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PLANNING DEPARTMENT

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GOVERNMENTAL CENTER



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COUNTY OF SANTA CRUZ

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Agenda Date: October 3, 2000

Date: September 27, 2000

Board of Supervisors  
County of Santa Cruz  
701 Ocean Street  
Santa Cruz, CA 95060

**Subject: Authorization to Appeal Certification of Coyote Valley Research Park EIR to San Jose City Council**

Members of the Board:

As your Board is aware, the City of San Jose is processing and application by Cisco Systems to develop a 6.6 million square foot research park in the Coyote Valley area. This development, which will house 20,000 employees, has been discussed by your Board relative to its impacts on traffic, housing, and air quality. The Final EIR for the project has been released and the City of San Jose has published a schedule for various actions on the project. This schedule envisions two hearings before the City of San Jose Planning Commission, one on September 27<sup>th</sup> and one on October 5<sup>th</sup>.

The responsibility for certifying EIR's in the City of San Jose lies with the Planning Commission, and this action is appealable to the City Council. The County of Santa Cruz, in concert with other AMBAG member agencies, submitted comments on the Draft EIR. The Final EIR was unresponsive to our concerns. Correspondence signed by Supervisor Wormhoudt (Attachment 1) detailing the inadequacies of the Final EIR was directed to the City Planning Commission for their consideration at their September 27<sup>th</sup> public hearing.


In the event that the City Planning Commission certifies the EIR on October, 5<sup>th</sup>, an appeal of that action would need to be received by the City by 5 p.m. on Tuesday, October 10<sup>th</sup>. Because your Board does not meet on October 10<sup>th</sup>, due to the Columbus Day holiday, we are requesting that you authorize the Planning Director to file an appeal of this action on behalf of the County.

It is therefore RECOMMENDED that your Board authorize the Planning Director to file an appeal, on behalf of the County, of the determination to certify the Coyote Valley Research Park EIR, should the San Jose City Planning Commission take such an action on October 5, 2000.

Sincerely,

  
Alvin D. James  
Planning Director

RECOMMENDED:

  
Susan A. Mauriello  
County Administrative Officer

Attachments: 1. Correspondence to San Jose Planning Commission

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# County of Santa Cruz

## BOARD OF SUPERVISORS

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September 18, 2000

City of San Jose Planning Commission  
San Jose City Hall Annex, Room 400  
801 North First Street  
San Jose, CA 95110-1795

### **Subject: Coyote Valley Research Park Final Environmental Impact Report**

Dear Members of the Commission:

Thank you for the opportunity to comment on the Coyote Valley Research Park project being considered by your Commission. This is an important, regionally significant project over which the public and neighboring jurisdictions have expressed a great deal of concern regarding a variety of environmental impacts.

### **DUE PROCESS CONCERN**

We believe that the abbreviated time line which has been established for this project severely hampers the ability of the concerned public to meaningfully evaluate and submit comments on the environmental document. The public comment period on the Draft EIR closed on March 29, 2000. Because of the volume and complexity of the comments received, it took the City of San Jose six months to complete the Final EIR releasing the document on September 14. The public was required to review, digest, and evaluate the Final EIR by September 19 if the comments were to be printed and delivered with the Planning Commission agenda packet for your September 27 meeting. The County of Santa Cruz, along with other neighboring jurisdictions, submitted a written request for an extension to the schedule for this item to be heard by your Commission in order to allow for adequate time to review the Final EIR and to prepare detailed comments. This request was denied. We believe that four business days is an unreasonable time frame which has the effect of stifling meaningful public debate.

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## SUBSTANTIVE CONCERNS REGARDING THE FINAL EIR

The County of Santa Cruz submitted comments on the Draft EIR which documented a number of shortcomings to that document. Following a review of the Final EIR, we assert that the City of San Jose has failed to respond to our concerns, that the information which the document contains does not comprise substantial evidence, as required by CEQA and the courts, and that the EIR is inadequate under the law. Our comments on the Final EIR follow.

### A. REGIONALLY SIGNIFICANT IMPACTS

The EIR fails to adequately evaluate and address regionally significant impacts. An EIR for a project of regional significance such as this project must contain an evaluation of impacts within the area affected by the project. Reliance on the assumed 80/20 percent trip distribution split defines the region expected to experience project-related impacts in a manner which defies logic and significantly distorts the impact analysis. We strongly disagree with, and challenge, the use of the assumption that 80 percent of project employees will reside to the north of the project site and that 20 percent will live to the south. This assumption is of critical importance, as it provides the filter through which project-related air quality, traffic, and housing impacts are evaluated. As a result, the EIR must contain substantial evidence in support of this assumption. The document completely fails in this regard.

