



# Memorandum

**TO: PLANNING COMMISSION**

**FROM: JOSEPH HORWEDEL**

**SUBJECT: COYOTE VALLEY SPECIFIC  
PLAN PROGRESS REPORT**

**DATE: March 5, 2007**

**Council District: 2  
SNI Area: N/A**

## **EXECUTIVE SUMMARY**

Since the last Planning Commission Study Session on the Coyote Valley Specific Plan (CVSP) in July 2004, City staff have worked with the consultant team, the CVSP Task Force, property owners, the community and other stakeholders on the development of the CVSP. The Initial Draft of the CVSP was released for public review in December 2006, a copy of which was distributed to the Planning Commission a few weeks ago.

The Initial Draft contains a conceptual land use plan consistent with the project description presented to the City Council in January 2006 and proposed policies to ensure a high quality of development, environmental protection, green building, and other objectives. Suggestions for implementation include a preliminary affordable housing strategy as well as a framework for establishing a permanent non-urban buffer or Greenbelt in South Coyote Valley.

The Initial Draft is still a working draft and is subject to change. It will be refined throughout the upcoming months to reflect findings of the Environmental Impact Report (EIR), and comments provided during the review period. The EIR is expected to be released by late March 2007. The City welcomes comments from the Planning Commission and all other interested stakeholders.

The form-based zoning for the CVSP and the phasing, financing and implementation strategies are under preparation and will be discussed over the next several months. The planning effort is expected to conclude in 2007, with Council consideration in the Fall.



The purpose of this Study Session is to provide the Commission an update on the progress of the Specific Plan process and to accept the Commission's input regarding the Initial Draft Coyote Valley Specific Plan document.

The remainder of this report provides a description of the CVSP process.

## **ANALYSIS:**

### **Development of the Coyote Valley Specific Plan**

In August 2002, the Mayor and City Council initiated the preparation of a specific plan for Coyote Valley. The Coyote Valley Specific Plan (CVSP) area consists of 7,000 acres of mostly undeveloped land in the southern reaches of the City of San Jose. The CVSP area is generally bounded by Tulare Hill to the north, Highway 101/foothills to the east, the City of Morgan Hill to the south, and the hills to the west. It is divided into three sub-areas, each with a different existing land use designation per the San Jose 2020 General Plan: the North Coyote Valley Campus Industrial area (1,400 acres), the mid-Coyote Urban Reserve (2,000 acres), and the South Coyote Valley Greenbelt to the south (3,600 acres).

San Jose made smart-growth decisions two decades ago for balanced development in Coyote Valley that would benefit San Jose and the entire region. The General Plan calls for a specific plan for the North and Mid-Coyote Valley to create a vibrant mix of 50,000 new jobs and 25,000 new housing units oriented around transit and community services. The Plan should be pedestrian and bicycle-friendly and highly livable with a variety of housing types. South Coyote Valley is designated as a Greenbelt to ensure that a non-urban buffer remains between San Jose and Morgan Hill.

The Coyote Valley Specific Plan is a prerequisite to any development in the Coyote Valley Urban Reserve and any residential development in Mid or North Coyote Valley.. In addition, the General Plan includes "triggers", or prerequisite conditions, that require the provision of 5,000 new jobs (as evidenced by the issuance of building permits) prior to residential development, and requires that the City's fiscal condition be stable, predictable and adequate in the long term.

To ensure that the CVSP adheres to specific General Plan goals, the City Council adopted a vision statement with 16 expected outcomes for Coyote Valley at the time that they initiated the CVSP (See page 13 in the Initial Draft).

Major features of this vision include:

- Urban development in North and mid-Coyote of at least 50,000 jobs and 25,000 housing units, of which 20% would be affordable.

- The urban community to be highly livable, pedestrian and transit friendly with a variety of housing types, schools, parklands, trails, bicycle paths, transit, commercial centers, job centers, and other community services.
- The Coyote Valley Specific Plan should include Central and North Coyote for land planning and the South Coyote Valley Greenbelt in the infrastructure financing mechanism only.

The City Council also appointed a 20-member Task Force, co-chaired by Councilmember Forrest Williams and Nancy Pyle (formerly co-chaired by Mayor Gonzales), to guide the preparation of the Coyote Valley Specific Plan. The Task Force includes County Supervisor Don Gage, business representatives, property owners, environmental advocates and other stakeholders. The Task Force has met once a month with occasional additional meetings throughout the plan development process.

