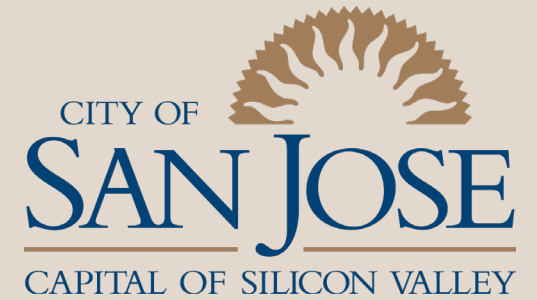


# Coyote Valley Corridor Study Baseline Assessment

for the City of San José  
January 2024







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January 2024

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**Appendix A Real Estate Market Overview**

# 1. Introduction

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The Coyote Valley Corridor Study (CVCS) is a land use and economic analysis informed by extensive public outreach. The goal of the CVCS is to ensure the ongoing economic viability of a select group of parcels, mostly east of Monterey Highway, in the primary agriculturally-zoned Coyote Valley, by adopting new allowable commercial and recreational uses that complement the agricultural and open space character of Coyote Valley.

This CVCS Baseline Assessment is intended to establish the history and objectives of the CVCS and provide an overview of existing regulatory, physical, economic and environmental conditions in the study area.

Throughout this report, “study area” refers to the entire Coyote Valley Corridor identified by the city as relevant to this study (see Section 1.2). The study area includes property in the City of San José and unincorporated Santa Clara County, with property ownership spanning private entities, public agencies and public districts. It is illustrated in Figure 1-1.

This report also refers to “CVCS parcels” (Section 2.3). These are the parcels in the study area that are within the City of San José boundary, excluding those owned by the Santa Clara County Parks & Recreation Department and the Santa Clara Valley Water Authority. New regulation adopted as part of the CVCS will apply to CVCS parcels only.

## 1.1 Coyote Valley

Coyote Valley is an approximately 7,400-acre alluvial, or clay and silt, plain located between the Santa Cruz Mountains and the Diablo Range in southern Santa Clara County. The boundaries of Coyote Valley are typi-

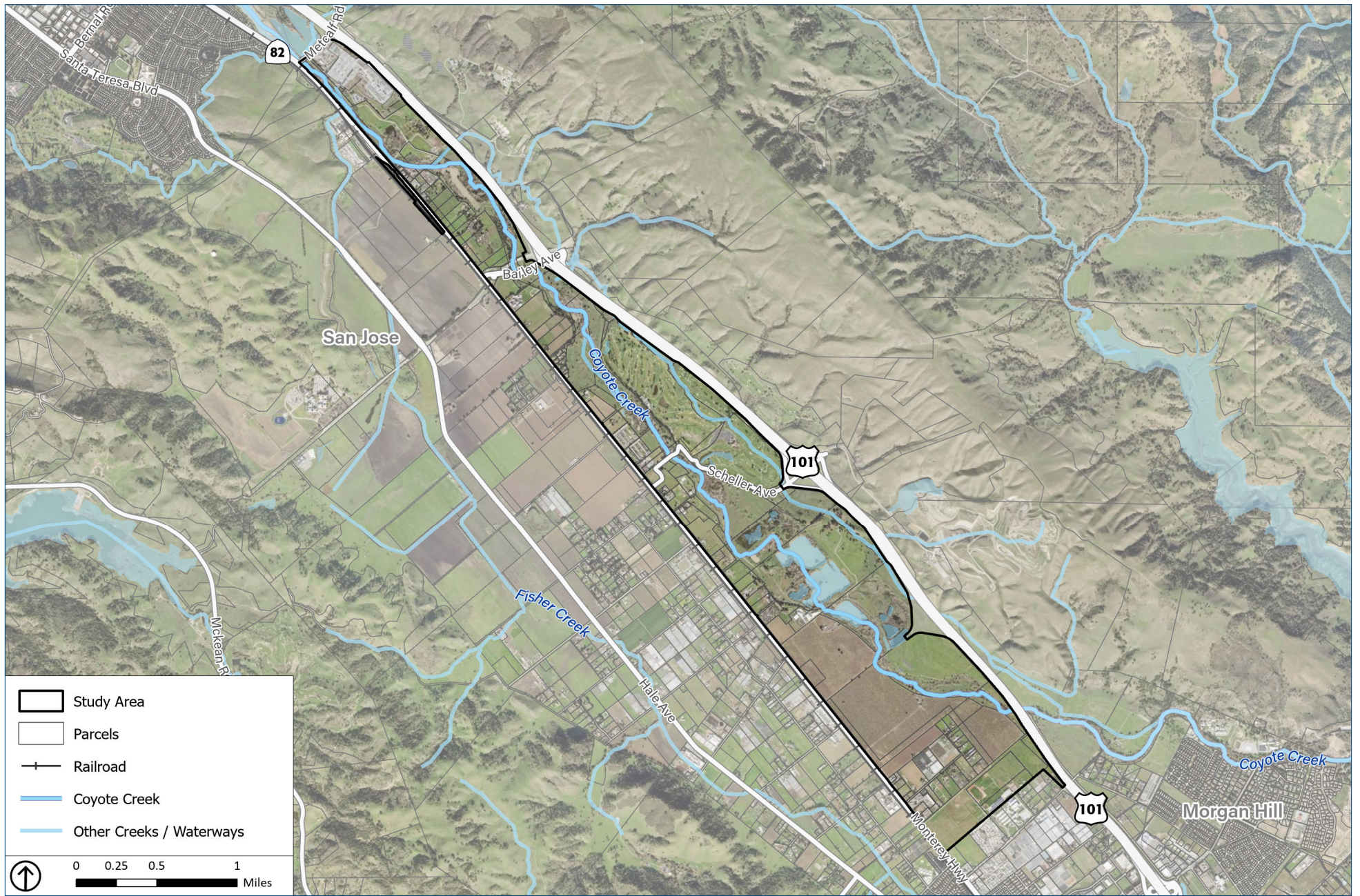
cally defined by the base of Santa Cruz Mountains to the west, the base of the Diablo Range to the east, Metcalf Road in San José to the north, and the City of Morgan Hill to the south. The Coyote Valley area presented on Figure 1-2 is based on these boundaries. Coyote Valley is an historically vital agricultural area with significant open space, hydrological, biological, and cultural resources (see Chapter 6).

As explained throughout this baseline assessment, the study area is unique within the larger Coyote Valley. It is characterized by parcels smaller than those typical zoned for agricultural or open space uses, adjacent major rights-of-way, and an eclectic range of existing commercial, light-industrial, educational, residential, agricultural and open space land uses.

## 1.2 Study Area Location

The study area is a 2,415-acre, north-south running corridor located in Coyote Valley. It is bounded by Metcalf Road in the City of San José to the north, US Highway 101 to the east, the City of San José/City of Morgan Hill border to the south and Monterey Highway (California State Route 82) to the west. The area includes an approximately 11-acre strip of land just south of Blanchard Road to the east and west of Monterey Highway known as “Coyote Hamlet” (see Figure 1-1). The study area is generally located on the eastern side of Coyote Valley and represents approximately 33% of the total land area of Coyote Valley. It is about 14 miles southeast of San José International Airport, 10 miles north of the City of Gilroy, and 52 miles east of the Pacific Ocean (see Figure 1-2).

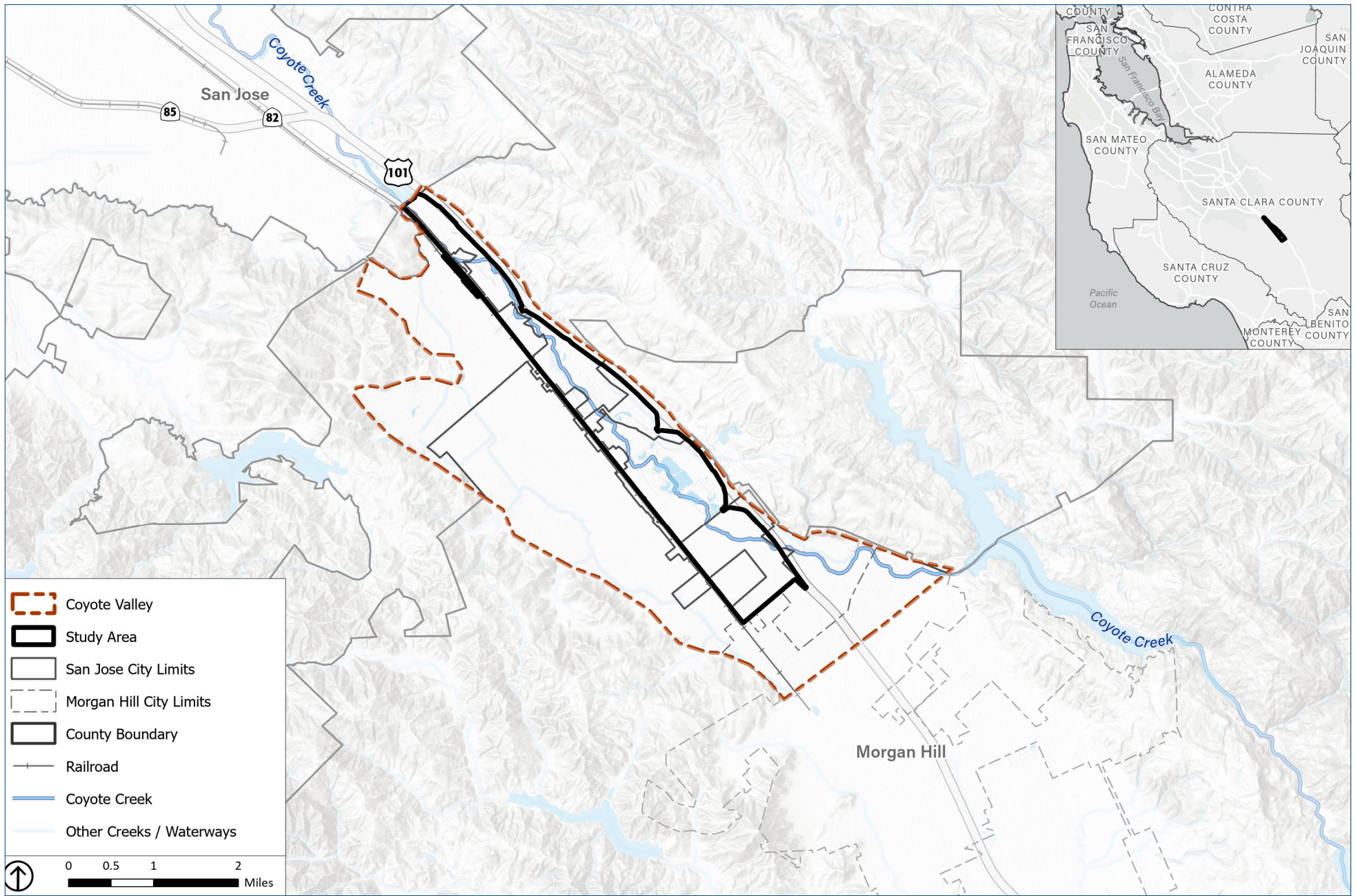




**Figure 1-1 Coyote Valley Corridor Location**

Source: City of San Jose, 2023; ESRI, 2023; PlaceWorks, 2023.





**Figure 1-2 Regional Location and Coyote Valley Context**

Source: City of San Jose, 2023; ESRI, 2023; PlaceWorks, 2023.

\*Coyote Valley is defined according to (text)

Again, while conditions throughout the entire study will be considered in the creation of new land uses and development regulations, the regulations will be limited to CVCS parcels.

## 1.3 Coyote Valley Planning and the CVCS

Land use in Coyote Valley has been characterized by major policy shifts over the past 60 years, most recently in 2021. The genesis of the CVCS is best understood in the context of these policy actions, the timeline of which is summarized in this section.

### 1950-1970: Annexation and Rapid Growth

The population of San José expanded from 95,280 people in 1950 to 460,000 people in 1970<sup>1</sup>. This rapid growth was accommodated by an aggressive property annexation strategy, paired with flexible land use policies in the City's first General Plan (1966). As a result, the 17-square-mile city mushroomed to 136 square miles in this timeframe.<sup>2</sup>

Coyote Valley was one of multiple areas targeted by this “leapfrogging” or “island”<sup>3</sup> annexation pattern during this time period. Land here was annexed primarily to extend municipal services in anticipation of planned industrial and residential development. The first annexation in the current study area occurred in 1960 and the most recent in 1966.<sup>4</sup>

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1 Karlinsky, Sarah and Murphy, Daniel, August 1, 2010, Retrofitting Suburbia, San José Style, The Urbanist, <https://www.spur.org/publications/urbanist-article/2010-08-01/retrofitting-suburbia-san-josé-style>, accessed November 14, 2023.

2 Santa Clara County and Santa Clara Valley Open Space Authority, January 2018, Santa Clara Valley Agricultural Plan: Investing in Our Working Lands for Regional Resilience: Appendix, page 25.

3 Santa Clara County and Santa Clara Valley Open Space Authority, January 2018, Santa Clara Valley Agricultural Plan: Investing in Our Working Lands for Regional Resilience: Appendix, page 25.

4 City of San José, February 7, 2021, San José GIS Open Data, Annexation Areas, <https://gisdata-csj.opendata.arcgis.com/datasets/559ded9f672c43aaa6e1f865b48ebd78/explore>, accessed November 12, 2023.

### 2002-2008: Coyote Valley Specific Plan

The City began developing a specific plan for Coyote Valley in August of 2002. The effort was financed by a group of private landowners and builders known as the Coyote Housing Group. Building from the industry- and growth-oriented policy framework in place since the 1960's, the proposed 7,000-acre specific plan area included a nearly self-contained, transit-oriented mixed-use community accommodating 59,000 jobs and 25,000 housing units. In 2004, the Coyote Valley Specific Plan was described by the American Planning Association as “one of the most ambitious and exciting planning opportunities ever undertaken in California.”<sup>5</sup>

In March of 2008 the Coyote Housing Group abandoned the specific plan, citing the decline in the housing market and economy, the “extremely complex planning process,” and complications with existing industrial entitlements in North Coyote Valley.<sup>6</sup> This, combined with resistance from environmental advocates, ended the planning process and facilitated a reassessment of the role of Coyote Valley in the City and region. Consideration of possible development within Coyote Valley was deferred to the City's general plan update process, which was underway at the time.<sup>7</sup>

### 2011: San José General Plan

The City's *Envision San José 2040* General Plan (*Envision 2040*) was adopted in 2011. Like all general plans, *Envision 2040* is a “blueprint” for local growth that establishes goals, policies, and actions to direct future development. As originally adopted, *Envision 2040* partially moderated the growth potential of Coyote Valley, restricting employment growth to

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5 Yakubu, Salifu, October 2004, Coyote Valley Specific Plan: Creating a New Town Based on Smart Planning Principles, American Planning Association Northern News, page 1.

6 California Planning & Development Report, Volume 23 No.4, March 25, 2008, Developers Halt Planning In SJ's Coyote Valley.

7 Christopher Burton, City of San José, October 27, 2021, Memorandum to Planning Commission, File Nos. GPT21-002/GP21-012/C21-031/PDC21-033/PP21-012.

one area and limiting development in all others. It included three major policy areas for Coyote Valley.

