

Coyote Valley Specific Plan

Approach to Phasing Development

Background:

The Coyote Valley Specific Plan (CVSP) is the City's comprehensive plan for Coyote Valley that sets forth the form of development, where it should occur, and the policies that govern it.

In contrast to some large scale master plans which consist of a small number of parcels and owners, the approximately 3,400 acres of CVSP have been significantly parcelized with almost 300 owners. This fractious landscape produces significant challenges for the financing and orderly development of capital improvements required to accommodate the future population of Coyote Valley. Also challenging is the sequencing of incremental growth of development to build-out and the equitable distribution of development opportunities amongst the various holders of property.

The City must include a Financing and Implementation Plan in the CVSP document that explains how development is expected to be phased over time, what infrastructure, facilities and services are required with each stage, and how those components will be financed. A reasonable, logical, and feasible plan that illustrates the likely timing of potential environmental impacts and corresponding mitigation measures is also required by the California Environmental Quality Act (CEQA). Therefore, City Staff is looking to the Task Force to make phasing recommendations to enable completion of the appropriate analysis in the Revised and Recirculated Draft Environmental Impact Report.

Phasing of Development:

The form and character of the Coyote Valley Specific Plan is decidedly urban, with even higher intensities of development anticipated at certain focal locations, corresponding to the 50,000 industry-driving jobs, 25,000 dwellings, and associated capital improvements and community facilities that must be accommodated within its boundaries. These focal locations, comprising workplace and mixed-use nodes and corridors, include six gateway locations at Santa Teresa Boulevard, Bailey Avenue and the proposed Coyote Valley Parkway, Coyote core around the proposed lake, and the Santa Teresa corridor southerly of the lake.

The Coyote Valley Specific Plan is anticipated to develop over a period of about 40 years. There is no specific, geographic-based, phasing plan that is typical of the kind of community envisioned for CVSP. Rather, the uniform spatial distribution of these nodes and corridors, together with the plan's compact form and overall density, allow for a phasing strategy that is not rigidly regulated to start and grow from one particular geographic location.

Given the scale of the community and the amount of public infrastructure required to serve each phase of development, it is assumed that backbone infrastructure will be funded through a combination of upfront developer investments and bond financing vehicles such as CFD's

(Mello Roos Community Facilities Districts), or similar mechanisms. These types of funding districts are formed through the voluntary participation of property owners and real property is used as collateral for the bonds. Property owners participating in each phase would be subject to liens on their properties. The amount of funds raised is proportional to the value of land in each phase. Residential land values are expected to be significantly higher than commercial/industrial lands.

Goals to Create a Unique Place in Coyote Valley:

The goals for creating a unique place in Coyote Valley are based on maximum flexibility, reliance on the market demand for various uses, and the readiness of the property owners to build, while ensuring that housing development does not outpace jobs:

1. Ensure that the **character-giving** backbone infrastructure of CVSP is realized very early in the first phase of development. This includes the proposed lake and International Park, realignment of Santa Teresa Boulevard around the lake, extension of Santa Teresa Boulevard southward from the lake, realignment of Bailey Avenue north of the lake, the Caltrain multi-modal station, portions of the fixed transit guideway through the core and selected areas, and the realignment of Fisher Creek.

It is anticipated that the early activation of these character-giving infrastructure elements would present a catalyst for the market place to seek development in the core and to grow organically over time. The goal is to establish an early identity for Coyote Valley in terms of its urban, lake front character, and its work, recreation and lifestyle amenities to help attract both jobs and residents to the community;

2. Ensure orderly, safe, and logical development;
3. Activate key nodes and corridors that define the unique community character of Coyote Valley.
4. Ensure that increments of growth achieve sustainable integrated development by establishing early relationship between land use, transportation, and the environmental footprint;
5. Ensure that increments of development that proceed ahead the logical infrastructure sequencing pay for the cost of extending the core infrastructure to their project, subject to future reimbursement; and
6. Review and monitor increments of growth at the end of each phase to ensure that the allowed jobs/housing concurrency, diversity of housing, affordable housing, and community facilities goals, and other requirements such as project impact mitigations, greenbelt preservation, etc. are being accomplished prior to activating the next phase for residential development.