### B. HOUSING DISTRIBUTION

In Santa Cruz County's April 21, 2000, comments on the DEIR, we challenged the validity of the assumption that 95% of Cisco's workforce will live in Santa Clara County and areas to the north of Santa Clara County. Appendix 10d of the first amendment to the DEIR includes the following response to our comment:

"The DEIR assumes that 80%, not 95%, of the Project's employees will live in Santa Clara County or further north."

Santa Cruz County continues to contend that the EIR's assumption that 80% of the employees will live north of the project and only 5% or 6% will live in counties to the south of the project is arbitrary and not supported by substantial evidence as required by CEQA. The EIR must properly analyze the likely residential distribution of employees of the project and then evaluate the true impacts of the project. Because of the magnitude of both 1) the concurrent job development that is occurring throughout Silicon Valley, 2) differential housing prices in the region, and 3) the secondary job creation that will occur as a result of the planned and proposed

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development, we believe that the housing demand from these factors also need to be addressed in the EIR.

The Sedway report was released with the Final EIR in an apparent attempt to bolster the City's assumption that the project will result in an 80/20% trip distribution split. However, the report does not bolster this assumption. Data in the Sedway report are presented in a deceptive and misleading manner and then used to support statements that are false. Statements related to locational trends in the housing market on pages 3 and 4 of the Sedway report are misleading. On pages 4 and 5, the Sedway report mixes statistics on housing units and households. It then draws the fallacious conclusion that there will be a slight northward shift in the number of housing units available in 2010.

If the correct data were used for this comparison, the author would have reported that the housing stock was shifting toward the south and not the north. The data needed for the correct calculation was readily available in the appendix to the Sedway report. The correct calculations are shown below for both the 45-minute and 90-minute commute sheds.

Corrections for Table 2

Household Growth (2000-2010) - 90 Minute Commute Shed

	North of Project		South of Project		Total Number
	Number	Percent	Number	Percent	
Households - 2000	971,060	77.4%	284,308	22.6%	1,255,368
Household change 2000-2010	84,647	65.5%	44,498	34.5%	129,145
Households - 2010	1,055,707	76.3%	328,806	23.7%	1,384,513
Rate of Increase 2000-2010	8.7%		15.7%		

The counties to the south of the project are growing more rapidly than Santa Clara County because they are experiencing net in-migration from Santa Clara County. This statement is substantiated by the following population projections from the California Department of Finance.

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These population projections are based on historic migration patterns within the region.

Population Projections (2000-2040)  
 (California Department of Finance)

<b>Santa Clara County</b>			<b>Southern Counties</b>				
<b>Year</b>	<b>Population</b>	<b>Growth Rates</b>	<b>Santa Cruz</b>	<b>Monterey</b>	<b>San Benito</b>	<b>Combined</b>	<b>Growth Rates</b>
2000	1,763,252		260,248	401,886	51,853	713,987	
2010	2,021,417	14.6%	309,206	479,638	68,040	856,884	20.0%
2020	2,196,750	8.7%	367,196	575,102	82,276	1,024,574	19.6%
2030	2,400,564	9.3%	430,078	700,064	97,941	1,228,083	19.9%
2040	2,595,253	8.1%	497,319	855,213	114,922	1,467,454	19.5%
growth 2000-2040		47.2%					105.5%

#### C. LABOR FORCE DISTRIBUTION

If the 80-20 split is based, even in part, on the current residential distribution of skilled workers throughout the region, the Sedway report should have noted that workers are far more mobile than employers. The report should have also noted that the current labor force distribution pattern is based on existing employment patterns and that the distribution will change once more jobs are located south of downtown San Jose. It is more common for people to move to a new location in order to satisfy their employment needs than it is for employers to move to where their labor force resides. The report should also have noted that employees who do not move immediately are likely to relocate to more convenient, inexpensive, and attractive locations over time.