- 1. North Coyote Valley.** This area primarily west of Monterey Highway was designated an “Employment Lands Growth Area.” It was determined that development entitlements here could accommodate 50,000 new jobs through 2040.
- 2. Mid-Coyote Valley.** This area straddles Monterey Highway, east to Coyote Creek. It was designated an Urban Reserve with no planned development through 2040.
- 3. South Coyote Valley.** This area on both sides of Monterey Highway was designated a permanent non-urban greenbelt.

### 2019: General Plan 4-Year Review

In 2019 the City initiated the second required four-year review of *Envision 2040*. The purpose of the review process is to “evaluate significant changes in the planning context and achievement of key General Plan goals,” and “provide community and stakeholder engagement in reviewing and evaluating success in the implementation of the General Plan.”<sup>8</sup> It was a significant planning and public advocacy process that followed the November 2018 passage of Measure T, a local infrastructure bond that made \$50 million available for land acquisition in Coyote Valley.

The four-year review process resulted in a reassessment of North Coyote Valley as a job-generator. Economic analyses concluded that North Coyote Valley lacked the accessibility and density needed to support 50,000 jobs. This rate of employment growth was shown most likely to occur in office-based jobs at higher employee densities, such as would be supported in Downtown San José. In one study commissioned by the city,

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<sup>8</sup> Ibid.

North Coyote Valley was deemed “a less desirable location [than vertical, downtown markets] because it lacks proximity to the population densities and highway accessibility offered by North San José...” Rather, the area was identified as a potential location for low-employment density uses such as large warehousing, storage and distribution centers, including “wholesale trade, construction, and last mile logistics as well as office-based businesses.”<sup>9</sup>

This new understanding of the economic limitations of Coyote Valley, paired with environmental and agricultural advocacy during the ongoing general plan review process, resulted in a new vision for Coyote Valley. The City reprioritized land use policy with a focus on preserving agricultural productivity and open spaces. Coyote Valley was identified as an invaluable agricultural, natural and biological asset. In 2021, the following *Envision 2040* amendments were adopted:

- 1.** North Coyote Valley was removed as an Employment Lands Growth Area and the primary land use designation changed to Open Space, Parklands and Habitat.
- 2.** The land use of most properties in the Mid and South-Coyote Valley areas were redesignated Agricultural and rezoned to align with that designation. As seen in Chapter 3, this included most parcels in the current study area.

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<sup>9</sup> Strategic Economics, October 21, 2020, North Coyote Valley and the San José Economy, Implications for Removing North Coyote Valley from San José *Envision 2040* Employment lands, page 27.

## 2022: The CVCS

During the 2019 to 2021 general plan review process, a group of landowners of select parcels located east of Monterey Highway in Coyote Valley expressed concerns about the economic implications of new land use policies. They stressed the limited potential for viable agricultural on these parcels, citing both physical and economic conditions. City staff, leaders and general plan task force members also recognized these limitations. They highlighted the reduced potential for those parcels to accommodate new uses and contribute to the new vision for Coyote Valley. Numerous actions were proposed to ensure the future vitality of the parcels and create new options for landowners. These included:

- Continuing to allow recreational uses in character with the Coyote Creek Park Chain.<sup>10</sup>
- Conducting a study of the Monterey Road Corridor through North, Mid-, and South Coyote Valleys to consider appropriate non-residential uses for properties on the east side of Monterey Road that would be compatible with the Coyote Creek Park Chain.<sup>11</sup>

On November 16, 2021, the City Council decided to undertake an analysis of those parcels to identify new land uses and development standards consistent with the new vision for the Coyote Valley. According to the City Council, “...there are distinct differences in the character and nature of the properties east of Monterey Road, [therefore] we are proposing a clearer direction to engage landowners and stakeholders in an accelerated study of potential expanded uses that would complement existing agricultural uses.”<sup>12</sup>

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<sup>10</sup> City of San José, Staff Memorandum to Planning Commission, October 27, 2021, File Nos. GPT21-001/GP21-013/C21-031/PDC21-033/PP21-012.

<sup>11</sup> Ibid

<sup>12</sup> City of San José City Council Memorandum, November 12, 2021, from Mayor Sam Liccardo and Councilmembers Sergio Jimenez, Raul Peralez, Pam Foley and David Cohen to City Council.

Per Council direction, the objective of the current CVCS is to engage property owners, open space advocates, public agencies, and other stakeholders, and the public to identify development and design standards for new, non-residential land uses for City parcels (see Section 2.1) in the study area. These uses and standards should contribute to economic development and complement the current city Vision for the Coyote Valley. The new regulations could be adopted in the form of an overlay district, which, per the zoning ordinance, specifies “...development standards applying to applications for land use permits on sites that fall within an overlay designation...” In addition, “...such site[s] may only use the standards and allowed uses that apply to the zoning overlay district.”<sup>13</sup> New regulations could also be adopted as revisions to existing zoning districts or new zoning districts.

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<sup>13</sup> City of San José, October 12, 2023, Municipal Code Section 20.65.010.



# 2. CVCS Parcels

There are 188 total parcels in the study area. As stated in Section 1, new land uses and development and design standards resulting from the CVCS will only be adopted for parcels in the City of San José. This chapter identifies and quantifies these “CVCS parcels.”

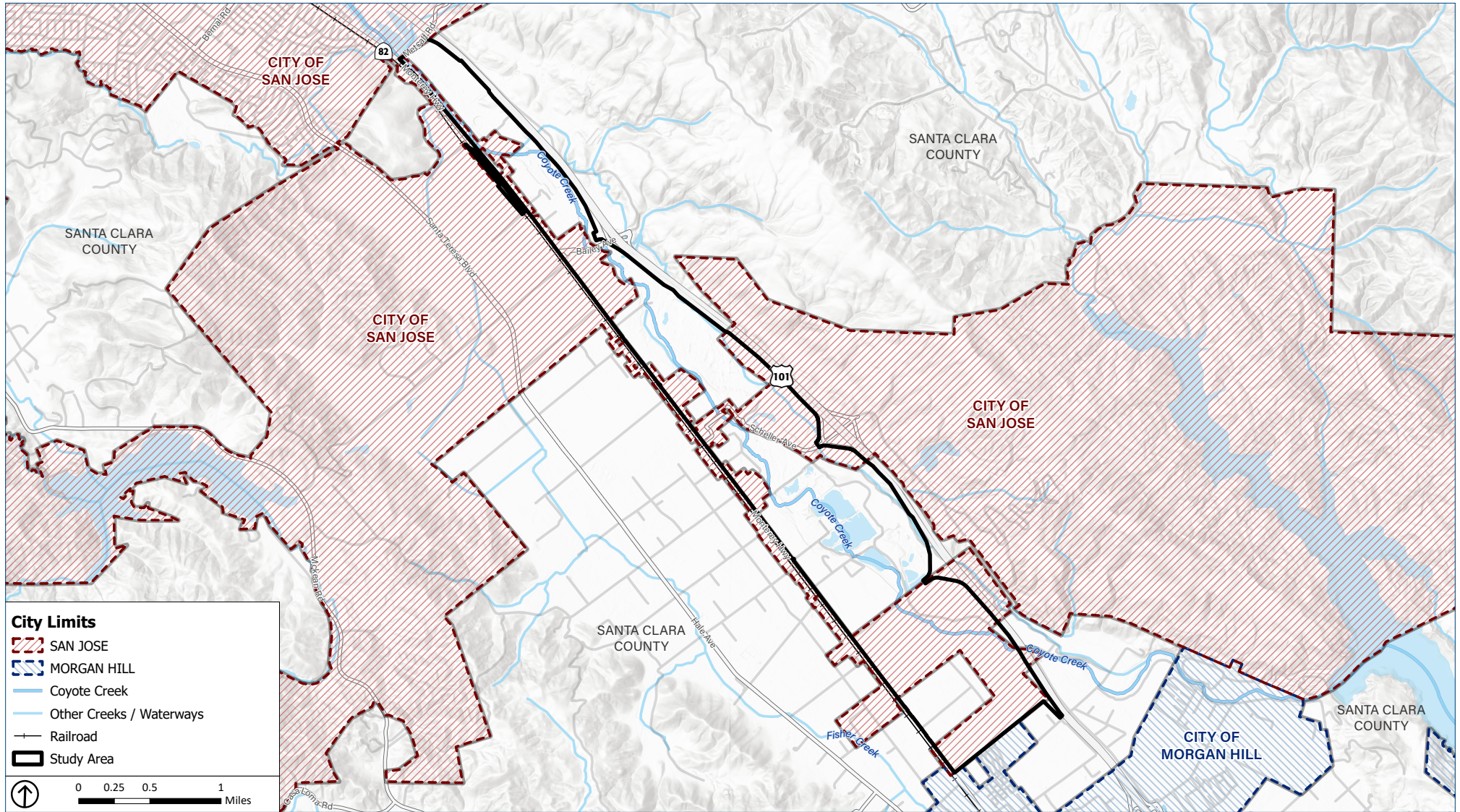
## 2.1 City Boundary

The boundary between the City of San José and unincorporated Santa Clara County is discontinuous and jagged in the study area. This is largely the result of the historic annexation process described in Section 1.3. City of San José lands are shown in red on Figure 2-1. As is evident on the figure, a portion of the study area just north of Morgan Hill is in San José, as well as a thin strip of land along Monterey Highway. Other areas in the City of San José are located at Coyote Creek Golf Drive and north of Bailey Road. However, the majority of land in the central study area is within unincorporated Santa Clara County. Most of that land is associated with the Coyote Creek Parkway, an open space and recreational facility under the jurisdiction of the Santa Clara County Parks and Recreation District. This 320-square mile parkway is the longest, publicly owned, continuous riparian landscape in the Bay Area. It plays “a fundamental role in the experiential enjoyment, education, and inspiration of its visitors as well as the quality of life for all residents in the County.”<sup>14</sup>

As summarized in Table 2-1, 63 of the 188 parcels in the CVCS are within the city boundaries of San José. This is equivalent to 906 acres, or 37 percent of the total study area. These parcels represent about 12 percent of the total Coyote Valley.

Jurisdiction	Total Parcels	Area (ac)	% of Total Study Area (ac)
San José	63	906.8	37%
Santa Clara County	125	1517.1	63%
Total	188	2,423.9	100%

<sup>14</sup> Ibid.



**Figure 2-1 Jurisdictional Boundaries**

Source: City of San Jose, 2023; ESRI, 2023; PlaceWorks, 2023.

## 2.2 Public Ownership

Some parcels in the CVCS are located in the City of San José but are owned and managed by other public agencies. Figure 2-2 illustrates parcel ownership in the study area. Parcels owned by the following are not considered CVCS parcels:

- Santa Clara County. Some parcels in and adjacent the Coyote Creek Parkway are located in San José. These are owned by Santa Clara County, specifically the Parks & Recreation Department. The Parks & Recreation Department has the authority to development parks without obtaining permits from the City of San José.
- Santa Clara Valley Water District (Valley Water). The 18-acre parcel just west of Highway 101 at the Coyote Creek Parkway is owned by Valley Water. Valley Water was created by an act of the California Legislature, and operates as a state of California Special District, with jurisdiction throughout Santa Clara County. Per the Santa Clara Valley Water District Act, Valley Water is empowered to “acquire by grant, purchase, lease, gift, devise, contract, construction, or otherwise, and to hold, use, enjoy, sell, let, and dispose of real and personal property of every kind.”<sup>15</sup>

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<sup>15</sup> State of California, 2018, Santa Clara Valley Water District Act, Section 5, Nature of district; powers.

## 2.3 CVCS Parcels

Parcels subject to land use and development policy changes resulting from the CVCS are shown in Figure 2-2. These CVCS parcels are private and city-owned parcels in City of San José. In total, 50 of the 188 parcels in the study area are CVCS parcels. This is equivalent to 677 acres of the 2,423-acre study area, or 28 percent of the study area.

The remaining maps in this baseline assessment include these CVCS parcels. Although only these parcels are subject to land use, development and design standard amendments of the CVCS, the amendments will be informed by local, regional and state land use regulation; input from community-wide stakeholders; and surrounding natural and built conditions.



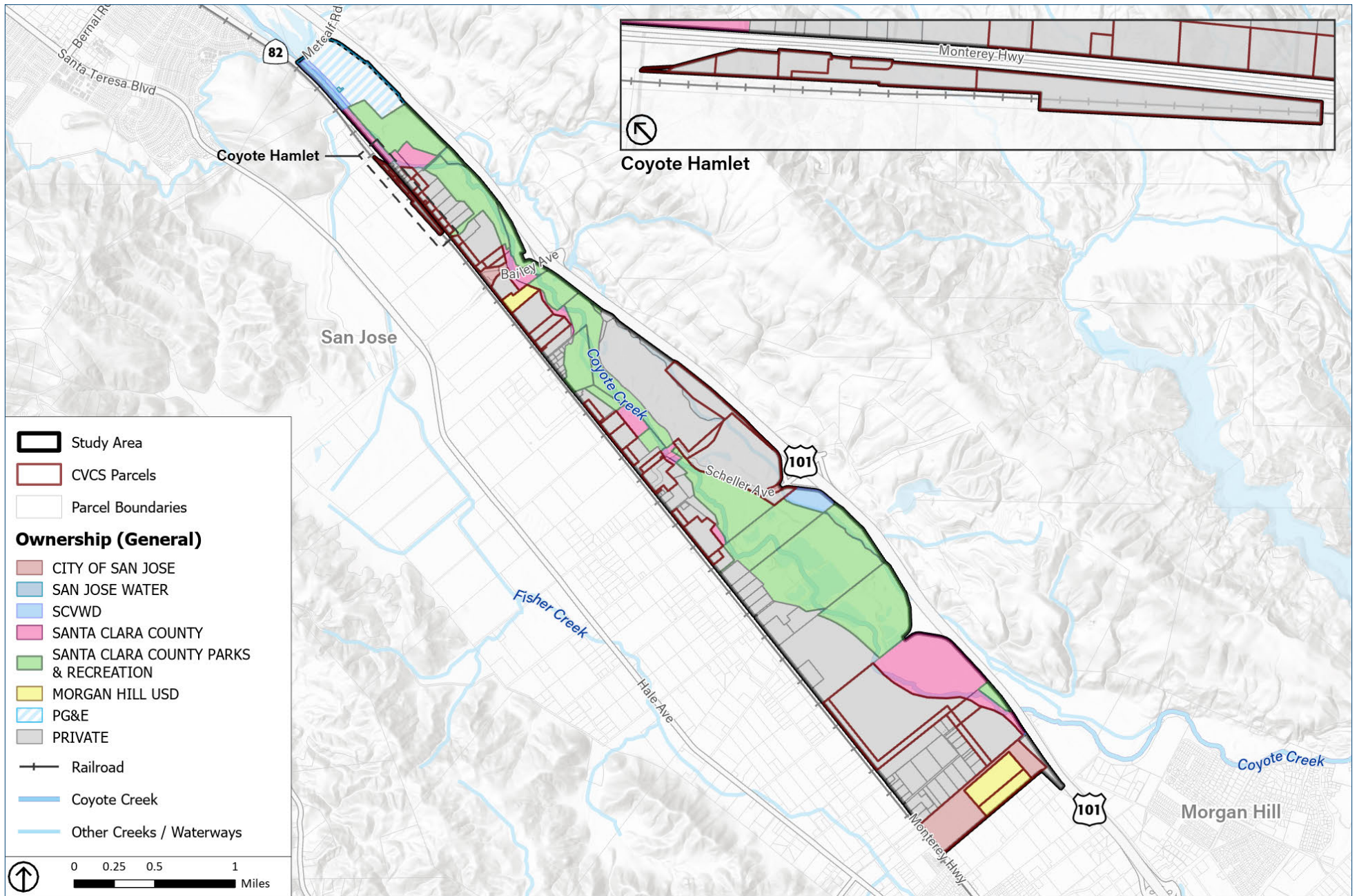


Figure 2-2 Property Ownership and CVCS Parcels

Source: City of San Jose, 2023; ESRI, 2023; PlaceWorks, 2023.



