

*City of San Jose*

## ***Coyote Valley Specific Plan***

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### **Summary of Task Force Meeting May 9, 2005 151 West Mission Street, Room 202 A and B**

#### **Task Force Members Present:**

Co-chair Mayor Ron Gonzales, Co-chair Councilmember Forrest Williams, Supervisor Don Gage, Dan Hancock, Ken Saso, Phaedra Ellis-Lamkins, Chuck Butters, Jim Cunneen, Craige Edgerton, Doreen Morgan, Eric Carruthers, Gladwyn D'Sousa, Helen Chapman, Russ Danielson, Steve Schott Jr., Steve Speno, Neil Struthers, and Terry Watt.

#### **Task Force Members Absent:**

Christopher Platten.

#### **Technical Advisory Committee (TAC) Members Present:**

Michele Beasley (Greenbelt Alliance), David Bischoff (City of Morgan Hill), Shanna Boigon (SCC Association of Realtors), Beverly Bryant (Home Builders Association of Northern California), Dawn Cameron (County Roads), Tedd Faraone (Coyote Valley Alliance for Smart Planning), Jane Mark (County Parks), Pat Sausedo (NAIOP), Brian Schmidt (Committee for Green Foothills), Tim Steele (Sobrato), Kerry Williams (Coyote Housing Group), and Trixie Johnson (FROG).

#### **City and Other Public Agencies Staff Present:**

Councilmember Linda J. LeZotte (Council District 1), Jennifer Malutta (Mayor's Office), Jim Cogan (Council District 1), Keith Stamps (Council District 2), Emily Moody (Council District 2), Anthony Drummond (Council District 2), Daniel Erwin (Council District 2), Jonathan Noble (Council District 3), John Mills (Council District 6), Rachael Gibson (Supervisor Don Gage's Office), Renee Gurza (Attorney's Office), Laurel Prevetti (PBCE), Sal Yakubu (PBCE), Susan

Walsh (PBCE), Mike Mena (PBCE), Sylvia Do (PBCE), Regina Mancera (PBCE), Rebecca Flores (Housing), Dave Mitchell (PRNS), Gerry De Guzman (Public Works), and Luke Vong (DOT).

### **Consultants Present:**

Doug Dahlin (Dahlin Group), Roger Shanks (Dahlin Group), Jack Hsu (Dahlin Group), Ken Kay (KenKay Associates), Paul Barber (KenKay Associates), Jim Thompson (HMH Engineers), Jim Musbach (EPS), Darin Smith (EPS), James Edison (EPS), Jodi Starbird (DJP&A), and Eileen Goodwin (Apex Strategies).

### **Community Members Present:**

Tom Armstrong, Peter Benson, Roger Bonetto, Eric Brandenburg, Rosalie Cacitti, Ken Cantore, Waifong Chan, Roger Costa, Frank Crane, June Crane, Consuelo Crosby, Jo Crosby, Richard DeSmet, Denise Glasco, Jack Faraone, Dennis Figueroa, Eric Flippo, Don Gralnek, Liz Hirata, Xay Hoang, Virginia Holtz, Matt King, Jack Kuzia, Pat Kuzia, John Lattyak, Yoon Lee, Rick Linqvist, Vic LoBue Sr., Ted Leong, Chris Marchese, Dennis Martin, Chou Mock, Lut Mock, Siu Lum Mok, Siu Mok, Suet Mok, Wing Mok, Yet Mok, Joe Mueller, Sarah Muller, Ashley Neufeld, Wayne O'Connell, Kevin O'Halloran, Kirsten Powell, Dorine Ravizza, Michael Ravizza, George Reilly, Peter Rothschild, Carmen Russo, Ray Russo Sr., Ray Russo, Art Sanchez, Amanda Saso, Annie Saso, Salvatore Saso, Sharon Simonson, Al Victors, and Guop Yuan.

### **1. Welcome:**

The meeting convened at 5:37 p.m. with Co-chair Councilmember Forrest Williams welcoming everyone in attendance to the 32<sup>nd</sup> Coyote Valley Specific Plan (CVSP) Task Force meeting.