The Specific Plan effort is being led by City Planning staff and a multi-disciplinary consultant team including Dahlin Group, KenKay Associates, Economic and Planning Systems, HMM Engineers and APEX Strategies (facilitation). Other consultants include Crawford, Multari and Clark Associates (zoning) and David J. Powers & Associates (EIR), Wetlands Research Associates (Biotics), Schaaf & Wheeler (hydrology), ENGEO (Geology), Hexagon (Traffic), Basin Research (Historic and Cultural ) and Lowney Associates (Hazardous Materials).

The preparation of the Coyote Valley Specific Plan provides an opportunity to design and facilitate the creation of a new community that is sensitive to its environment, integrates land uses and all modes of transportation, provides affordable housing, and meets other objectives embodied in the San Jose 2020 General Plan.

The magnitude of the Coyote Valley Specific Plan (CVSP) is far greater than any specific plan completed to date in San Jose. In addition, the issues associated with Coyote Valley are vastly more complex due to environmental opportunities and constraints, infrastructure and community facility needs, financing, etc.

The Coyote Valley planning effort involves the preparation of a specific plan, which specifies the land uses, transportation system, public facilities, and infrastructure for the new community. Associated elements of the CVSP include a land use plan, form-based zoning, a phasing, financing and implementation strategies, market analyses, fiscal impact study, and Environmental Impact Report. This package is expected to be considered by the Planning Commission and City Council in winter 2007.

### **Community Outreach and Task Force**

Community participation has been key to the Coyote Valley Specific Plan (CVSP) process since its inception. In keeping with the City's long-standing practice of involving the community in its planning efforts, and given the scale, complexity, and civic and regional significance of the

CVSP, the Task Force recommended an extensive community participation program early on in the planning process.

The CVSP effort has proceeded with a broad community outreach program with many other governmental agencies, as well as the participation of affected property owners, developers, residents, and other community stakeholders. On-going discussions with a variety of governmental agencies have taken place, as well. To date, there have been 53 Task Force meetings, 13 community meetings and numerous presentations to local agencies and commissions. Weekend workshops have drawn an average attendance of over 140 attendees, with the monthly Task Force meetings averaging approximately 50 people. The City staff and consultants have met several times with the various property owner groups and other stakeholders to discuss the progress of the specific plan. A Technical Advisory Committee with public agencies and non-profit organizations has met 26 times, and there have been numerous technical sub-committee and focus group meetings.

In keeping with the spirit to promote a wider participation and dialogue on the CVSP, staff has also made periodic status report presentations to senior staff of key City Departments and public agencies including the Department of Public Works, Valley Transportation Authority, Santa Clara Valley Water District, County Parks and Recreation, and County Environmental Resources Agency. City and County Commissions have also been provided with progress reports at key stages of the process including the City's Housing, Parks, and Historic Landmarks Commissions, as well as the County's Planning, and Parks and Recreation Commissions. In addition, there have been regular progress reports and study sessions with the City Council to keep them updated on the development of the CVSP.

The CVSP process is also supported by a frequently updated website at [www.sanjoseca.gov/coyotevalley/](http://www.sanjoseca.gov/coyotevalley/). The website is a critical outreach tool as it allows 24-hour-a-day, real time access to announcements of upcoming CVSP events, as well as all agendas, reports, presentations, and publications that have previously been discussed at Task Force meetings and community workshops. It has also enabled people from far and wide to transmit their input or inquiries to staff on the CVSP via email.

Task Force meetings and community workshops are open to the public and are professionally facilitated by Eileen Goodwin of APEX Strategies. While most participants in these meetings have typically come from the San Jose metropolitan area, we have had participation from other counties, including Alameda, Contra Costa and San Benito.

The degree of outreach and public participation involved in the CVSP process is unprecedented for any previous planning effort in San Jose. Community meetings are routinely advertised in community newspapers and by post card mailings and e-mail notifications. The CVSP process has had television, radio, and newspaper coverage. Seven community newsletters and a Specific Plan Progress Report Brochure have been sent to a 1,600-person database to keep the public apprised of critical stages of the planning process.