# 3. Land Use Regulation

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This chapter describes existing land use and planning regulation relevant to the Coyote Valley Corridor.

## 3.1 State Regulations

### 3.1.1 Assembly Bill 948

Assembly Bill (AB) 948, the Coyote Valley Conservation Program, was signed into law in September 2019. The legislation requires that the Coyote Valley be named an area of statewide importance in local planning documents and declares Coyote Valley “a unique landscape providing agricultural, wildlife, recreational, climate, and other natural infrastructure benefits.”<sup>16</sup> According to the Bill, the Coyote Valley Conservation Program Area extends from the first ridgeline of the Santa Cruz Mountains to that of the Diablo Range. It comprises an area of about 17,200 acres. The CVCS parcels comprise about four percent of the Coyote Valley Conservation Program Area.

Section 35185 of AB 948 states that the Santa Clara Valley Open Space Authority (OSA) (see Section 3.2.1) “shall have, and may exercise, all necessary rights and powers, expressed or implied, to achieve the goals of [AB 948]” It states that OSA may do “all of the following:”<sup>17</sup>

- Acquire and dispose of interests and options in real property.

- Undertake, maintain, or fund projects to implement site improvements, upgrade deteriorating facilities, or construct new facilities for outdoor recreation, public access, nature appreciation, and interpretation; historic and cultural preservation; protection, restoration, or enhancement of natural resources and habitat; or continuation or expansion of agricultural activities.
- Provide technical assistance to landowners on practices to enhance the carbon sequestration or climate resilience benefits of natural and working lands.
- Enhance wildlife connectivity across Highway 101, Monterey Road and other impediments to the movement of wildlife in the Coyote Valley through implementation of wildlife friendly culverts and overpasses, removal of fencing, and placement of wildlife crossing signage.

In addition, AB 948 states that “A proponent or party to a proposed development project converting natural lands or working lands within Coyote Valley for a nonagricultural purpose shall provide notice to the authority of the proposed project. The authority may provide analysis of the environmental values and potential impacts of the proposed project.”

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<sup>16</sup> State of California, 1998, Assembly Bill 948.

<sup>17</sup> Ibid.

## 3.2 Regional Regulations

### 3.2.1 Santa Clara Valley Open Space Authority

The OSA is an independent special district whose mission is to conserve the natural environment, support agriculture, and connect people to nature by protecting open spaces, natural areas, and working farms and ranches. It is governed by a seven-member Board of Directors elected to four-year terms. The jurisdiction of the OSA includes the cities of San José, Campbell, Milpitas, Morgan Hill, and Santa Clara, and unincorporated areas of Santa Clara County.

The OSA is funded by Measure T which, when passed in 2018, continued a \$24.00 flat tax for parcels in the OSA’s jurisdiction. According to its expenditure plan, OSA is committed to dedicating Measure T funds to protect open space and riparian lands and improve water supply; open and improve open space and trails; and assist agencies, schools and non-profits in providing access to parking and open space in urban areas.

The OSA is currently working with Peninsula Open Space Trust (POST) and the City of San José to develop the Coyote Valley Conservation Areas Master Plan to “inform how to restore these lands to enhance the natural benefits they provide.” Current OSA Coyote Valley Conservation Areas are illustrated on Figure 3-1.

- Conservation Areas labeled “Authority Fee” are lands the OSA owns in fee and manages.
- Conservation Areas labeled “Authority Managed” are lands managed by the OSA through management agreements with either POST or City of San José. This includes 341-acre Tulare Meadows, which was purchased with Measure T funds. It is owned by the city and managed by OSA and POST. It has accommodated an active agricultural opera-

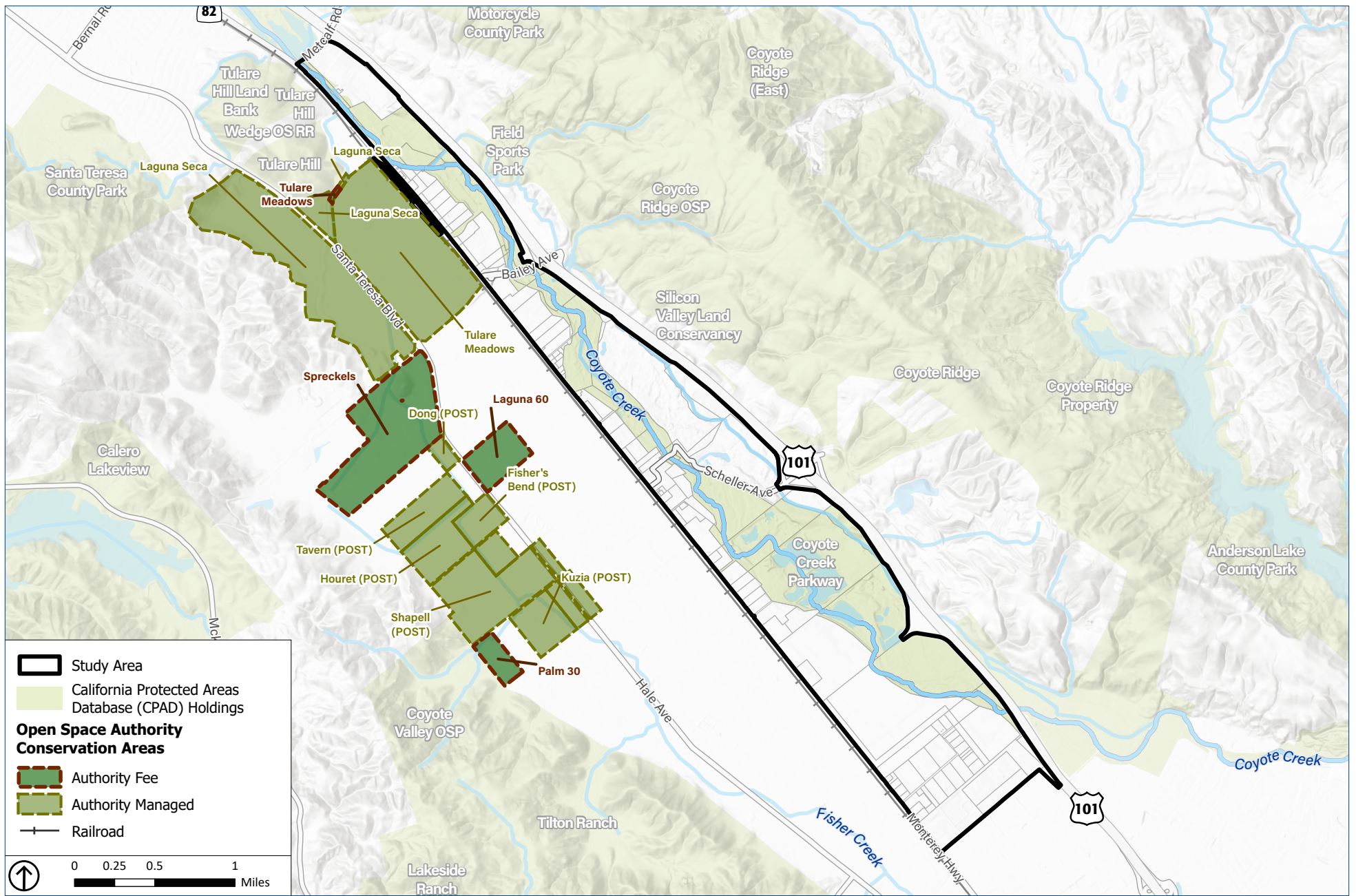
tion<sup>18</sup> and is the site of a groundwater assessment, the cost of which is shared between OSA, the city and POST.

- Conservation lands labeled “POST” are currently owned by POST and managed by OSA. They will eventually be transferred to the OSA.

As shown, the conservation areas are west of Monterey Highway and outside the study area. The acreage of OSA conservation areas is summarized in Table 3-1.

<sup>18</sup> Santa Clara Valley Open Space Authority, Annual Expenditure Plan Status Report, Fiscal Year 2021/22, page 85.

Table 3-1 OSA Conservation Area Summary		
Conservation Area	Acres	Percent Total
<b>OSA Fee Areas</b>		
Spreckels	232.6	15%
Laguna 60	60.0	4%
Palm 30	29.0	2%
<b>OSA Managed Areas</b>		
Tulare Meadows	341.2	23%
Laguna Seca	376.4	25%
Dong	13.6	1%
Tavern	64.6	4%
Houret	71.3	5%
Shapell	199.3	13%
Fisher’s Bend	62.3	4%
Kuzia	57.9	4%
<b>TOTAL</b>	<b>1508.1</b>	



**Figure 3-1 OSA Coyote Valley Conservation Areas**

Source: City of San Jose, 2023; ESRI, 2023; Santa Clara Valley Open Space Authority, 2023; PlaceWorks, 2023.

### 3.2.2 Santa Clara County General Plan

The current Santa Clara County General Plan, *Charting a Course for Santa Clara County's Future: 1995-2010*, was adopted in 1994. The plan recognizes Coyote Valley as “one of the few remaining non-urbanized areas of high quality soils and large-scale agricultural land holdings in the county.”<sup>19</sup> While study area properties located in unincorporated Santa Clara County are not subject to the policy amendments of the CVCS, the land use designations of surrounding and adjacent properties will be considered in the development of those amendments.

As shown in Figure 3-2, all unincorporated county land in the study area is currently designated one of the following three land uses in the County General Plan:<sup>20</sup>

- **Regional Parks, Existing.** This designation is associated with the Coyote Creek Parkway. It covers the central areas of the study area and applies to mountainous lands and foothills unsuitable and/or unplanned for urban development.
- **Agricultural, Large Scale.** Over 95 percent of land not designated Regional Parks is designated Agricultural. This land use designation allows for agricultural uses with a minimum parcel size of 40 acres. Per the General Plan, these lands may be used for agriculture and ancillary uses, uses that directly support local agriculture and uses that enhance the long-term viability of local agriculture.
- **Roadside Services.** Two small parcels along Monterey Highway are designated Roadside Services, a designation which provides for roadside support services for drivers at strategic areas.

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19 County of Santa Clara, December 20, 1994, *Charting a Course for Santa Clara County's Future: 1995-2010*, page B-7.

20 Ibid. .

### 3.2.3 Santa Clara County Zoning ordinance

Zoning in unincorporated parts of the study area is consistent with the general plan land use designations discussed in Section 3.2.2. Zoning districts include:

- **A Exclusive Agriculture.** The majority of unincorporated parcels are zoned some version of A, Exclusive Agriculture. The purpose of the Exclusive Agriculture district is to preserve and encourage the long-term viability of agriculture and agricultural lands.
- **RS Roadside Services.** Limited, small parcels along Monterey Highway are zoned RS. The purpose of the Roadside Services district is to allow specific and necessary highway uses and services within clusters at appropriate locations to serve drivers.

### 3.2.4 Santa Clara County Agricultural Plan

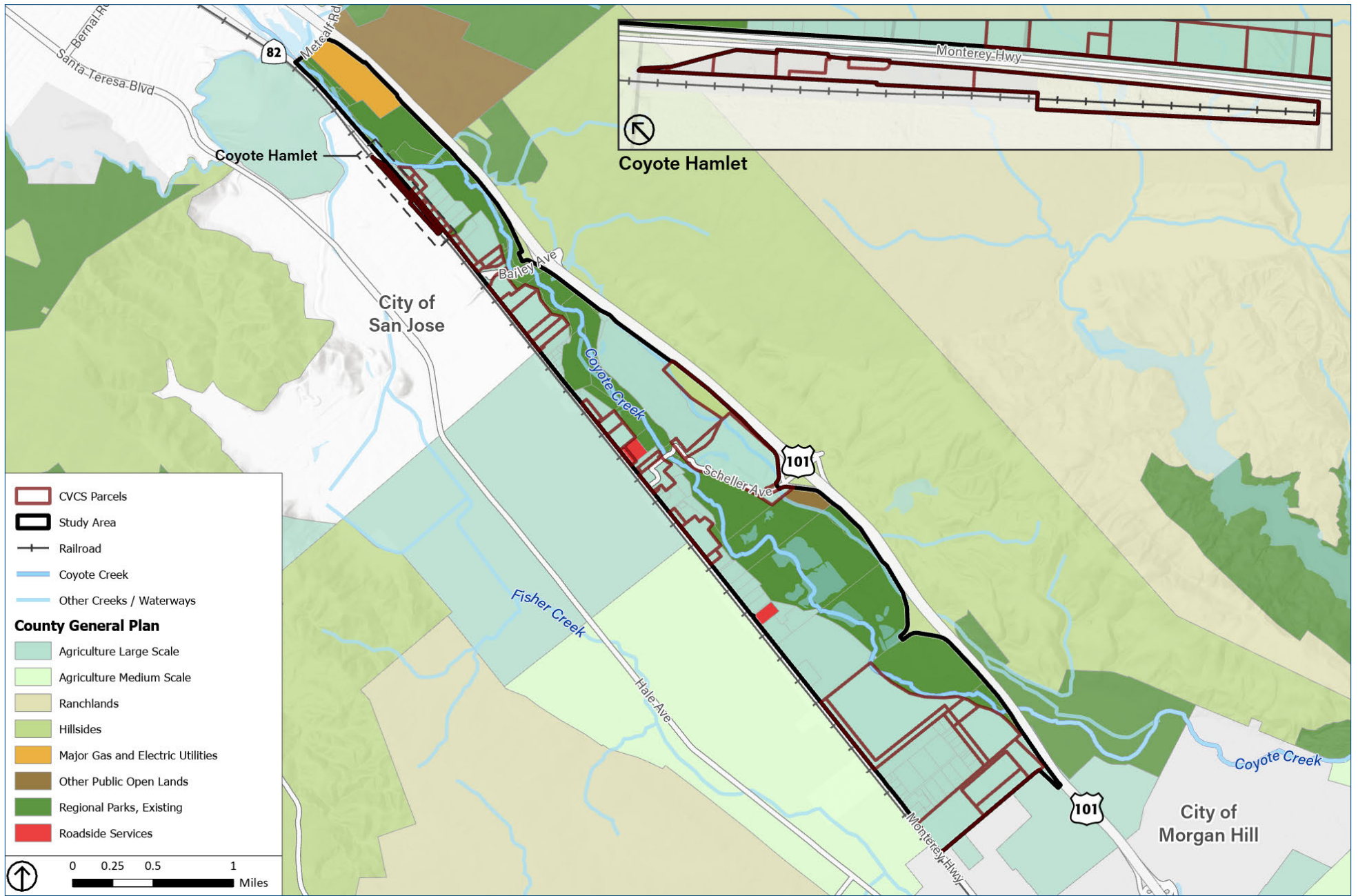
The 2018 Santa Clara Valley Agricultural Plan (Agricultural Plan) was developed by the County and the OSA. It is a regional framework to mitigate the loss of farmland and support the agricultural economy. It includes four focus areas: 1) Land Use; 2) Regional Agricultural Conservation Easement Program; 3) Agricultural Economic Development; and 4) Branding Education & Awareness.