### **2. Acceptance of April 11, 2005 Task Force Meeting Summary:**

Gladwyn D'Souza recommended that the meeting summary be corrected to add three points: (1) Land use should accommodate walking infrastructure, particularly near schools and transit; (2) Walking infrastructure would help meet the parking requirements discussed at previous Task Force meetings; and (3) Special assessment districts should finance the operation and maintenance of trails, tunnels and medians.

Councilmember Williams called for a motion to accept the April 11, 2005 Task Force meeting summary. The motion passed unanimously.

### **3. Discussion of Draft Planning Objectives and Logistical Requirements:**

Co-chairs Mayor Ron Gonzales and Councilmember Forrest Williams presented a memorandum regarding CVSP timing and logistical requirements. The memorandum provides the Task Force with ideas pertaining to phasing and implementation of the plan. Attachment I to the memorandum included the Council's Vision and Expected Outcome statements with highlighted text elaborating particular approaches to accomplishing the outcomes. Attachment II is a list of talking points to begin the discussion regarding the development of some prerequisite conditions or triggers related to the Council's Vision and Expected Outcomes.

The Task Force provided the following questions and comments regarding the memorandum:

#### Attachment I

- Are the new elaborations in the Mayor's memorandum being added to the Council's Vision and Expected Outcomes? *Mayor Gonzales indicated that the highlighted text accompanying each outcome statement suggests how each statement could lead to more specific development requirements.*
- What does the highlighted text accompanying Item #4, "Fees and development offsets should be based upon a per-acre basis, not a per-unit basis, to encourage higher density development," mean? *Mayor Gonzales said that this is detailed in Attachment II.*

Attachment II, Item #1: "Prior to the issuance of any building permits in each phase, the City's Budget Director must certify that the next phase of development will not increase the burden on General Fund services for current residents and businesses."

- Do building permits include permits for transportation infrastructure? Would transportation infrastructure impact the City's General Fund? *Mayor Gonzales explained that the Planning staff would notify the budget director of projects that do not require General Funding. Transportation infrastructure are typically funded by a district or a particular development, and do not have an adverse affect on the General Fund.*
- Would like to see scenarios of when phasing has impacted the General Fund. Would like to know how the projects were funded and how this affected the development.
- Concerned about how phasing and financing would affect City services.

Attachment II, Item #2: "Development of jobs and housing must occur concurrently at a ratio of two jobs for every housing unit completed (i.e. house #2 may not be delivered until job #2 has already been completed.). Development phases could allow large increments of housing to be built only when simultaneous construction of job-related development in this two-to-one ratio is occurring in parallel."

- Phasing increments may be too small to provide for the necessary infrastructure improvements.
- Need to determine what infrastructure to include in the first phase in order to calculate costs.
- Recommended implementing an integrated plan since North and Mid-Coyote Valley are planned as one.

