and Laurel thanked everyone for their comments. The next task force meeting will take place on Monday, May 8, 2006 to discuss affordable housing. Tonight's North and Mid-Coyote Valley property owners meeting summary will be reviewed by the task force.

The meeting was adjourned at 8:15 p.m.