The Land Use focus area proposes “new agricultural land preservation policies, policy updates and programs to support long-term agriculture and a vibrant agricultural industry that in turn protects the County’s economic, environmental and cultural assets.”<sup>21</sup> Coyote Valley is identified as one of multiple subareas within the larger Agricultural Resource Area (ARA). The Agricultural Plan includes a series of “strategies/actions” that are relevant to the CVCS because they target the value of strategic zoning,

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21 County of Santa Clara and the Santa Clara Valley Open Space Authority, 2018, *Santa Clara Valley Agricultural Plan*, page 43.





**Figure 3-2 Santa Clara County General Plan Land Use Designations**

Source: City of San Jose, 2023; ESRI, 2023; PlaceWorks, 2023.

jurisdictional coordination, and “...focused application of agricultural protection tools.”<sup>22</sup> These include:

- Adopt specific zoning tools for different sub-areas based on specific characteristics, such as underlying lot standards and development of agricultural tourism and agriculture industrial zones.
- Coordinate with cities to create consistency in the designation of agricultural areas between the County and Cities’ General Plans.
- Strengthen zoning standards for agricultural areas that restrict the establishment of non-agricultural and non-residential uses in agricultural areas that do not support agriculture.

As stated in the introduction to the Agricultural Economic Development focus area, the County “is committed to growing a healthy agricultural economy, in order to help the private sector provide more business development and job opportunities for County residents.”<sup>23</sup> This focus area also includes strategies/actions that are relevant to the CVCS in that they seek to ensure the ongoing economic viability of ARA subareas through diverse, but agricultural-supportive uses. For example:

- Support the growth of ag-tourism.
- Assess utilization of non-farm ag tourism adjunct facilities (e.g., hospitality).
- Identify best practices from other regions, including those that offer a range of interconnected experiences (e.g., art, food, farms, recreation, nature experience, education).
- Explore opportunities to develop new farm trails, docent-led walks and related programs.

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<sup>22</sup> Ibid, page 45.

<sup>23</sup> Ibid, page 59.

## 3.3 City Regulations

### 3.3.1 City of San José General Plan Land Use Designations

As illustrated in Figure 3-3 and quantified in Table 3-2, City of San José general plan land use in the study area reflects the current agricultural and open space vision for Coyote Valley. The City’s General Plan land use diagram covers the city’s entire Sphere of Influence (SOI), which is “outermost physical boundary and service area that the City is expected to serve”<sup>24</sup> by 2040. Thus, the general plan land use summary below includes properties outside the City boundary shown in Figure 2-1.

The study area is composed of the following four land use designations:

- **OH Hillside (OH).** This designation is applied to areas which are located outside of the Urban Growth Boundary (UGB, see below)) with the intent of preserving a permanent greenbelt of open space. The OH designation allows a minimal amount of development, including very low-density residential golf courses and cemeteries. Implementation of these uses requires avoidance of areas of geologic sensitivity (slope, landsliding, soil creep, earthquake faults), and areas important for watershed and percolation.  
**Density:** FAR up to 0.02 and up to 1 DU/20 AC
- **Agriculture (A).** Sites in the Agriculture designation are intended for a variety of agricultural uses, including grazing, dairying, raising of livestock, feedlots, orchards and row crops.  
**Density:** up to 1 DU/20 AC; minimum 20 acre parcels

Much smaller areas of the study area are designated the following uses, each allowing greater development intensities:

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<sup>24</sup> City of San José, November 7, 2023, Envision 2040 General Plan, Chapter 5, Interconnected City.

- **Combined Industrial/Commercial (CIC).** This category allows for the development of a mixture of compatible commercial and industrial uses. Properties with this designation are intended for commercial, office, or industrial developments or a compatible mix of these uses. This designation occurs in areas where the existing development pattern exhibits a mix of commercial and industrial land uses or in areas on the boundary between commercial and industrial uses.  
**Density:** FAR up to 12.0
- **Private Recreation and Open Space (PROS).** This designation allows a broad range of recreation uses within the UGB. Possible uses include recreational vehicle parks, amusement parks, country clubs, golf courses, tennis clubs and private campgrounds and cemeteries. Ancillary commercial uses, such as bars and restaurants, are allowed in conjunction with private recreation uses.

Table 3-2 quantifies general plan land use designations in the study area.

Table 3-2 City of San José General Plan Land Use			
General Plan Land Use	Total Parcels	Area (ac)	% of Total Study Area (ac)
Agriculture	140	1479.5	61.1%
Combined Industrial/Commercial	15	13.0	0.5%
Open Hillside	29	906.2	37.4%
Open Space, Parklands and Habitat	1	5.1	0.2%
Private Recreation and Open Space	3	19.9	0.8%

## Growth Management

The San José Urban Growth Boundary (UGB) and Urban Service Area (USA) are growth management policies established in Envision 2040. Each is described below and illustrated in Figure 3-4.

- **Urban Growth Boundary**

Per Envision 2040, the UGB establishes the maximum extent of urban and suburban development in San José. Areas outside the UGB are intended to remain permanently rural in character and “to contribute to the establishment of a permanent green belt along the City’s eastern and southern edges.”<sup>25</sup>

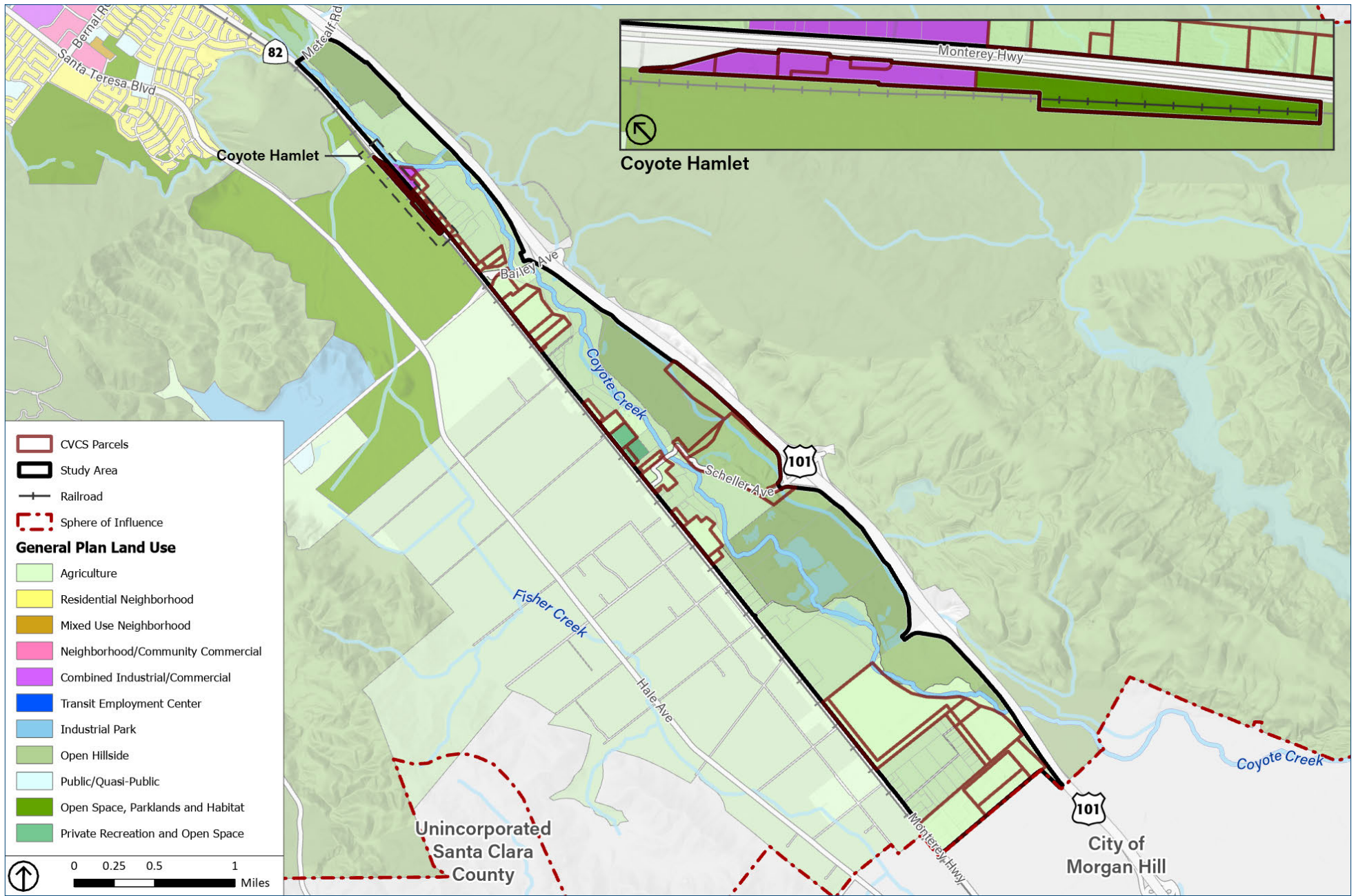
As shown in Figure 3-4, most small CVCS parcels along Monterey Highway are within the UGB, while larger properties in the southern half of the study area are outside the UGB. In total, 37 CVCS parcels totaling 169 acres are within in the UGB. This is equivalent to 6.5 percent of CVCS parcel acreage.

- **Urban Services Area**

The USA is tool to preserve the non-urban character of development on lands outside the Urban Growth Boundary. Per Envision 2040, lands outside the USA shall not be provided with urban services and shall be developed only with uses that cause no significant increase in public services or infrastructure. The USA is typically co-terminus with the UGB. However, as shown in Figure 3-3, the USA does not conform to the UGB in Coyote Valley. As a result, while some CVCS properties are within the UGB, only the “Coyote Hamlet” parcels west of Monterey Highway are within the USA. As such, about 98 percent of CVCS parcels are outside the USA.

<sup>25</sup> City of San José, November 7, 2023, Envision 2040 General Plan, Chapter 6, Land Use and Transportation.

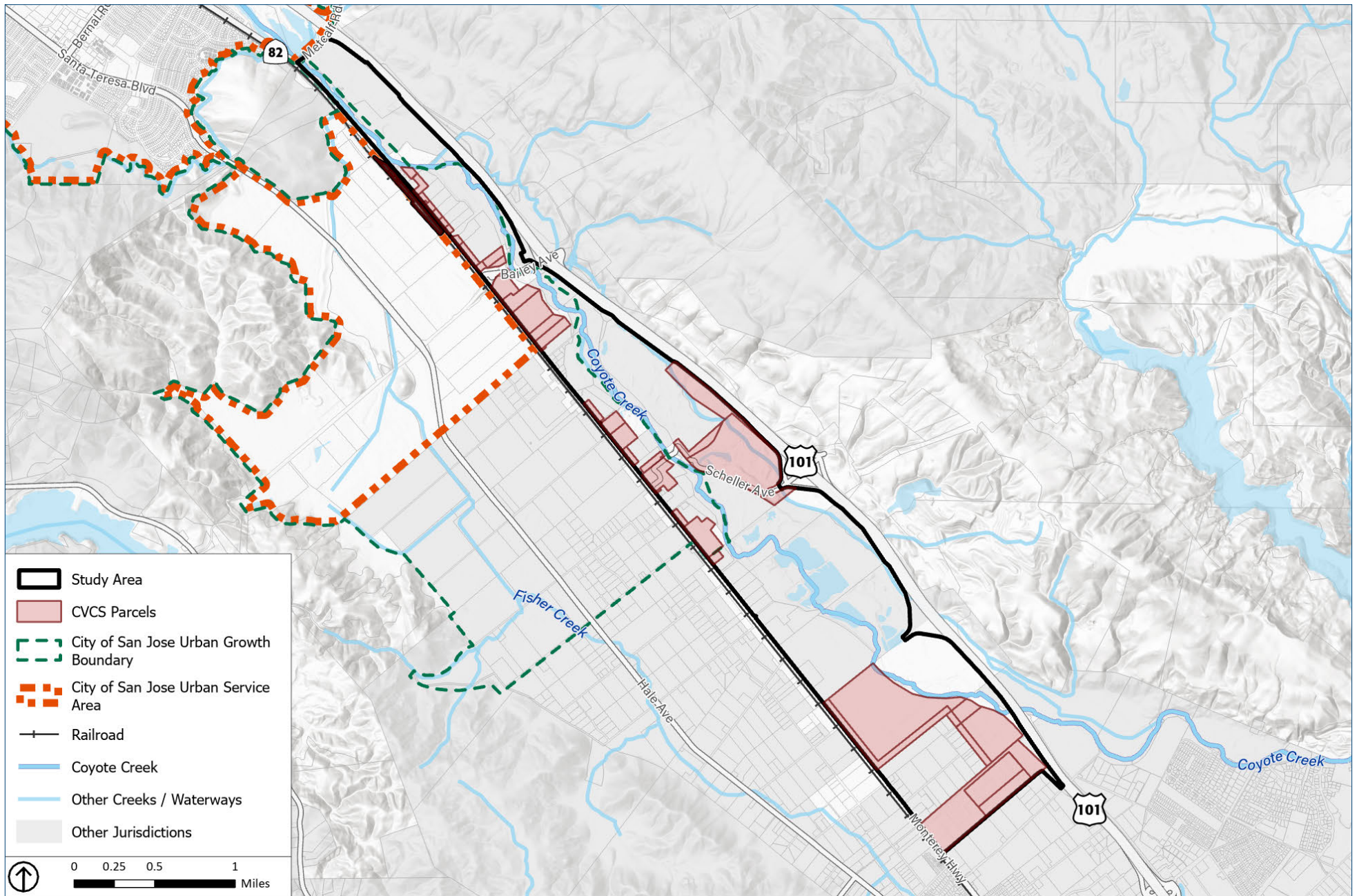




**Figure 3-3 City of San José General Plan Land Use Designations**

Source: City of San Jose, 2023; ESRI, 2023; PlaceWorks, 2023.





**Figure 3-4 City of San José Growth Management Boundaries**

Source: City of San Jose, 2023; ESRI, 2023; PlaceWorks, 2023.

The USA can only be expanded following approval by the Santa Clara Local Agency Formation Commission (LAFCO), a state mandated independent local agency. LAFCO reviews all USA amendment applications against multiple factors, to ensure orderly growth and development. LAFCO “discourages Urban Service Area expansions which include agricultural or other open space land”<sup>26</sup> unless the applicant has demonstrated effective protective measures and that the conversion of agricultural land to other uses is necessary.