#### D. HOUSING - GENERAL PLAN POLICIES AND LAND USE PAGES IV2- IV 4:

The EIR only considers the City's contribution to jobs and housing. Since the City is part of a greater Silicon Valley housing market, it is necessary to analyze the potential number of jobs and housing units in the entire market in order to understand the potential housing choices of the Cisco employees. A chart should be produced showing the number of jobs and housing units produced in San Jose and Santa Clara County over the last ten years as well as the numbers projected for the next ten. Although the Final EIR argues that the City is producing more than enough housing units to provide for the new jobs being created, evidence that, in fact, job

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creation north of the project has been and will continue to overwhelm housing production undermines the argument for the 80-20% split.

#### E. MITIGATION FOR THE PROJECT - RELATED HOUSING DEMAND - PAGE IV4 -

This section repeats the fallacious argument that since the City's General Plan provides for the housing demand generated by the proposed project, the project does not create any housing-related impacts. It also contains a few incorrect and misleading arguments:

- 1) The FEIR argues that housing demand is a social or economic effect, which does not need to be treated as a significant environmental impact under CEQA, and that no mitigation is required for project-related housing demand. However, CEQA does require that the indirect impacts of a project be mitigated and the courts have determined that where there is a clear link between a social or economic effect and a significant physical effect, those physical impacts must be evaluated under CEQA. Certainly in this case, where the location of housing demand will impact traffic congestion, air quality, the sustainability of agricultural lands, etc., it should be evaluated as a significant effect.
- 2) The FEIR argues that, as stated in the Draft EIR, the City has an abundance of housing compared to jobs and that, in fact, in 2000 there are 47,462 more housing units than the City's employment base requires. This is a misleading and meaningless argument. First of all, since the vast majority of the existing housing units are occupied, their ability to serve as a resource for new jobs created seems very limited. Second, as mentioned above, the City cannot be considered in isolation, and information regarding the intense regional demand for this housing must be incorporated into the impact analysis.

#### F. HOUSING - GENERAL COMMENTS

Santa Cruz County continues to insist that the EIR address the housing impacts of the proposed project in a more realistic manner. The cumulative housing demand created by the Cisco project, concurrent employment generating projects in San Jose and throughout Silicon Valley and future phases of development in Coyote Valley plus the secondary job growth that these projects will induce will far exceed the current supply of housing and even the most optimistic housing production estimates for the area. In fact, job creation in the San Jose area will directly and indirectly cause an insatiable demand for housing in surrounding areas and will result in the conversion of many thousands of acres of farmland and open space to housing and related neighborhood uses.

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The cumulative physical and environmental impacts of the proposed and anticipated commercial, industrial and residential development resulting from the project will be exponentially greater than the impacts that are identified and addressed in the EIR.

Despite the optimistic picture painted by the DEIR and the Sedway housing report that supports it, it is critical to remember that the Silicon Valley area is experiencing the most severe housing crisis in the United States. This area includes the four least affordable housing markets in the United States according to the National Association of Home Builders. Silicon Valley also includes the two metropolitan areas with the highest rents in the United States according to the National Low Income Housing Coalition.

Silicon Valley's skyrocketing home prices and rents and unwanted growth in surrounding areas are direct results of the fact that its communities have been unable to produce an adequate supply of housing for the number of jobs that have been created in the past. Considering the area's historic housing production levels, it is completely unrealistic to assume that the area can satisfy its housing needs in the future.

The California Department of Housing and Community Development estimates in its Statewide Housing; Plan for 1997-2020 that Santa Clara County had a housing deficit of 10,700 units from 1995 to 1997 alone. This shortfall in housing production followed deficits of nearly 20,000 units for 1990 to 1994 and more than 40,000 units during the 1980's. HCD estimated that Santa Clara County's combined housing short-fall for 1980 through 1997 was more than 70,000 housing units.

While the City of San Jose had a better housing production record than the rest of the county, it was far from sufficient to meet the identified needs. The Housing Element of San Jose's General Plan identified the need to produce 37,633 housing units from 1990 through 1995. The California Department of Finance reports that only 12,656 housing units were produced in the city over that period of time. The City produced only a third of the number of units targeted in its housing construction goals. This fact directly contradicts the City's assertion that the General Plan designation of land for housing determines the availability of new housing units.