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- Recommended getting key infrastructure in place early to attract workplace users.
- Indication that job creators are interested in the provision of sufficient housing and affordable housing. *Mayor Gonzales indicated that the City has 0.9 jobs for every housing unit. A two-to-one job/housing ratio is planned for Coyote Valley. The City has examples of houses going in without jobs following.*
- There is not enough information to know about the scale of each phase.
- Need to determine what infrastructure should be developed first, how much it would cost and how it would be financed.
- The amount of privately funded public infrastructure in Coyote Valley is far greater than in any other area in San Jose. Coyote Valley is not a redevelopment area and therefore would not have tax increments. The Plan would predominantly be funded by private development.
- Need to identify first phase infrastructure and what phasing increments of development are needed to support the backbone infrastructure.
- Indication that residential land value is four times greater than industrial land value.
- Need to determine how to address the existing entitlements in North Coyote Valley.
- Need to figure out how to implement the Council's Vision and Expected Outcomes.
- Need to look at new ways to approach financial feasibility. Need to have a significant first phase that includes key infrastructure. Need to implement the plan and maintain the momentum or else the Plan will die and we must start over.
- The proposed jobs/housing ratio will help the CVSP achieve a reasonable approach to phasing schools. Would like to ensure comfortable, stable growth.
- The job/housing ratio should be 200:100. *Mayor Gonzales indicated that they should focus on the ratio, not the actual numbers.*
- It would be more beneficial if staff and consultants developed the guidelines. *Mayor Gonzales explained that the Task Force's input is important in developing general criteria for phasing and development.*
- It is important to protect the City's General Fund.
- The 2:1 jobs/housing ratio in Coyote Valley is a huge leap from the City's current 0.9 jobs/housing ratio. What makes Coyote Valley so different that it can achieve this ratio, particularly with no public funds to attract businesses? If a 2:1 jobs/housing ratio is unattainable, what can be done to ensure equitable services?
- It is important to have quality jobs, not only driving industry jobs. *Mayor Gonzales explained that driving industry jobs are quality jobs with quality pay.*
- Infrastructure phasing is key to supporting development needs and wants. Need to determine how infrastructure phasing will parallel industrial and residential development.
- Recommended comparing multiple phasing scenarios to determine which type of phasing is the most cost effective. Recommended comparing phasing approaches such as traditional phasing, phasing with trigger mechanisms and "financing of the willing."
- Traditional phasing is more efficient since it starts with existing infrastructure.
- Other cities and states are also competing for job industries. Need to have something in Coyote Valley to attract job creators.
- Economic consultants should look at how to creatively finance the Plan.
- Would a phased plan drive up infrastructure costs?

- Initially talked about the CVSP as a long-term project, now talking about starting soon. Recommended looking at the CVSP as a long-term project.
- Concerned with how Coyote Valley would affect other parts of the city. How would Coyote Valley revenues help finance other projects?
- The Task Force is planning for Coyote Valley now, but CVSP build-out would take 30-40 years. The Plan is not being rushed since the Task Force has been working on the CVSP for three years.
- The east side of Monterey Highway was annexed to the City over 47 years ago and is still waiting for urban services.
- It is possible to keep transportation infrastructure costs down if they stay within a concept of walking infrastructure.
- Recommended asking the City's Office of Economic Development about what elements attract job creators. Companies are interested in what the housing cost is and what amenities are available for their employees.
- The integration of residential, retail, commercial and industrial uses would attract job creators.
- Concerned with affordable housing since Coyote Valley is not a redevelopment area. Recommended cross subsidizing to finance different projects.

Attachment II, Item #3: "Residential development must provide for the acquisition X acres of South Coyote Greenbelt in fee title or as conservation easements for every acre of residential development with less than 40 dwelling units per acre."

- How was it determined that residential units with less than 40 DU/AC (dwelling units per acre) must provide for the acquisition of the Greenbelt? Why is it 40 DU/AC and not a different figure? *Mayor Gonzales explained that residential development with greater than 40 DU/AC would not have to purchase open space land. This is meant to attract commercial developers and to encourage residential development at higher densities.*
- Who will determine "X"? *Mayor Gonzales indicated that the staff would recommend a figure to the Council. The Council will ultimately determine "X."*
- The Santa Clara County Open Space Authority (OSA) and Land Trust for Santa Clara County are interested in managing easements or fee title properties.
- Is it typical for commercial properties not to provide for open space to offset mitigation? *Mayor Gonzales explained that the Plan is creating incentives to attract job creators and to encourage higher density housing.*
- The Task Force needs to grapple with costs required for Greenbelt acquisition. Need to determine what is the minimum size parcel to acquire. Should not acquire lands with development potential.
- Recommended having options to acquire land, but need accountability. Recommended offering a discount for properties that pay in-lieu fees.
- Recommended having a fee-based system administered by full-time people to acquire open space.
- The Greenbelt should have public access. Need to acquire large parcels of land for access purposes. Acquiring smaller, isolated parcels would not achieve these goals.