Policy LU-20.14 of Envision 2040 requires future modifications to the USA in Coyote Valley and indicates the city’s intention to preserve the rural character of Coyote Valley. It states: “Shift the Urban Service Area boundary north in Coyote Valley in the future, and prohibit the shifting of the Urban Service Area boundary south in Coyote Valley. Properties designated for urban uses should remain within the Urban Service Area.”<sup>27</sup>

### Coyote Valley Agricultural Overlay

The Coyote Valley Agriculture Overlay Coyote (CVAO) (see Figure 3-5) covers certain specified properties in Coyote Valley with an underlying Agriculture land use designation. The CVAO is “intended to protect and preserve agricultural lands to facilitate local food production, to provide community access to healthful foods, to maintain a unique community character, and to promote the environmental, fiscal, and economic benefits of rural agricultural lands.”<sup>28</sup> The CVAO establishes a density of 1 DU/40 AC, with a minimum 40-acre parcel size. This low intensity is intended to preserve the viability for agriculture and discourage parcel

fragmentation. Per the CVAO, existing parcels that are less than 40 acres can remain at the current size but cannot subdivide further.

About 1,468 acres of the 2,423 study area are within the CVAO. This is equivalent to 61% of the study area.

### 3.3.2 Natural and Working Lands Element

The city adopted a new Natural and Working Lands (NWL) Element of San Jose’s climate action plan, Climate Smart San José, in May 2023 in coordination with OSA. The NWL contains policies for the city’s “Natural Working Lands,” described as lands that play a critical role in capturing and storing carbon dioxide. NWLs include areas designated Open Space, Parklands and Habitat, Agriculture, and Open Hillside. Eighty-eight percent of NWLs are outside the UGB.

As summarized in Table 3-2, the study area includes significant areas of land designated Agricultural and Open Hillside. As such, the goals of the NWL Element apply to the CVCS. These goals include:

- Increasing the total land area of General Plan land use designations (Open Space, Parklands and Habitat, Agriculture, and Open Hillside) that comprise City-designated NWLs.
- Reducing future development pressure on existing NWLs through pro-infill policies.
- Applying a range of regenerative and restorative practices to these lands to increase their ability to sequester carbon.

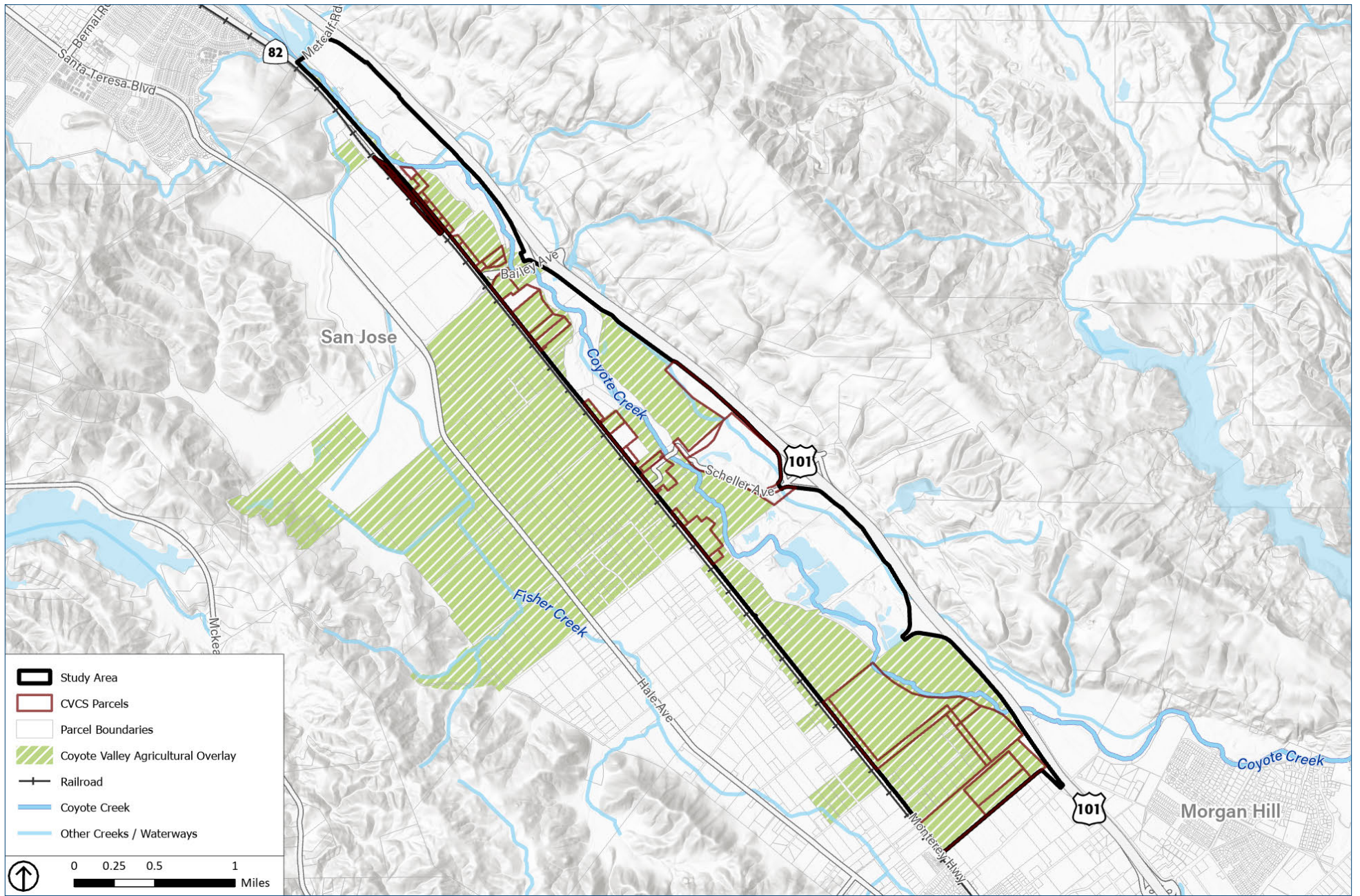
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26 Santa Clara County Local Agency Formation Commission, Urban Service Area Policies web page, <https://santaclaralafco.org/resources/policies/urban-service-area-policies>, accessed November 13, 2022.

27 City of San José, November 7, 2023, *Envision 2040* General Plan, Chapter 6, Land Use and Transportation.

28 Ibid, Chapter 5, Interconnected City.





**Figure 3-5 Coyote Valley Agricultural Overlay**

Source: City of San Jose, 2023; ESRI, 2023; PlaceWorks, 2023.

### 3.3.3 City of San José Zoning Ordinance

The San José zoning ordinance establishes a series of zoning districts intended “To guide, control, and regulate future growth and development in the city...and to promote achievement of the goals and purposes of the San José General Plan.”<sup>29</sup> The ordinance regulates physical development through allowable land uses and development standards for each zoning district.

Zoning in the study area is consistent with the general plan land use designations described in Section 3.3.1. Zoning is illustrated in Figure 3-6 and summarized in Table 3-3. The study area is composed primarily of the following districts:

- **A, Agricultural.** The purpose of this district is to provide for areas where agricultural uses are desirable, with regulations that are intended to provide for a wide range of agricultural uses. Entertainment and recreation uses are generally not permitted. Single-family dwelling may be conditionally permitted. Transportation and utilities use are also conditionally permitted.

**Minimum Lot area:** 20 acres

**Maximum height:** 35 feet

**Maximum FAR:** .80

- **A(PD), Agriculture Planned Development.** This district allows for A, Agriculture development in accordance with a City-approved plan. A diversity of site-dependent land uses may be permitted in (PD) Planned Development districts. For example, the Coyote Creek Golf Club, located in the study area, has PD zoning unique to the site. Development regulations applied to the site differ from the PD zoning applied to a number of other sites in the study area.

The following three zoning districts comprise minimal acreage in the study area, as shown in Table 3-3.

- **CIC, Combined Industrial/Commercial.** This district is exclusive to small parcels in Coyote Hamlet. It allows for a broad range of commercial uses with a local or regional market, including big box retail, and a narrower range of industrial uses, primarily industrial park in nature, but including some low-intensity light industrial uses.

**Minimum Lot area:** 6,000 feet

**Maximum height:** 50 feet

- **R-MH, Mobilehome Park.** The purpose of this district is to reserve land for the construction, use and occupancy of mobilehome development.

**Minimum Lot area:** 6,000 feet

**Maximum height:** 45 feet

- **R-1-1, Single Family Residence.** The purpose of the single-family residence district is to reserve land for single-family subdivisions and accessory structures. The allowable density range for the R-1 districts is one to eight dwelling units per acre.

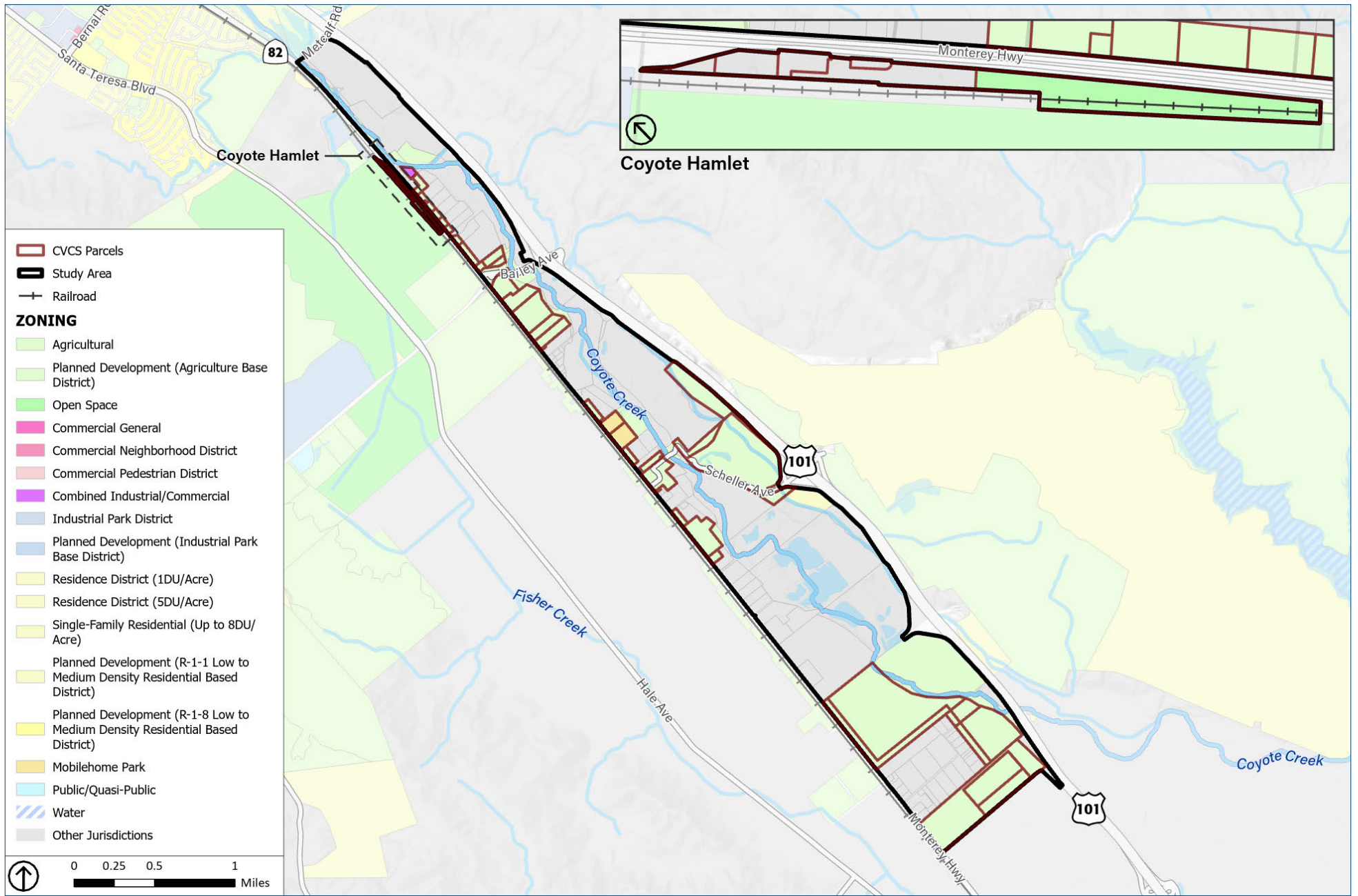
**Minimum lot area:** 43,560 square feet

**Maximum height:** 45 feet

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<sup>29</sup> City of San José, October 12, 2023, City of San José Municipal Code, Section 20.10.20.





**Figure 3-6 City of San José Zoning Ordinance**

Source: City of San Jose, 2023; ESRI, 2023; PlaceWorks, 2023.



# 4. Developed Sites

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As noted in Section 1.3, property owners and participants of the second Envision 2040 four-year process highlighted the unique character of parcels east of Monterey Highway. They stressed that due to the diverse, developed condition of many properties, uses other than agricultural and open space would complement and improve the existing character of the study area. As a result, the City Council directed staff to undertake the CVCS to develop new land use regulations for those specific parcels.

This chapter breaks the study area into the following three subareas and identifies sites which have been developed with commercial and other uses. These sites exemplify the diverse conditions east of Monterey Highway.

Note that these CVCS subareas are not intended to align with the Envision 2040 Coyote Valley policy areas described in Section 1.3:

1. North Corridor
2. Central Corridor
3. South Corridor

The sites identified in this chapter do not comprise an exhaustive list of all non-agricultural or non-open space uses and businesses in the study area. The figures and images are intended to demonstrate the considerably developed nature of the corridor and the diversity of existing land uses.

## 4.1 North Corridor

The North Corridor includes the area between Metcalfe Road and Bailey Road and Coyote Hamlet west of Monterey Highway and south of Blanchard Road. Figure 4-1 identifies examples of improved parcels and sites in the North Corridor. The following sites are numbered and labeled on the figure:

### 1. PG&E Metcalf Transmission Station

The Metcalf Transmission Station is a 600-megawatt combined-cycle, natural gas-fired power plant located on an approximately 82-acre parcel. The site is bordered by Fisher Creek to the north and west and the Union Pacific Railroad right-of-way to the east. Blanchard Road is to the south.

### 2. Coyote Ranch

Coyote Ranch is a private retreat and event center located on a 65-acre parcel accessible from Monterey highway via Coyote Ranch Road. Coyote Ranch accommodates corporate retreats, team building events, weddings, and reunions with a capacity of 5,000 persons.

### 3. South of Coyote Ranch Road

The approximately 17.5-acre area south of Coyote Ranch Road is comprised of nine improved, primarily hardscaped parcels with multiple commercial and light industrial uses. Existing uses include the currently-closed United States Coyote Post Office, event space the Coyote Grange Hall, construction concern Break Away Concrete Cutting and a series of materials, equipment, and vehicle storage yards.

#### 4. Coyote Hamlet

The nine-acre Coyote Hamlet is located immediately west and east of Monterey highway. Multiple businesses, structures and associated parking areas are located here. These include tattoo shop Bad Boy Body Graphics, Coyote Discount Bait & Tackle, Coyote Express convenience store and firewood supplier Padula Lumber Company.