Deficits are likely to continue into the future based on a review of historic housing production levels in Santa Clara County and the County's housing needs as identified by ABAG. While a total of 48,770 housing units were produced in the county between 1990 and 2000, 57,991 units need to be produced between 1999-2006. This equates to a 2,855 unit deficit per year. While

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San Jose has produced housing at a higher rate than the rest of the county, this same comparison shows that the city would also have a deficit each year.

Jurisdiction	Regional Housing Needs 1999-2006 (ABAG)		Housing Production 1990-2000 (DOF)		Likely Annual Short-Fall Based on Historic Housing Production
	Total	Annual	Total	Annual	
Santa Clara county	57,991	7,732	48,770	4,877	2,855
San Jose	26,114	3,482	28,148	2,815	667
<del>Jurisdiction</del> All Others	31,877	4,250	20,622	2,062	2,188

Further evidence that San Jose cannot meet its housing needs can be seen in the "Development Activity Highlights" report of November, 1998, that is posted on the Planning Department's website (<http://www.ci.san-jose.ca.us/planning/sjplan/devrep00.htm>).

This report estimates the revenue which the City will earn from residential new construction permits and fees through FY2003-4. This report shows that the City anticipates new home construction to taper off from the high in FY 1997-8. For the last three years in the table, construction values are projected to be just over half of the peak value for the period. The annual shortfall for housing production in San Jose listed in the table above, therefore, under represents the actual shortfall.



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Construction Valuation FY 1993-4 to 2003-4  
 Residential New Construction

Year	Actual Construction Value (\$ million)	Estimated Construction Value (\$ million)
93-4	251	
94-5	191	
95-6	315	
96-7	469	
97-8	621	
98-9		525
99-00		475
00-01		400
01-02		325
02-03		325
03-04		325

G. TRANSPORTATION IMPACTS

As we have stated previously, the regional impacts of the project have simply not been adequately addressed by the EIR consultant or the City of San Jose. It is our belief that the TRANPLAN model, which is used in the EIR to justify the 80/20% split, is a localized model designed to look at localized impacts only within the city. In addition, this model has not undergone any comprehensive revisions to incorporate updated census, income, jobs, or housing data since the 1980 census. As a result, the model is wholly inadequate for use as a tool to evaluate regional impacts associated with a regionally significant project.

The TRANPLAN model boundaries end at the municipal boundaries and the transportation consultant hand-manipulated the model to reflect only limited external trips to the south of the proposed project. It is our belief that an inter-regional model should be utilized for a proposed project of this magnitude and that this inter-regional model should include current population projections,, current social-economic data including housing costs, as well as a realistic highway

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network. It should also model the anticipated secondary job growth and other planned growth that is expected within the City of San Jose and the AMBAG region.

As with any gravity model, the basic assumptions used can dramatically influence a model's output. We assert that the TRANPLAN model results are fatally flawed in assessing the regional impacts of the proposed project. For example, the proposed 80/20 split does not pass the straight face test and it should be reevaluated. The 80/20 split appears to have been predetermined and, further, that the TRANPLAN model was backed into this ratio. Even with the proposed widening of Highway 101 to Gilroy, the assumption that 80 percent of the employees of the proposed project will reverse commute through an extremely congested highway system in and around the City of San Jose and northern Santa Clara County instead of traveling to a slightly less congested area to the south with significantly lower housing costs is unsupported by any documentation within the FEIR and is contrary to reasoned analysis.

The response to comments contains statements to the effect that the City of San Jose has retained a highly trained professional transportation engineering firm that has fully evaluated the transportation impacts that will be created by the proposed project. It is, however, inconceivable that this same transportation engineering firm failed to recognize the significant error in judgement in basing the transportation portion of the EIR on the 80/20 split, and in failing to address the regional impacts that will be created by the proposed project. As we have previously stated, because the 80/20 percent trip distribution split plays such a pivotal role in the traffic, air quality, and housing impact evaluation, use of this assumption must be supported by substantial evidence in the EIR. This evidence is nonexistent in that document.

Thank you for your consideration of these comments. As previously stated, these comments were assembled within an extremely short time frame. In addition to oral testimony, the County of Santa Cruz intends to submit supplemental written comments to your Commission on September 27. In conclusion, based on the information contained herein, the County of Santa Cruz strongly urges you to direct staff to revise the EIR and recirculate it for public comment.

Sincerely,



MARDI WORMHOUDT, Chair  
 Santa Cruz County Board of Supervisors

MW:ted

cc: Board Members

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