Implementation Principles:

The Task Force has established specific principles to accomplish the goals and guide the implementation of incremental growth of capital improvements, community facilities and private development through the build-out of the Coyote Valley Specific Plan. These principles include:

1. Identify the “trip points” for major infrastructure investments based on the amount of development;
2. Maximize the use of existing infrastructure capacity and build infrastructure to support additional increments of growth;
3. Facilitate development by the property owners who are ready to build if they are willing to provide required infrastructure;
4. Commit to the creation of an urban place;
5. Grow the community consistent with the environmental footprint;
6. Construct community facilities and establish public services (e.g., schools, parks, public safety, etc.) to support the working and resident population of each phase;
7. Ensure that phasing is fiscally sound for the delivery of City services for both operations and maintenance;
8. Facilitate opportunities for the development of a diversity of housing types/products, and the proportional share of affordable housing in each phase;
9. Mitigate potential impacts of the project ahead of, or concurrent with, each increment of growth (mitigations, South Coyote Valley Greenbelt implementation, etc); and
10. Ensure community coherence and sustainability in each phase and build the Coyote Valley community to last.

Project Phasing:

Based on feedback from the Task Force at the September 10th meeting, Staff has prepared a Phasing Plan that includes three basic phases. Each phase includes an allotment of jobs and housing development based on a 2:1 jobs/housing ratio. Additional residential development would only be allowed in subsequent phases after the minimum job requirement is met in each phase. The job allotments are minimums, and may only be limited by lack of infrastructure capacity.

If directed by the Task Force, City Staff and consultants would further develop this Phasing Plan with a complete inventory of infrastructure and community facilities, test it for financial and fiscal feasibility, and present it to the Task Force for additional input. After final input from the Task Force, the Phasing Plan would be included in the Implementation Chapter of the Specific Plan as well as in the Revised and Recirculated Draft EIR.

The suggested Phasing Plan is illustrated in the table below:

CVSP Phasing Plan

Phase	Cumulative	
	Min. Jobs	Max. Housing
I ¹	20,000	10,000
II	40,000	20,000
III	50,000	25,000

The suggested Phasing Plan is intended to allow a significant portion of jobs and housing to be constructed in Phase I to enable financing of the key “place making” infrastructure in the early stages of the project. Phases I and II each contain 10,000 units and an additional increment of at least 20,000 jobs. Phase III contains the final increment of housing (5,000 units) and the balance of the jobs (10,000). The Task Force may wish to consider allowing residential development to proceed once a portion of the jobs are accomplished in each phase. For example, the Director of Planning could be given the discretion to allow residential development to proceed after 75% of the jobs in the phase have been generated. This would allow implementation of the plan to move forward more fluidly and to provide a jumpstart to infrastructure construction in each phase.

The San Jose 2020 General Plan requires that 5,000 new jobs be created in North Coyote Valley (in addition to meeting other fiscal and economic triggers) before any new housing is constructed. The first 5,000 jobs could be served by existing infrastructure. However, the land value associated with 5,000 jobs is not considered sufficient to fund the key “place making” infrastructure and therefore this requirement would likely delay the overall early activation of development of the CVSP. Additionally, the construction of mixed-use developments combining commercial and residential uses in buildings would not be permitted until the 5,000 jobs requirement has been met.

Should the City Council decide in the future to modify the requirements contained in the existing 2020 General Plan, this Phasing Plan could also accommodate a concurrent approach where housing is permitted to move forward together with jobs within the first phase. This approach would provide several benefits, including: 1) help establish the project’s identity as a mixed use community from the outset; 2) provide a funding mechanism to start key “place making” infrastructure; 3) help attract initial jobs to Coyote Valley by providing a ready and diverse supply of housing; 4) reduce traffic congestion on regional roadways by allowing those working in Coyote Valley to live there as well; and 5) by establishing a resident population in Coyote

¹ Phase I could allow either sequential development (e.g. 5,000 jobs and 0 housing, followed by 15,000 jobs and 10,000 housing units) or concurrent jobs/housing to allow early opportunities for vertical mixed-use buildings.

Valley in addition to a workforce, provide support for the early development of a retail base in the community core.

Next Steps:

At the Task Force meeting on October 15th, the Task Force may wish to discuss alternative phasing scenarios in addition to the suggested Phasing Plan and the differences in how each would affect the goals and principles outlined above. The Task Force may consider providing input on the following:

1. Is the proposed phasing approach appropriate?
2. Does the proposed phasing plan meet the goals and principles established by the Task Force?
3. Any adjustment requests?
4. Is level of place-making and other infrastructure elements in the first phase appropriate?