- Recommended not building too many detached single-family houses due to costs. Recommended focusing on building attached single-family houses. Currently looking at doing 45-50 DU/AC developments over podium. Most residential developments will be over podium in 3-5 years.
- Do not need restrictions or incentives since the market is heading towards higher density developments anyway.
- Recommended using resources such as the OSA and Land Trust.
- The benefits of acquiring the Greenbelt go far beyond North and Mid-Coyote Valley. Greenbelt acquisition requires public and private funding.
- If Greenbelt preservation is a key priority, need to determine who benefits from Greenbelt preservation. Funding is far beyond capability of North and Mid-Coyote Valley. Need equitable funding and participation. Need to determine how to leverage private and public funding.
- Most of the OSA's properties are located in the South Valley because that is where open space is.
- It is best to acquire easements versus purchasing the land.
- Indication that conservation easements are a cost effective way to achieve goals.
- Recommended deleting Item #3 from the Attachment II due to the issues raised.
- Greenbelt acquisition is a regulatory issue.
- Indication that Santa Clara County, the City of San Jose, the City of Morgan Hill, the Santa Clara Valley Water District (SCVWD), the Santa Clara County Farm Bureau, OSA, Land Trust and the Greenbelt Alliance want a buffer between San Jose and Morgan Hill. Recommendation that those who want a permanent Greenbelt should pay for it.
- Current and future Coyote Valley property owners will not be the only people benefiting from a permanent Greenbelt. It is unfair to ask property owners to pay for the Greenbelt.
- Unfair to require residential development with less than 40 DU/AC to pay for Greenbelt acquisition. Unfair to east side Monterey Highway property owners since the area is planned as medium density residential.

Attachment II, Item #4: "Residential development of market-rate and deed-restricted affordable units must be built concurrently at a ratio of four to one. Affordable units, which are counted against this ratio, may not receive City or Redevelopment Agency subsidy."

- Need to allocate affordable housing for extremely low income (ELI) and very low income (VLI). Concerned that with the absence of public funding, the Plan would not meet the 20 percent affordable housing requirement, especially for the ELI and VLI affordable housing categories which would probably suffer the most.
- Are there tax credits or HUD (U.S. Department of Housing and Urban Development) funding for affordable housing? Affordable housing cannot be funded by private development alone.
- Need to have a flexible subsidy program for ELI and VLI affordable housing.
- The issue of housing affordability goes beyond the Coyote Valley to solve.
- Recommended talking with experts in affordable housing for the best approach.

- Recommended forming a Coyote housing corporation to take title to lands, gather subsidy sources and choose funding proposals.
- Important to mix affordable housing in each phase. Need affordable housing to support lesser paying jobs.

### General

- Concerned about the mobility of the elderly and children.
- Health care clinics are a priority. San Jose currently has two health care clinics for every 80,000 residents. Coyote Valley would raise health care ratio and increase the number of health care clinics needed. Would like health care clinics to be included in infrastructure costs. Not asking the City to operate the health care clinic; asking the City to include in the Plan's infrastructure costs. Would like a discussion on health care clinics to be on June's Task Force meeting agenda. *Senior Deputy City Attorney Renee Gurza explained that health care clinics have traditionally been a County function, not City. While health care clinics are not a traditional use of Community Facilities District (CFD) financing, the question of whether they are legally precluded still needs to be investigated.*
- Indication that hospitals are capital intense. The County is struggling to maintain what it currently has. It costs over \$1 million a year to subsidize a hospital.
- Need alternatives to sending people to hospital trauma centers and emergency rooms. Need to look at how to plan for health care clinics.

Due to time constraints, Co-chair Mayor Gonzales explained that discussion about Timing and Logistical Requirements #5-8 would continue at the June Task Force meeting.