## 4.2 Central Corridor

The Central Corridor includes the areas between Bailey Road and Coyote Creek Golf Drive. Figure 4-2 illustrates examples of improved parcels and sites in the Central Corridor. The following sites are numbered and labeled on the figure:

#### 5. Coyote Valley RV Resort

Coyote Valley RV Resort has spaces for 199 full-size RV's. It has a clubhouse, entertainment center and 24-hour fitness center, as well as a putting green and other recreational facilities. The facility employs about 10 people and recently completed a 10-acre expansion following approvals by the city and county. According to the Resort owner, the Resort also received the support of open space and wildlife advocates because of the additional open space and the assurances by the owners that no new chemicals would be used on the site.<sup>30</sup>

#### 6. Coyote Creek Golf Club

Coyote Creek Golf Club (Club) is located between Coyote Creek and Highway 101. It includes a 36-hole, 7,027-yard golf course and clubhouse originally permitted in 1997. According to Club literature, the Club hosts about 140,000 players annually, as well as tournaments and private

events.<sup>31</sup> The Club owners have developed plans to expand the facility with potential new components such as tennis and pickleball courts, and an amenities-rich "Coyote Creek Parkway Trail Station" for hikers and visitors with a beer garden and dining area.

#### 7. Coyote Creek Golf Club "Site 1"

This site, owned by the Coyote Creek Golf Club, includes 17-acres of city land. As shown in Figure 4-2, it contains original Club signage and a driveway entrance. Due to its location between Monterey Highway and Coyote Creek, Site 1 has been identified in the Club's Expansion Plan as the possible location for affordable farmworker housing, private outdoor special events, agritourism uses and various Coyote Creek Trail support facilities.

#### 8. Charter School of Morgan Hill

Charter School of Morgan Hill is an alternative public K-8 school that opened in 2001. It currently serves a student body of about 650 students and is located on an 11-acre site.

The Central Corridor also contains a cluster of single-family homes immediately south of Koyanagi Avenue at Monterey Highway, as well as a few separate, single family homes located on large lots throughout the corridor.

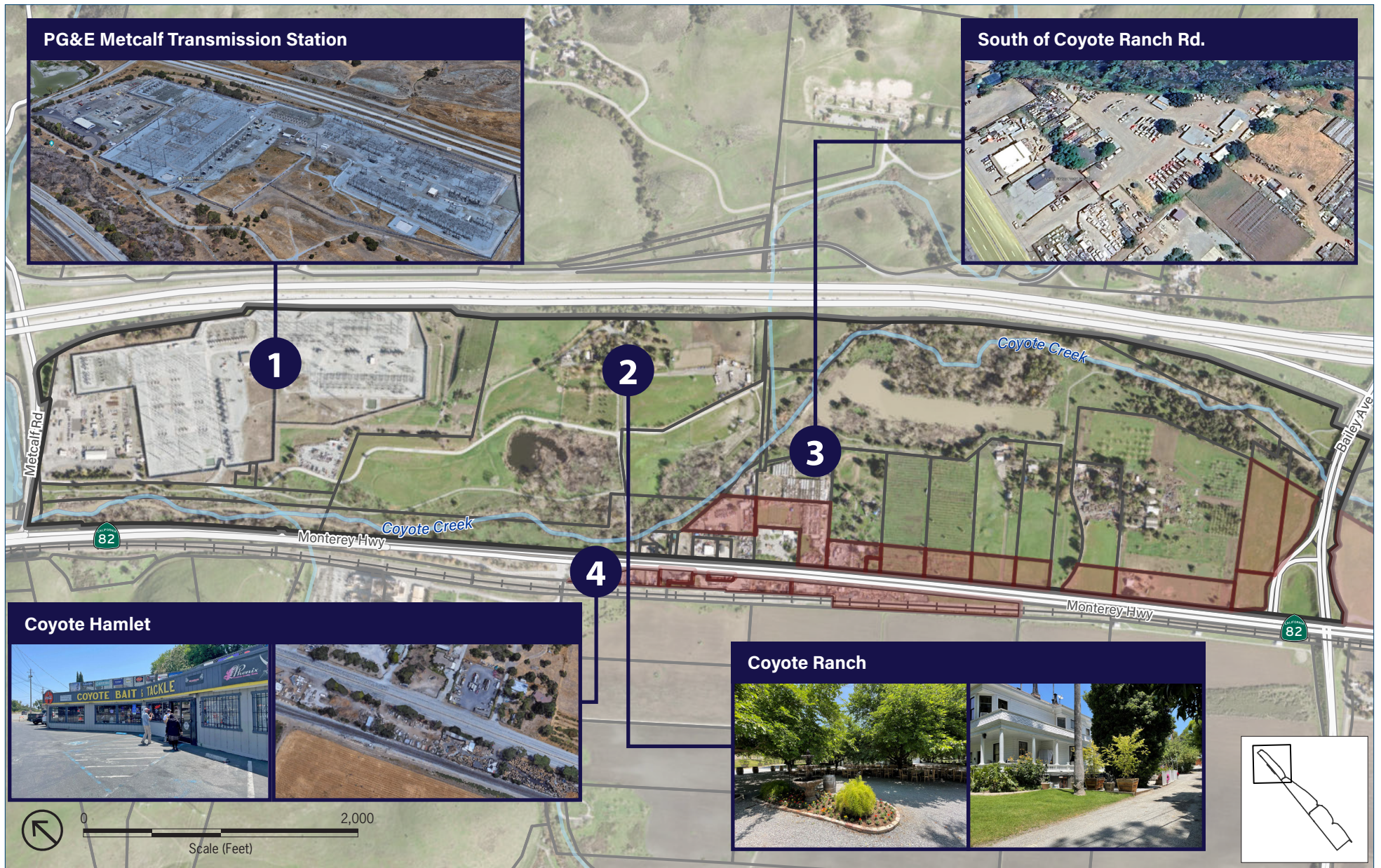
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<sup>31</sup> Coyote Creek Golf Club, 2022, *Coyote Creek Golf Club History, Expansion Plans, Pain Points* brochure.

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<sup>30</sup> Hamilton, Elaine, Co-Owner, Coyote Valley RV Resort, June 1, 2023, personal conversation with Greg Goodfellow.





**Figure 4-1 Developed Sites, North Corridor**

Source: City of San Jose, 2023; ESRI, 2023; PlaceWorks, 2023.

- Subareas
- CVCS Parcels
- Parcels
- Railroad
- Coyote Creek
- Other Creeks / Waterways





**Figure 4-2 Developed Sites, Central Corridor**

Source: City of San Jose, 2023; ESRI, 2023; PlaceWorks, 2023.

- Subareas
- CVCS Parcels
- Parcels
- Railroad
- Coyote Creek
- Other Creeks / Waterways

## 4.3 South Corridor

The South Corridor includes the area between Coyote Creek Golf Drive and the City of Morgan Hill. This subarea is dominated by County open space east of Coyote Creek. Figure 4-3 illustrates examples of improved parcels and sites in the Southern CVC Corridor. The following sites are numbered and labeled on the figure:

### 9. Parkway Lakes RV Park

Parkway Lakes RV Park is located at Monterey Highway and Ogier Avenue, on an approximately 13-acre county parcel. The park has 108 RV spaces available for long-term rental, a clubhouse, and a swimming pool.

### 10. Coyote Valley Nursery

Coyote Valley Nursery is a 14.3 acre, licensed wholesale nursery founded in 2007. It provides bedding plants to retailers & landscape professionals across the Bay Area. The nursery contains “a greenhouse the size of a football field” housing “a brilliant sea of cyclamen plants”<sup>32</sup> as well as peat moss, fir bark and sand, some of the key inputs for nursery plants.<sup>33</sup>

### 11. Monterey Highway and Kirby Avenue Area

The area surrounding Kirby Avenue at Monterey Highway contains a mix of commercial and developed sites, totaling about 36 acres on eight parcels. This area is home to the following businesses:

- **Advanced Trucks Inc.** This is an automobile customization company that specializes in suspension systems, wheels & tires, OEM replacement parts, and accessories.

- **Land & Sea Boat and RV Storage.** This is an RV and boat storage facility with spaces to accommodate a range of vehicle sizes.
- **Environmental Design, Inc.** This is a national firm that specializes in the relocation and transplant of large trees. The property houses the hydraulic equipment necessary to uproot and move trees with trunks up to 18 inches wide.

Like the Central Corridor, the South Corridor also contains few, isolated single family residences, most located immediately off Monterey Highway.

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<sup>32</sup> Sibella Kraus, December 4, 2017, People Will Always Come Back to Flowers, Medium magazine, <https://medium.com/protect-coyote-valley/people-will-always-come-back-to-flowers-5ef6c104d084>, accessed November 17, 2023.

<sup>33</sup> Ibid.





**Figure 4-3 Developed Sites, South Corridor**

Source: City of San Jose, 2023; ESRI, 2023; PlaceWorks, 2023.

- Subareas
- CVCS Parcels
- Parcels
- Railroad
- Coyote Creek
- Other Creeks / Waterways



# 5. Market Overview

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The following brief market overview of the study area comes primarily from the *Coyote Valley Baseline Assessment – Real Estate Market Overview*, which is based on data from commercial real estate data firm CoStar and interviews with local real estate brokers. This document is provided as Appendix A to this report.

## 5.1 Demographic Overview

### 5.1.1 Population and Households

The study area has a population of about 440 people. It represents a small portion of the South Santa Clara County market area, a low-density area that is home to about seven percent of the countywide population. While the population of the study area has been flat since 2010, South Santa Clara County has been growing more quickly than the rest of the County. Households in the study area and South Santa Clara County in general tend to be larger than the County average and are more likely to be families. Both per capita and median household incomes tend to be lower the County average.

### 5.1.2 Employment

There are an estimated 353 jobs in the study area, representing a limited economic base. Due to this small number, the industry breakdown of jobs should only be considered an estimate. Jobs tend to be heavy commercial/light industrial in nature (e.g., Construction, Manufacturing, Wholesale Trade), and retail and services (e.g., Retail Trade; Administrative, Waste & Remediation; Educational Services; Arts, Entertainment & Recreation; Accommodation and Food Services).

## 5.2 Real Estate Market

### 5.2.1 Residential Market Conditions

The study area contains 121 single family homes and seven units categorized as mobile homes or “other.” There are no multifamily units in the study area. This is consistent with the larger South Santa Clara County market area, where multifamily units represent about two percent of the residential inventory.

The median home sale price in South Santa Clara County in the first half of 2023 was \$1,175,000. This is significantly lower than the approximately \$1.7 million sale price in Santa Clara County as a whole during this time period. There were no recorded home sales within the study area during this time period, reflecting the area’s limited inventory. There is a vacancy rate of less than one percent for for-sale homes in the study area, which indicates the high demand for available single-family homes.

### 5.2.2 Office Market Conditions

The larger South Santa Clara County market area plays a limited role in the overall Santa Clara County office market, representing less than two percent of the County office inventory. It follows that there is an extremely limited inventory of stand-alone office space in the study area. The current asking rent in the South Santa Clara County market area is about 27 percent lower than the County average. Real estate brokers interviewed as part of the *Coyote Valley Baseline Assessment – Real Estate Market Overview* indicated that the study area is not particularly attractive as an office location, due to limited amenities such as retail. Moreover, limited

housing means there is less market support for locally-serving office businesses and less housing available for the workforce. However, the area's regional location, access via both Monterey Highway and Highway 101, and nearby access to more affordable workforce housing could make the area attractive for such uses in the future.

### 5.2.3 Retail Market Conditions

The study area has a limited inventory of retail space – roughly the size of half a typical neighborhood shopping center. Brokers indicated that the existing retail space is older and commands relatively low rents. South Santa Clara County represents about nine percent of the Santa Clara County retail inventory and exhibits a relatively low 3.4 percent vacancy rate. Asking lease rates in South Santa Clara County remain 31% lower than the countywide average, even as rents have risen more rapidly in the South County than the countywide average since 2013.

Real estate brokers interviewed indicated that due to Coyote Valley's relatively low population density, the study area is not a strong location for typical neighborhood, or community-serving retail for everyday shopping needs. These types of users will prefer to be located in proximity to greater concentrations of residents, such as in shopping centers in Morgan Hill or more densely populated areas to the north. The concentration of commercial sites along the Monterey Highway as opposed to Highway 101 means the study area does not cater particularly to the needs of potential regional retail developments, which are most attracted to freeway visibility and access, to facilitate attracting shoppers from a large trade area.

Successful retail development in the study would need to target specialty niches for which shoppers are willing to travel to a retail location as a destination, rather than for convenience shopping for commodity goods

such as groceries. Such retail could include local produce and food products that leverage the Coyote Valley's reputation as an agricultural hub that is accessible to the urban Bay Area; retail and services serving the Coyote Valley agricultural sector; or other specialty retail and services that tap into the interests of visitors to the area, such as people seeking agri-tourism opportunities, golfers, hikers, and mountain bikers.

### 5.2.4 Industrial Market Conditions

South Santa Clara County represents about 12 percent of total countywide industrial property, with 11,032,976 square feet of industrial inventory. The study area represents less than one percent of that inventory, with 76,854 square-feet of fully occupied inventory in the city and county. Although higher than the countywide vacancy rate, at 5.7 percent, the South County industrial vacancy rate is still considered low, and indicative of solid demand. Some real estate brokers indicated that the tight industrial market in the County overall causes users to seek space in the South Santa Clara County market area due to greater available of space and lower costs. Interviewees felt that if locations were made available for new industrial development, users would seek it out as a location preferable for its proximity to San José and other parts of Silicon Valley to the north, as opposed to locations that are further south. Industrial user demand could range from small local owner-user businesses needing inexpensive shop and yard space to larger industrial facilities. Additionally, the relatively affordable housing in the southern part of the county is also attractive for small business owners and their employees.

### 5.2.5 Hospitality Market Conditions

There are no lodging establishments in the study area. The South Santa Clara County market area represents about six percent of the county hotel room inventory. At 54.3 percent, South Santa Clara County lodging occupancy is slightly lower than the countywide average, and current revenues per available room are about 31 percent below the countywide average. These factors do not support new construction, as indicated by the fact that there are zero new hotel rooms under construction in the South County area. Lodging in the Southern Santa Clara County market tends to target spillover demand from travelers who are visiting Silicon Valley. This position as a secondary market makes the Southern Santa Clara County lodging sector vulnerable to declines in demand due to seasonal swings or longer economic cycles, as the reduced pool of travelers will seek more convenient locations further to the north.

## 5.3 Agriculture Market

### 5.3.1 Santa Clara County

Agriculture is a vital part of the Santa Clara County economy. As stated in the County’s 2022 Crop Report, the gross value of the County’s agricultural production for 2022 was \$358,862,000, an increase of 5.6% from the 2021 value of \$339,965,000.<sup>34</sup> Crops such as mushrooms, lettuce, Asian vegetables, spinach, cabbage, tomatoes, broccoli, peppers and others contribute to this market. The gross value of fruits and nuts such as apricots, cherries, grapes, persimmons and walnuts was \$18,897,000 in 2022.<sup>35</sup>

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34 Santa Clara County, 2022, From Farm To Fork, Crop Report 2022, How Agricultural Products Reach Your Plate, page 3.