The Environmental Impact Report has been under preparation for the last year and a half, and is expected to be circulated for public review by late March 2007. It will be placed in the local libraries, posted on the CVSP website, available by CD and hard copy upon request.

### **Unique Approach to the Specific Plan Process**

Because of the potential sensitivity of several environmental resources in Coyote Valley, and the City's desire to create a model community based on innovative planning and design, the Task Force and CVSP planning team embarked on a new approach for preparing this specific plan. The approach involved a shift from a land planning driven process to one that evolved from the existing natural environment or Environmental Footprint. This approach led to a multi-phased planning process including: a) Technical Analysis; b) Foundation Infrastructure and Land Use Concepts; and c) Development of the CVSP and EIR. All of these phases have included monthly Task Force meetings, Technical Advisory Committee meetings, City Working Group meetings, community workshops, focus groups and property owner meetings.

#### Technical Analysis (July – December 2003)

The first phase consisted of the completion of background information regarding existing conditions, constraints, and opportunities within the Valley. It involved compiling existing data, collecting new data as needed, and documenting and mapping the information for use in subsequent phases of the project. The technical areas covered in this phase included land use, biology, hydrology, geology, hazardous materials, traffic, civil engineering, and archeology/historic resources. These analyses and data provide the background information for subsequent phases of the CVSP, as well as the existing setting sections of the CVSP Environmental Impact Report (EIR).

#### Foundational Infrastructure and Land Use Concepts (January – September 2004)

This phase consisted of developing a preliminary land planning and urban design framework for the specific plan, formulating the building blocks of the new Coyote community, and creating conceptual design alternatives for potential infrastructure systems. The conceptual design alternatives were analyzed against several criteria such as technical, economic and regulatory feasibility, cost versus value, social equity, etc. by the CVSP consultants, City staff, and public agencies such as the Valley Transportation Authority and Santa Clara Valley Water District.

These analyses culminated in a draft Composite Framework of potential infrastructure elements, which the CVSP staff and consultants presented to the Task Force in August 2004. The Task Force accepted the draft Composite Framework as a skeletal foundation for the draft land use plan, subject to further refinement and change.

The draft Composite Framework included the following four potential infrastructure elements:

- A focal lake, providing flood storage near the intersection of Bailey Avenue and Santa Teresa Boulevard, is envisioned as a future community core and catalyst for starting development in Coyote Valley.
- A spoke configured transit system provides Coyote Valley the most coverage and flexibility for future growth. In the near term, it is envisioned that the transit could circulate on a fixed guide-way with fun custom-designed rubber-tired “Bus Rapid Transit” vehicles, with possible transition to other technologies including rail in the far term.
- The restoration of Fisher Creek involves its reconstruction in the original location along the hillsides to the west of the CVSP area, as evidenced in a Thompson and West map dated 1876, before it was channelized in its current configuration. Relocation could provide for additional flood conveyance, which would be required to contain runoff resulting from urban development in North and Mid-Coyote.
- A multi-function parkway system with merges and loops handles a high volume of traffic instead of traditional streets. The parkway could be landscaped and contain bio-filtration swales to treat urban runoff prior to entering the focal lake and Fisher Creek.

In September, 2005 the City Council accepted the draft Composite Framework and reaffirmed the City Council’s Vision and Expected Outcomes, originally considered by the Council in August 2002.

Development of the CVSP and Continued Preparation of the EIR (October 2004 –December 2005)

This phase identified the locations of land uses, determined infrastructure and community service needs, formulated financing and implementation concepts and evaluated some initial phasing of the plan elements.

City staff and the consultant team worked closely with the Task Force, community, property owners and other stakeholders to develop the Draft Land Use Concept, based on the Environmental Footprint and the Composite Infrastructure. Regular City Council progress reports and study sessions were presented to the City Council throughout this process.

In January 2005, the City Council accepted a progress report on the Draft Land Use Concept Plan, and authorized the preparation of the Environmental Impact Report. The Land Use Concept Plan fully integrated land uses into a fine grain of mixed-use neighborhoods that are walkable and connected to transit, amenities and services and to the surrounding natural environment. Community meetings were held in late spring and fall of 2005 to gather more input regarding each of the Planning Areas (A through L) in the Plan. Larger scale plans (200 to 300-scale maps) with much greater detail were presented and reviewed at the community meetings. Community members were able to review and comment on all of the planning areas by rotating through a series of tables grouped by planning area.