Co-chair Williams asked for comments from the public and the following were provided:

- Trixie Johnson, with Friends of the Coyote Valley Greenbelt (FROG), indicated that FROG concurs with the importance of the Greenbelt and its boundaries. They agree with the first sentence of Item #14 of Attachment I ("Residential development in the plan shall provide a specific offset of land or easement acquired, based on a ratio of new residential acreage to South Coyote land that is not already publicly held or has development on it. This will require clear definitions of existing development for this purpose i.e. if there is one house on a 20-acre parcel, how much of the 20 acres may be able to have a conservation easement plan placed upon it?"), but disagree that each individual developer should seek an individual landowner from whom to purchase fee title or an easement in the Greenbelt. FROG recommended that there be an entity to administer a fee structure for contributions to the Greenbelt fund. They also suggested that the total acreage suitable for fee title or easement purchase should be determined in advance as a part of the process for determining the fee structure. If Item #4 of Attachment II ("Residential development of market-rate and deed-restricted affordable units must be built concurrently at a ratio of four to one. Affordable units, which are counted against this ratio, may not receive City or Redevelopment Agency subsidy.") denies affordable housing developers access to the normal City funding, FROG expressed concern there would be less funding available for Greenbelt acquisition since private developers would also need to

finance affordable housing. FROG concurred with bullet #11 of Exhibit C in that a specific determined amount of the Greenbelt should be acquired before the next phase of development can proceed.

- Don Gralnek, president of the Land Trust for Santa Clara County, indicated that the Land Trust has been successful in cooperating with the OSA and SCVWD. The Land Trust has been effective in protecting butterflies at Tulare Hill and the Metcalf Energy Center. He indicated that the Land Trust is looking forward to being an effective partner in open space acquisition.
- Brian Schmidt, with the Committee for Green Foothills, asked if the Timing and Logistical Requirements would replace the triggers set forth in the General Plan or if it would create new triggers. He speculated that new requirements would replace the triggers. He asked the Task Force to think about what triggers are currently in the General Plan, what is wrong with them and why change them. Brian recommended that the item come back to the Task Force with a comparative memorandum evaluating the Timing and Logistical Requirements with the General Plan triggers. He also recommended that the memorandum address why residential development with less than 40 DU/AC is required to pay for Greenbelt acquisition. He recommended that a comparison be provided to the agricultural mitigation requirements used in Gilroy and Livermore. Brian asked what the bullet under Item #13 of Attachment I meant regarding "sub regions (phases) are not required to have geographic continuity. He thought development would begin at the lake.
- Consuelo Crosby, a property owner in the South Coyote, indicated that she is against the Plan. She asked what Item #1 of Attachment I meant and whether this meant that Greenbelt property owners could sell their land. Consuelo indicated that Item #2 of Attachment I is against property owners rights. She believes that it is unfair to Greenbelt property owners that the Greenline will not move and that North and Mid-Coyote can develop, but South Coyote cannot.
- Jo Crosby, a property owner in the South Coyote, said people are planning for North- and Mid-Coyote, but not the Greenbelt. He indicated that requiring residential development with less than 40 DU/AC would force people to build at higher densities, thus making the Greenbelt more important than ever. Jo did not understand how requiring residential development with less than 40 DU/AC to pay for Greenbelt acquisition would benefit the Greenbelt. He recommended increasing the percentage of affordable housing because that is what Greenbelt property owners would need.
- Roger Costa indicated that the City has taken a sensitive approach to the area and the Council's guidelines by preserving buffers along the east side of Monterey Highway and south of Palm Avenue. He said that requiring residential development with less than 40 DU/AC would unfairly shift costs to these buffer areas. Roger recommended removing the 40 DU/AC restriction since high-density development is already planned, and assessing South County's needs.

#### **4. Discussion of Infrastructure and Financing Considerations:**

Jim Thompson, with HMM Engineers, discussed the CVSP infrastructure elements. Infrastructure considerations include analyzing existing major infrastructure systems, identifying constraints, identifying feasible construction increments, incorporating construction timelines for increments, mitigating requirements for increments of construction, and identifying opportunities.

Jim Musbach, with Economic and Planning Systems (EPS), discussed the CVSP financing approaches. The principles for financing considerations are to meet financing underwriting criteria, account for all cost burdens, allocate financial burdens based on equity and feasibility, maximize support of key infrastructure, facilitate flexibility to individual property owners, reimburse property owners for oversizing, compensate for disproportionate land dedication, and minimize implementation uncertainty.