35 Ibid., page 26.

Some agricultural businesses focus on selling large volumes of crops to national or international markets. These operations generally require large amounts of land. However, recent studies have demonstrated the potential of smaller, more diverse agricultural operations in Santa Clara County. These operations, which typically sell smaller quantities of crops to regional markets, are well-suited to smaller parcels, and have the potential to make significant contributions to the county market.<sup>36</sup>

### 5.3.2 Coyote Valley and the CVCS

Two site-specific studies of agricultural viability illustrate challenges to financial feasibility of farming operations in and near the study area. Both of the following studies were commissioned by property owners in the current study area.

A 2021 economic evaluation of a 126.5-acre area of land at the southeast intersection of Monterey Highway and Bailey Road, adjacent to the study area, concluded that “crop farming is not an economically viable or financially feasible use of [the] properties.”<sup>37</sup> The authors found that leases on the properties turned over four times in the years leading up to the study, as tenants that ran farming-related operations went out of business. The study identified a series of challenges and conditions that inhibited the financial viability of agriculture at the site. These include:

- **Labor costs.** According to the study, the costs of farming have risen faster than revenues. This is primarily because crops that have historically thrived in Santa Clara County are labor intensive, and labor costs

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36 Santa Clara County Food Systems Alliance, January 2020, *Small Farms, Big Potential: Growing a Resilient Local Food System*.

37 Daniel A. Sumner, University of California, Davis, September 2021, *The Economic Viability and Financial Feasibility of the Continued Agricultural Use of the North Coyote Valley Properties in the City of San José*, page 4.



have increased. This is due to competition with higher-paying urban jobs and the high cost of living for farm workers.

- **Decline of supportive industries.** Many of the necessary processing, packaging and distribution services that expanded in the 1950's, have left Coyote Valley and surrounding areas as wage, tax and real estate costs increased. This has forced farmers to seek support and services farther away, or perform work themselves.
- **Cost of fragmented farming.** This study evaluated a group of smaller parcels comprising a larger land area. The authors found that operations that are distributed across more, but smaller, parcels along roadways have higher costs associated with logistics, equipment moves and labor. Moreover, based on interviews with farmers, the study concluded that “the cost imposed by road congestion, in terms of out of pocket costs and farmer time spent moving between fields, is substantial.”<sup>38</sup>

A second site-specific study completed in 2021 assessed the agricultural viability of a 221-acre group of properties, currently used as cherry orchards. The site is located on the southern end of the current study area. According to the study authors, feasibility “implies both physical and financial feasibility of a farm, demanding too, that the agricultural use endure over a long period of time.”<sup>39</sup> With this definition in mind, the study concluded that “Agriculture is not a viable use of the subject property now or in the long-term.”<sup>40</sup>

The study identified a series of “detrimental factors” to the financial feasibility of agricultural that apply to the “entire neighborhood of the Coyote

Valley’s east side.” Some of these are consistent with the findings of the report summarized above. They include:

- **High cost of agricultural business.** The authors found that farming at the site was at an untenable competitive disadvantage. They referenced a 36% rise in farm labor wages from 2010 to 2020 as the key factor in rising costs.
- **Urban surroundings.** Adjacent urban or non-farm uses in the area were deemed incompatible with farming. Not only were non-farm uses found to isolate the subject properties, but the same uses increased conflicts with farming conditions and activities such as chemical spraying, occasional dust, and equipment noise and movement.
- **Lack of nearby agricultural support.** Similar to the previously-summarized study, the authors found that the lack of nearby packing houses and other services contributed to agricultural infeasibility on the site. For example, the closest suppliers for equipment and chemicals are in the Watsonville area, about 40 miles away. This put the farm at a competitive disadvantage with similar operations in the Santa Cruz-Watsonville area.
- **Environmental conditions.** In addition to the restrictions posed by adjacent urban uses, the authors concluded that “adjoining wildlife habitat, recreational and municipal lands” also caused substantial limitations to farming operations.

Both studies indicate that the diverse array of existing developed land uses, the complexity of land use regulation and the sensitive natural and cultural resources presented in this report, may challenge the feasibility of agricultural in the study area.

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<sup>38</sup> Ibid, page 20.

<sup>39</sup> House, Gregory A. and Henry, November 12, 2021, Agricultural Viability Study of Marchese Property of 221 Acres, page 7.

<sup>40</sup> Ibid., page 1.

# 6. Natural and Cultural Resources

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The study area, although significantly developed, is located within an area rich in natural and cultural resources. These resources are summarized in this Chapter.

## 6.1 Natural Resources

The larger Coyote valley has been described as a “last chance landscape” that possesses natural characteristics well-suited to address climate change, sustainability, and environmental protection.<sup>41</sup> The following sections summarize those characteristics.

### 6.1.1 Wildlife movement

Coyote Valley is located between the Santa Cruz Mountains and Diablo Range. As a result, it is a critical “linkage” for wildlife migrating between the two mountains ranges. Wildlife linkages are defined as broad areas vital to biodiversity because they support natural ecological processes and “allow gene flow of wildlife and plant species to move among areas of suitable habitat.”<sup>42</sup>

Coyote Valley also contains specific wildlife “corridors.” These are primarily linear features, either natural or man-made, that connect two or more core habitat areas. For example, in the northern area of Coyote Valley, Fisher Creek corridor and Coyote Creek Parkway are well-documented

pathways for the movement of mammals across the valley floor.

The significance of Coyote Valley as a pathway for mammals and toward general ecological connectivity has been demonstrated by studies of barriers that interrupt this movement. Animal movement across roads located in the current study area, including Monterey Highway and Bailey Avenue, has been studied using roadkill surveys, remote cameras and radio telemetry. Deaths to large mammals such as Bobcats and Mule Deer, small mammals such as American Badgers and Ground Squirrels, as well as Western Pond Turtles and other species suggest that Monterey Road is the most serious barrier to wildlife movement in Coyote Valley, as it inhibits habitat access and is the main location of wildlife-vehicle collisions.<sup>43</sup>

### 6.1.2 Biodiversity

Coyote Valley provides an important habitat for multiple special status plants and animals. Special status plant species include, but are not limited to:<sup>44</sup>

- Most beautiful jewelflower (*Streptanthus albidus* ssp. *peramoenus*)
- Santa Clara Valley dudleya (*Dudleya setchellii*)
- Smooth lessingia (*Lessingia micradenia* var. *glabrata*)
- Big-scale balsamroot (*Balsamorhiza macrolepis*)
- Tiburon Indian paintbrush (*Castilleja affinis* ssp. *neglecta*)

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41 Jacqueline R. Onciano, Santa Clara County Department of Planning and Development, February 9, 2021, staff report to Board of Supervisors: Coyote Valley Climate Change Overlay Zone and Moratorium Report.

42 Santa Clara County Wildlife Corridor Technical Working Group, Coyote Valley Subcommittee, April 2019, Recommendations to Reduce Wildlife-Vehicle Collisions on the Monterey Road Corridor in Coyote Valley, Santa Clara County, page 3.

43 Ibid, page 21.

44 ICF International for The Santa Clara Open Space Authority, July 25, 2013, Coyote Valley Open Space Preserve Use And Management Plan, Draft Initial Study, page 3-35 to 3-41.

- Pink creamsacs (*Castilleja rubicundula* ssp. *rubicundula*)
- Coyote ceanothus (*Ceanothus ferrisiae*)
- Mt. Hamilton thistle (*Cirsium fontinale* var. *campylon*)
- Fragrant fritillary (*Fritillaria liliacea*)
- Loma Prieta hoita (*Hoita strobilina*)
- Hall’s bush mallow (*Malacothamnus hallii*)
- Metcalf Canyon jewel-flower (*Streptanthus albidus* ssp. *albidus*)
- Bent-flowered fiddleneck (*Amsinckia lunaris*)
- Anderson’s manzanita (*Arctostaphylos andersonii*)
- Round-leaved filaree (*California macrophylla*)
- Fragrant fritillary (*Fritillaria liliacea*)

Examples of special status animal species include, but are not limited to:<sup>45</sup>

- Opler’s longhorn moth (*Adela oplerella*)
- Hom’s microblind harvestman (*Microcina homi*)
- Golden Eagle (*Aquila chrysaetos*)
- White-tailed Kite (*Elanus leucurus*)
- San Francisco dusky-footed woodrat (*Neotoma fuscipes annectens*)
- Bay checkerspot butterfly (*Euphydryas editha bayensis*)
- Western Pond Turtle (*Actinemys marmorata*)
- Western burrowing owl (*Athene cunicularia*)
- California tiger salamander (*Ambystoma californiense*)
- California red-legged frog (*Rana draytonii*)
- Swainson’s hawk (*Buteo swainsoni*)
- Black swift (*Cypseloides niger*)
- hoary bat (*Lasiurus cinereus*)
- long-eared myotis (*Myotis evotis*)
- yuma myotis (*Myotis yumanensis*)

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<sup>45</sup> Ibid, page 3-52.

### 6.1.3 Hydrology

Coyote Valley is a unique hydrological resource with diverse below- and above-ground water conditions. The sandy (alluvial) deposits that compose the Valley floor are extremely permeable. This permeability allows water to move quickly underground. This underground flow is generally northward toward San Jose, and has been measured at 10 feet per day.<sup>46</sup>

The Valley also allows for the free recharge of surface water into the deeper groundwater, and “acts essentially like a 7500-acre percolation pond and is the de facto forebay for the Santa Clara Groundwater Basin, which serves some 2 million residents.”<sup>47</sup> Most of Coyote Valley is underlain by the 15-square mile Coyote Sub-basin of the Santa Clara Valley Groundwater Basin, one of the most significant alluvial filled groundwater basins of California. One-half of the water used in the Santa Clara Valley and all water used in Coyote Valley is pumped from this basin. The basin is shallow, with depths ranging from 0 to 10 feet below ground surface.<sup>48</sup>

Coyote Valley and the study area are part of the 321-square mile Coyote Watershed, the largest watershed in Santa Clara County. The more than 30 creeks contained in the watershed are all tributaries of Coyote Creek. The landscape of the area surrounding the study area is informed by two primary watercourses running through it: Coyote Creek and its tributary Fisher Creek. Coyote Creek flows into Coyote Valley from the Diablo Range and Fisher Creek from the Santa Cruz Mountains. The creeks meet east of Tulare Hill at a location known as “Coyote Narrows”, where Coyote Creek then continues to flow north through San José and into San Francisco Bay.<sup>49</sup>

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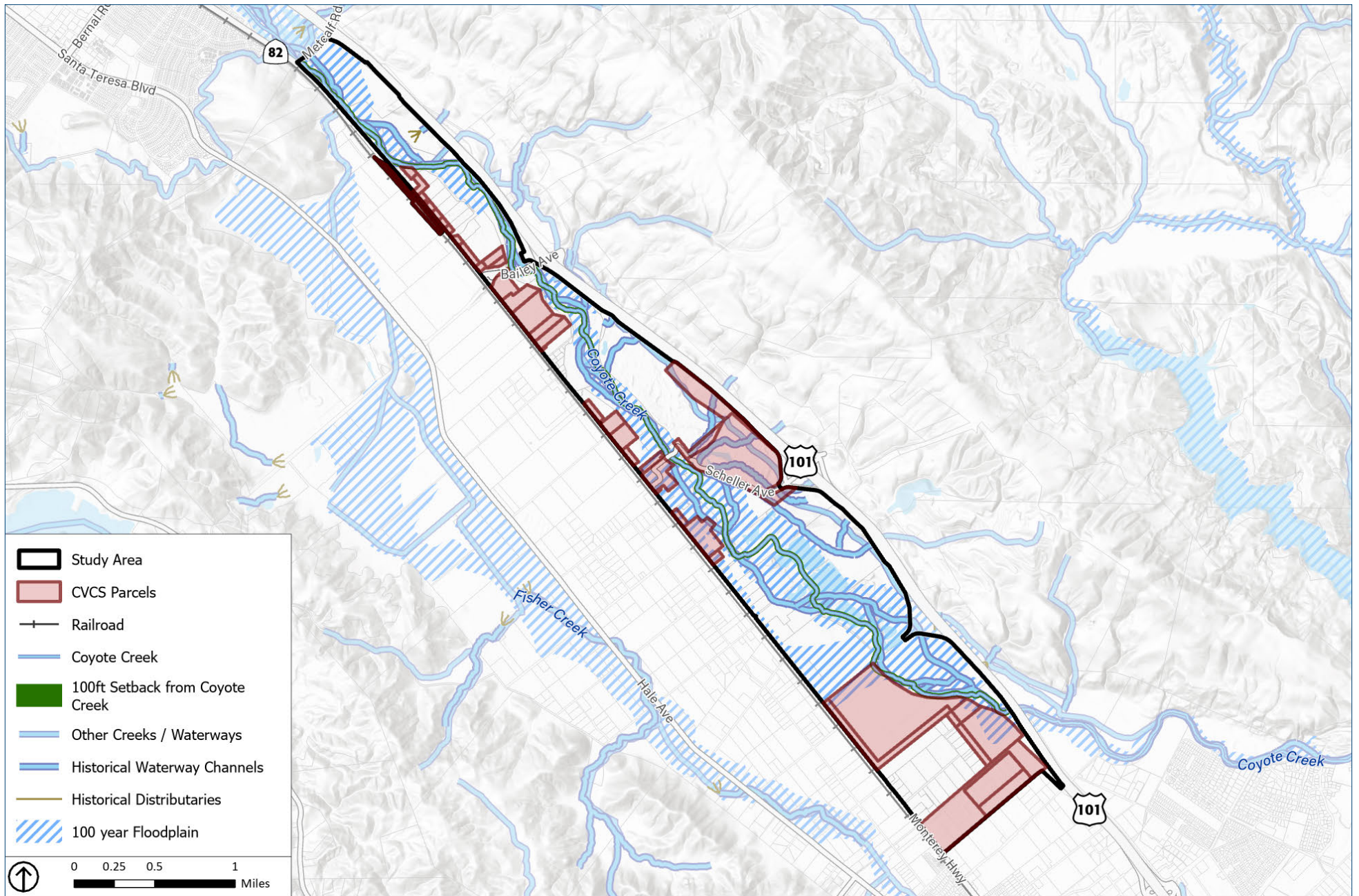
<sup>46</sup> Ferraro, Pat, Sierra Club of Loma Prieta, Why Preserving Coyote Valley Protects the Water Supplies for Silicon Valley, accessed November 20, 2023.

<sup>47</sup> Ibid.

<sup>48</sup> Ibid

<sup>49</sup> Environmental Science Associates, for the Santa Clara Valley Open Space Authority, June 2021, Coyote Valley Water Resource Investment Strategy, page 2-1.





**Figure 6-1 100-Year Floodplain**

Source: City of San Jose, 2023; ESRI, 2023; PlaceWorks, 2023; Santa Clara Valley Open Space Authority, 2023

Figure 6-1 shows the location of Coyote Creek and other waterways in and near the study area. The figure also shows the location of the 100-year floodplain that surrounds Coyote Creek and other creeks. The 100-year floodplain is defined by the Federal Emergency Management Agency (FEMA) as an area with a 1 percent chance of annual flooding.