The CVSP Market Analysis, prepared by Economic Planning Systems (EPS), posted on the CVSP website, concluded that:

- Planning for industry-driving jobs in Coyote Valley should include a broad mix of locations including campus, mid and high-rise office and multi-tenant spaces;
- The CVSP goal of 50,000 jobs would be achieved over several decades and may include driving industries such as computers, software, electrical, internet, and bioscience among others;
- Future industries would demand more office space and higher density buildings;
- Major development and redevelopment of other sub areas in San Jose is expected to occur even with the development in Coyote Valley;
- The CVSP goal of Coyote Valley's fiscal self-sufficiency means that other areas of the City won't subsidize Coyote Valley;
- Workplace development in Coyote Valley advances the goal of alleviating traffic congestion through job distribution.

City policies require that new development "pay its own way" and the City Council's Vision for the CVSP requires that the CVSP be "financially feasible for new development". Based on a preliminary developer-funded infrastructure cost estimate of 1.5 billion dollars, the team's economist, Economic Planning Systems (EPS), concluded that the projected values of the proposed development would be sufficient to cover the estimated infrastructure cost. The plan was deemed to be financially feasible, based on the preliminary cost and value estimates. More detailed work will be done over the next several months to develop specific phasing and financing programs needed to implement the CVSP.

City staff and the consultant team met with the Morgan Hill Unified School District (MHUSD) for over a year to develop an approach to create high quality schools in Coyote Valley. There was general consensus regarding the overall school site locations, grade configurations and shared schools and parks concept. The Plan includes nine elementary schools, two middle schools and one 60-acre collegiate-style high school campus for two high schools with some shared facilities. There is still more work to be done over the next several months on the high schools campus concept, since the MHUSD prefers two separate high school campuses for 1,500 students each, rather than the proposed single collegiate-style campus for two high schools.

During this period the Task Force also discussed timing and logistical requirements and several different jobs-to-housing scenarios, however there will be more discussion needed in the next several months regarding phasing scenarios.

Continued Development of the CVSP and EIR (January 2006 – March 2007)

The Land Use Concept Plan formed the basis for the Project Description, which was accepted in January 2006 by the City Council, on which the Environmental Impact Report and the Initial Draft of the CVSP are based.

The CVSP Fiscal Impact Analysis, presented in Spring 2006, evaluated the impact of the build-out of the CVSP on the City's general Fund, and presented ways to mitigate any fiscal deficits to ensure that the CVSP is self-sustaining (The Fiscal Impact Report is posted on the front page of the CVSP website.) It analyzed the fiscal impacts of the five different jobs-to housing phasing scenarios discussed by the Task Force:

- Scenario 1 (2 to 1 jobs to housing units from day one).
- Scenario 2 (up to 5,000 units, then no additional housing until 10,000 jobs in place).
- Scenario 3 (5,000 jobs first, then market-based development, which conforms to the current General Plan 2020 triggers).
- Scenario 4 (market-based absorption until major infrastructure is in place, and then 2-to-1 jobs to housing until build-out).
- Scenario 5 (3,000 jobs for 3,000 units; unit cap at 10,000 until 15,000 jobs in place).

The report concluded that all five scenarios are expected to result in fiscal deficits in the early years of development, after which all scenarios are expected to result in fiscal surpluses. The study recommends supplementary fiscal mitigation measures to offset the deficits in the early years, and ensure that the Plan is self-sustaining (such as community facilities districts, benefit assessment districts and homeowners' association (HOA) fees, among others).

An innovative Draft Affordable Housing Strategy was presented to the Task Force in Spring 2006, to implement the Council-directed expected outcome that "20 % of the units in the CVSP be affordable below-market rate units." The Draft Affordable Housing Strategy (also described in greater detail in the Initial Draft CVSP) was developed by City staff, the consultant team and a focus group comprised of affordable and market rate housing developers and representatives of several housing interest groups. The Strategy includes a variety of implementation tools including land dedication to a "land bank" or payment of in-lieu fees and the provision of inclusionary units to achieve the required 20% affordable units for a range of housing income levels.