The Task Force provided the following questions and comments:

- What is the public realm? *Jim Thompson explained that the public realm includes schools, parks, police stations, etc.*
- The presentation was general and did not show any infrastructure and financing information specific to Coyote Valley. *Laurel explained that it is important to have an infrastructure and financing context for understanding phasing and financing.*
- It is important to understand the regulatory environment in order to create a strategy that can be implemented. Recommended creating a matrix showing what is currently approved and permitted, and what is still needed.
- Need to know what can be phased and what cannot be phased.
- It is not necessarily appropriate to phase what is easiest to accomplish first, rather than the key elements for significant place making.
- Recommended having different phasing scenarios to choose from.
- Need to be mindful of existing conditions. Existing permit approvals should be included in the initial phases.
- Did not mean to phase what is easiest, but need to use that to build as efficiently as possible.
- Plans for the Laguna Seca flood facility has already been approved by environmental and resource agencies. Recommended including the flood facility early in the phasing to provide jobs and to get the plan off the ground.

Co-chair Williams asked for comments from the public and the following were provided:

- Kirsten Powell, representing the Morgan Hill Unified School District (MHUSD), indicated that the MHUSD is concerned that the City and the School District cannot agree on student generation rates. She indicated that this needs to be resolved before they come up with a school master plan. She indicated that the proposed school site sizes are inadequate and that they need to compromise. She indicated that the City is asking the MHUSD to change its current educational specifications. She asked the City and Task Force to reconsider changing

the schools from grades K-6 to K-5 and from grades 7-8 to 6-8. The school district would like to make decisions impacting its students.

## **5. Public Comments:**

- Frank Crane, representing the Mikami family, indicated that an attractive housing situation is needed in order to attract jobs. He indicated that some properties on the east side of Monterey Highway have already been annexed to the City, with infrastructure planned by the City for many years, are currently within the City limits and is easily accessible to roadways.
- Brian Schmidt, with the Committee for Green Foothills, indicated that the Council's goal of 50,000 jobs primarily includes industry-driving jobs, but not exclusively. The 50,000 jobs and 25,000 residential units minimums have not been addressed except as a number. He expressed concern about whether Coyote Valley would make the city's housing crisis worse since Coyote provides an insufficient amount of housing for the number of jobs planned.
- Michele Beasley, with the Greenbelt Alliance, stated that she was encouraged to see the memorandum. She indicated that it is important to mitigate the loss of open space. Michele said that it was good to see the Greenbelt as a high priority. Important to ensure open space impacts are mitigated. She indicated that there would be a 3,500-acre loss of agricultural land. Michele recommended that the City provide for 1:1 agriculture mitigation (one acre mitigated for every one acre developed), similar to the one in Gilroy. She recommended that the City not only protect the Greenbelt, but also other ridgeline and hillside areas. The Task Force needs to identify what acreage should be protected and the cost for open space acquisition since \$15 million not enough. Michele said that it was good to see a 20 percent affordable housing requirement, but that ELI affordable housing is also needed. She stated that good urban planning should look seriously at options that create a more vibrant, walkable community. Michele also asked that the Greenbelt Alliance's *Getting It Right* be analyzed in the EIR as a project alternative.
- Richard DeSmet, with the Coyote Valley Alliance for Smart Planning, indicated that this was the best meeting he has attended. He appreciated that the Task Force for addressing Greenbelt issues and how to preserve it, and cannot wait for the next discussion. A lot of discussion and good comments.

## **6. Adjourn:**

Co-chair Mayor Ron Gonzales recommended starting each Task Force meeting with an update of the CVSP, where we are at in the process and when the next meetings are scheduled. He would like this to be a consistent item on the agenda. He would also like to provide an overview of what is planned for subsequent meetings.

The meeting was adjourned at approximately 7:38 p.m. The next Task Force meeting will take place on June 20, 2005.

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