The City Council Vision requires that the CVSP "seek mechanisms to facilitate the permanent acquisition of fee title or conservation easements in South Coyote Valley Greenbelt" to help ensure the preservation of the Greenbelt as a non-urban buffer between the cities of San Jose and Morgan Hill.

The City's General Plan has included the concept of a Greenbelt in South Coyote Valley since 1984. That policy was later reaffirmed in the General Plan update called San Jose 2020. In addition, the Urban Growth Boundary (UGB) located at Palm Avenue was adopted in 1996. The

Greenbelt is outside the UGB and urban services are not planned to be extended into the Greenbelt. In 2000, the voters approved a ballot measure that specified that the UGB could only be modified or repealed by the voters of San Jose. In 2001, the County of Santa Clara and the cities of San Jose and Morgan Hill also accepted the “Interim Planning Principles of the Coyote Valley Greenbelt”, which endorsed the preservation of the Greenbelt as a non-urban buffer between San Jose and Morgan Hill.

Since the inception of this planning effort, the CVSP staff and consultants have had several meetings with the South Coyote Valley Greenbelt property owners, including two community meetings and various smaller group meetings to explain that the South Coyote Valley Greenbelt is meant to remain a non-urban buffer between the cities of San Jose and Morgan Hill. Staff has also engaged the services of Sibella Kraus (SAGE), a specialist in urban edge farming and specialty agriculture, to research potential Greenbelt strategies and opportunities. (The Greenbelt Research Report is posted on the CVSP website, and the Greenbelt Strategy is described in greater detail in the Initial Draft CVSP.)

Throughout this process, staff has encountered concerns from the South Coyote Valley Greenbelt property owners who feel excluded from the process, as their lands are not being planned for urban development. Their experiences indicate that agriculture is not viable any more, and they have continued to request that urban development be allowed in the Greenbelt. With a few exceptions, the South Coyote Valley Greenbelt properties are unincorporated and planned and zoned for Agriculture, requiring 20 to 40-acre minimum parcel sizes. The County’s long-standing regulations seek to maintain this area as a “greenbelt”, consistent with the San Jose 2020 General Plan.

In early 2006 the CVSP Task Force and City Council considered the Draft Greenbelt Strategy which envisions the establishment of a framework to create and sustain a rural environment to support high value rural residential home sites, active open space and related recreation, conservation and various forms of small scale agriculture. The strategy would involve the creation of a non-profit entity to facilitate the envisioned mix of uses, negotiate and acquire easements or fee title purchases, work on “branding” Coyote Valley produce, coordinate buffering between urban uses to the north and the Greenbelt uses, coordinate and connect existing property owners with small scale farmers and raise funds. Funding would be from a number of sources, with possible seed money from the development in the North and Mid-Coyote Valley areas.

The Planning Area Detail Appendix (an appendix to the Initial Draft CVSP), was released in June 2006; and is a working draft, and containing detailed discussion and additional ideas for each of the CVSP 12 planning areas. It was released early to obtain comments to help refine the Initial Draft CVSP. (a CD of the Planning Area Detail Appendix is included in the Planning Commission packet)

An overview of the approach to form-based zoning for the CVSP was presented to the Task Force and the City Council in Summer 2006. Form-based zoning will ensure that future developers would execute the overall plan according to the CVSP Vision. It will facilitate a more

streamlined permit process and establish specific performance standards for streets, streetscapes and building form, mass and style. Form-based codes are less prescriptive in land uses than conventional codes, and emphasize a mixture of land uses rather than segregated land uses. The form-based codes also focus on how buildings relate to the “public realm”, rather than merely regulating the building setbacks, height and Floor Area Ratios (FARs).

In the fall 2006, several study sessions were presented to the Task Force and the City Council regarding topics that will be analyzed in the EIR such as water supply and stormwater management among others.

Next Steps in the Development of the CVSP (March – December 2007)

After the EIR is circulated for public review by late March, the land use plan will undergo refinement based on comments received and the mitigation measures identified in the EIR. In addition, the CVSP form-based zoning and the phasing, financing and implementation strategies will be developed. It is expected that the CVSP package will be presented to the Planning Commission and the City Council for consideration in late 2007.

JOSEPH HORWEDEL, DIRECTOR  
Planning, Building and Code Enforcement

Attachments:

1. CD of the Planning Area Detail Appendix
2. Initial Draft of the CVSP (transmitted previously)