#### 6.1.4 Soil

Most of Coyote Valley is underlain by rich, fertile soils with physical and mineral characteristics that the Natural Resources Conservation Service classifies as Prime Farmland. Several areas in the northern and southwestern areas of Coyote Valley are designated Farmland of Local Importance, while soils along the northeastern edge are generally designated for grazing and are classified as loam or silt loam. The central portion of the valley is characterized by clay loam or silty clay loam and the south and southwest portion is characterized by clay loam.<sup>50</sup> The area around Laguna Seca in the northwestern portion of the valley is dominated by Fine Sandy Loam, Gravelly Loam, Loam, or Gravelly Loam.<sup>51</sup>

## 6.2 Tribal Cultural Resources

Coyote Valley and the study area are rich in tribal history and resources. Coyote Valley has been described as a “transitional territory”<sup>52</sup> between the Muwekma Ohlone Tribe of the San Francisco Bay Area and the Amah Mutsun Tribal Band. As a result, Coyote Valley is a diverse and “sacred tribal cultural landscape in which water, mineral and biological resources constitute a deity beyond traditional western value,” as explained by

Quirina Geary, Chairwoman of Tamien Nation.<sup>53</sup> Multiple tribal village and burial sites have been discovered and formally recorded in the area surrounding the study area. Moreover, tribal representatives have stressed that to indigenous peoples, the boundaries of tribal cultural sites extend beyond physical artifacts and limits. The surrounding landscapes associated with those sites are included in the significance and geography of the sites.<sup>54</sup> Taken together, the quantity and diversity of indigenous resources in Coyote Valley is significant.

For example, several *túupentaks*, or traditional semi subterranean spiritual roundhouses, were once located within Thámien Ohlone-speaking tribal villages in Coyote Valley. *Túupentaks* were places of healing rituals, dances, intertribal trade feasts, celebration, and religious ceremonies. Nearby documented shellmound sites also served as sacred territorial monuments, traditional cemetery sites and birth mounds for high-lineage families. Many of these sites are scientifically documented and numbered. For example, site CA SCL 178 at Metcalf Road and Highway 101 in the northern corner of the study area includes material that extends back almost 10,000 years, to the Holocene period. Other studies, including the assessment complete as part of the California High Speed Rail Authority’s San José to Merced Project Section EIR/EIS, have documented pre-contact occupation sites, burials and lithic (stone) tool scattering sites in and around the study area.

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<sup>53</sup> Geary, Quirina, July 6, 2023, verbal comment at Coyote Valley Corridor Study Focus Group.

<sup>54</sup> Ibid.

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<sup>50</sup> Sustainable Agriculture Education (SAGE), March 2012, Conserving Coyote Valley Agriculture, Feasibility Study, page 25.

<sup>51</sup> Ibid.

<sup>52</sup> Lopez, Valentin J, Chairman, Amah Mutsun Tribal Band, January 4, 2007, letter to City of San José Planning Commission re Coyote Valley EIR.

# 7. Stakeholder Priorities

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Multiple stakeholder groups who participated in the 2019 General Plan 4-Year review process (Section 1.3) have also engaged in the CVCS outreach process. These include property and business owners in and near the study area, natural resource advocates, tribal representatives and local agency representatives. This chapter summarizes the following stakeholder priorities for the study area, as expressed by CVCS participants at project focus groups:

- Protect land values and the economy
- Diversify development
- Coordinate with other projects
- Coordinate with Santa Clara County
- Protect natural resources
  - » Coyote Creek Corridor
  - » Wildlife linkages
  - » Biodiversity
- Protect tribal resources
- Preserve agriculture

## 7.1 Protect Land Values and the Economy

As explained in Section 1.3, the 2021 decision to undertake the CVCS resulted from input by a group of study area landowners during the General Plan 4-Year review process. These stakeholders stressed that agriculture was not a viable use of their properties, most of which are east

of Monterey Highway. Thus, the new, broadly-applied agricultural zoning represented a significant loss in personal investments due to declining property values, as well as an overall risk to the economic vitality of the study area.

The adoption of new land uses that will provide options for economically-viable development and protect land values remains a top priority for these stakeholders. During the CVCS outreach process, they stressed that the open space and natural resources of Coyote Valley will require a balanced approach to new development that both respects surrounding resources and maximizes the unique qualities of the study area.

These stakeholders have also voiced concerns that potential new land uses resulting from the CVCS are limited to commercial and recreational uses. They feel that residential uses should be considered in the study, pointing to the potential for targeted residential types, such as farm-worker and transitional housing. They also highlight the ongoing housing crisis in California and recent legislation passed to facilitate new housing, citing these conditions as inconsistent with the decision to limit new land use policy to commercial and recreational uses.

## 7.2 Diversify Development

Property owners and other stakeholders have expressed their commitment to diversifying and improving development in the study area. They stress that although CVCS parcels are largely surrounded by open spaces and valuable natural resources, the built conditions summarized in Chap-



ter 4 make the area unique, and thus under study by the City of San José. These stakeholders stress the need for the city to stay open to new land uses and development standards. They view the CVCS as an opportunity to bring a balance of new commercial, recreational, and potentially other uses that will add value to individual parcels, benefit the entire study area and avoid impacts to surrounding resources.

## 7.3 Coordinate with Other Projects

Some stakeholders have identified other ongoing projects that may impact sensitive resources in Coyote Valley, such as the California High Speed Rail project, the Santa Clara Valley Water Authority's Ogier Ponds-Coyote Creek Separation project and the Anderson Dam Retrofit project. These stakeholders would like to ensure such projects are accounted for in any land use changes in the study area. This is to ensure that the land use changes do not exacerbate potential impacts or conflict with project components intended to avoid or mitigate environmental impacts.

## 7.4 Coordinate with Santa Clara County

Stakeholders have pointed to the need to prioritize coordination with the County of Santa Clara's current agricultural planning work. Efforts like the County's Agricultural Plan and rural zoning update process are intended to preserve and strengthen agriculture in Santa Clara County through refined regulation such as new definitions of agricultural supportive uses and revised design and development standards.

## 7.5 Protect Natural Resources

Generally, protecting the natural resources that make Coyote Valley a unique, protected landscape is a guiding priority for many project stakeholders. The following are specific resources highlighted by stakeholders.

### 7.5.1 Coyote Creek Corridor

Coyote Creek is a wildlife corridor that runs behind many properties in the study area. Some stakeholders have stated that expansion of adjacent uses has not been studied or discussed, and that impacts to the corridor as a wildlife pathway could be severe, resulting from potential increases in noise, trash, lighting, rodenticides invasive plants and other issues. Stakeholders define the Creek as a "spine" of biological resources that must be protected via regulation such as wider setbacks.

### 7.5.2 Wildlife Linkages

Stakeholders have stated that a key priority is the prevention of further barriers to wildlife movement in Coyote Valley. They point to the potential of new development and associated traffic and infrastructure as potential impediments to this movement. According to stakeholders, new CVCS land use regulations must account for these potential impacts and consider current efforts by OSA, POST and others to improve wildlife crossings.

### 7.5.3 Biodiversity

As explained in Section 6.1.2, Coyote Valley provides important habitat for rare and endangered species and animals of regional significance. Stakeholders point to the fact that incompatible development, and increased traffic and visitation, pose risks to the sensitive habitats that accommodate these species.

## 7.6 Protect Tribal Resources

Tribal representatives and other stakeholders have stressed that any additional development in Coyote Valley represents a potential threat to the invaluable cultural and physical tribal landscape. They reference current tribal databases, which show that the entire area is sensitive indigenous land. According to some stakeholders, new recreational and commercial land uses will impact these tribal cultural resources and potentially destroy thousands of years of sacred history. The stakeholders have stated that there will have to be significant “up front” mitigation measures implemented as part of project regulation to offset impacts.

## 7.7 Preserve Agriculture

Stakeholders have stressed that Coyote Valley is the center of agriculture in Santa Clara County, with a climate favorable to year-round production and prime soils. A priority for some stakeholders is that the City use this project to reexamine the role of agriculture and the potential for diverse farming operations, and consider new opportunities presented by nearby urban markets. Some stakeholders have also stated that the project should consider how potential new uses and standards can contribute to food security and food equity in the larger region.

# 8. CVCS Next Steps

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This Baseline Assessment represents the completion of CVCS background reporting and existing conditions data collection. The process was preceded by a series of stakeholder focus groups and a Public Meeting held at the Coyote Creek Golf Club. This assessment was also informed by discussions with County of Santa Clara staff.

The next step in the CVCS process will be to solicit input from project stakeholders on a potential vision for the 63 CVCS parcels identified in Section 2.3, including proposed land uses, development strategies and preservation goals. This will be achieved through an in-person stakeholder workshop. The City will use this information to develop an illustrative visioning document and a list of potential land uses to be assessed in detail. The assessment will include economic, land use, environmental and mapping analyses to determine potential constraints and benefits of each proposed land use.

The results of the proposed land use assessment process will then be presented at stakeholders focus groups and a second Public Meeting. Feedback from those outreach events will be used to develop a set of preferred land use and development recommendations, which will inform the development of final land use regulations. Ultimately, the final land use regulations and study area vision will be shared at a public meeting and presented to the San Jose Planning Commission and City Council during a public hearing process.

Final approval of the CVCS land use regulations will require certification of an Environmental Impact Report (EIR) by the City of San Jose.



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A P P E N D I X A

R E A L E S T A T E M A R K E T O V E R V I E W







## Memorandum

**To:** Charlie Knox, PlaceWorks  
Gregory Goodfellow, PlaceWorks

**From:** Matt Kowta, MCP, Managing Principal

**Date:** September 22, 2023

**Re:** Coyote Valley Baseline Assessment – Real Estate Market Overview

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### Introduction

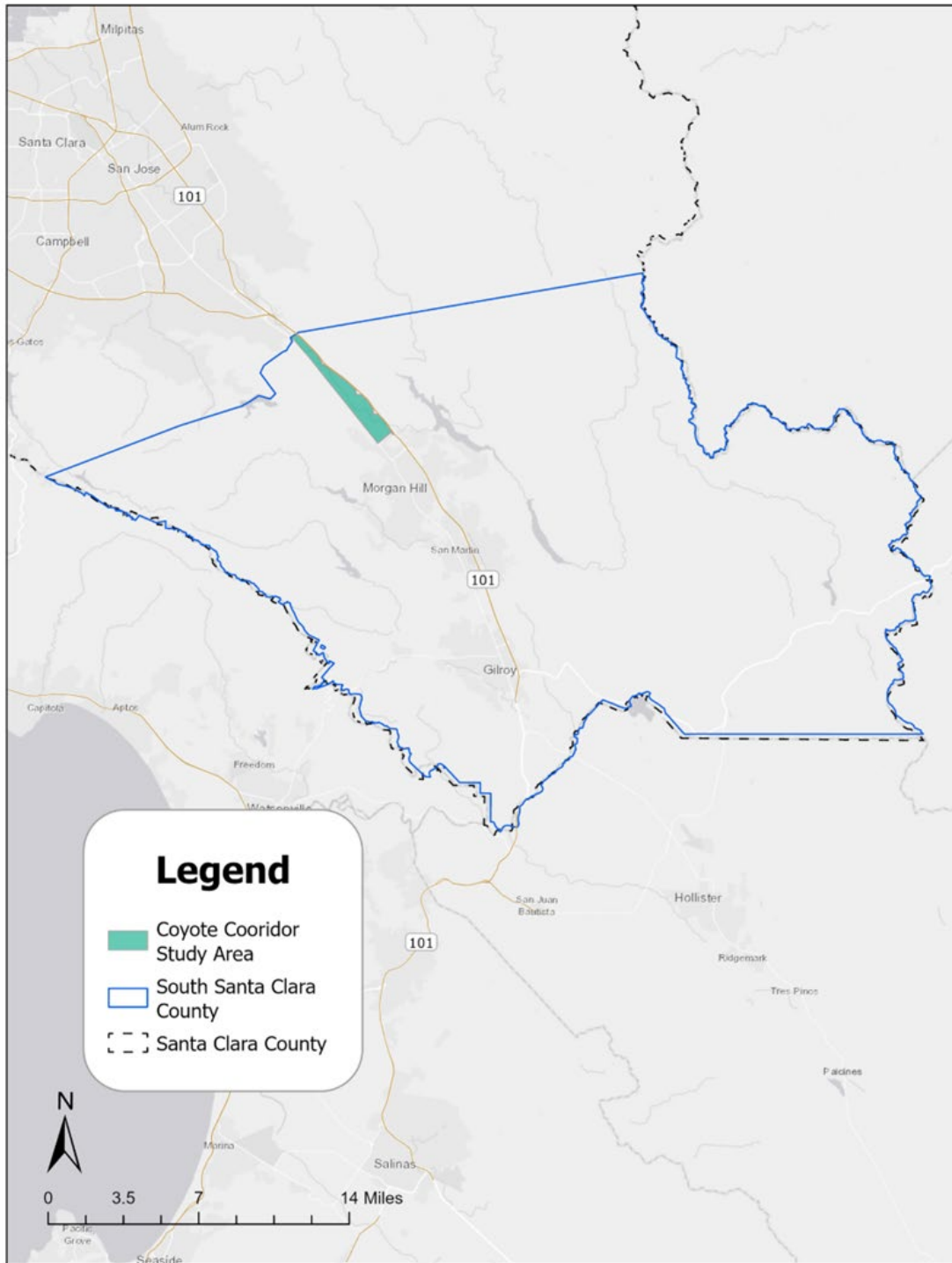
The purpose of this memo is to convey the findings from our real estate market overview for the Coyote Valley Corridor (CVC) study area, for residential, retail, office and industrial land uses. The objective was to understand the current population and household characteristics, the inventory of real estate, and the balance of supply and demand within the CVC. Because current land use regulations are fairly restrictive in the types of development that can occur within the CVC, historical development trends are not necessarily indicative of potential future real estate demand within the CVC. Thus, as part of this analysis, it was important to understand how the CVC relates as a sub-market to the larger South Santa Clara County and Santa Clara County market areas, to gain perspective on the potential demand for a range of land uses in the future in Coyote Valley, if the land use regulations were to permit such development. To further contextualize the potential demand for new development in the CVC area, BAE also examined regional growth projections and researched recently approved and planned and proposed development projects in the CVC, other nearby locations in southern Santa Clara County, including the City of Morgan Hill.

The narrative text that follows provides an overview of the research and key findings while a detailed set of data tables is included at the end of this document.

### *Study Area*

The City of San Jose defined the Coyote Valley Corridor as an area that sits between the Monterey Highway and U.S. Highway 101 in southern Santa Clara County, at the southern end of the City of San Jose. For context and perspective on the characteristics of the Coyote Valley Corridor, BAE also collected real estate market data for southern Santa Clara County and also for Santa Clara County as a whole. As defined for this study, South Santa Clara County encompasses the portions of the County that lie south of the City of San Jose, including the cities of Morgan Hill and Gilroy and the unincorporated community of San Martin. Figure 1, on the following page, shows the geographic boundaries of the three areas.

**Figure 1: Coyote Valley Corridor and South Santa Clara County Study Areas**



## **Demographic Overview**

Tables 1 through 10 at the end of this document present an array of data on the characteristics of the population and households in the CVC, South Santa Clara County, and Santa Clara County as a whole. The CVC is a small portion of the larger South Santa Clara County area. As shown in Table 1, CVC has a very small population of around 440 people, which has been stable since 2010. South Santa Clara County has a relatively low population density and is home to less than seven percent of the countywide population, even though it covers a fairly large geographic area.

South Santa Clara County characteristics (including CVC) are distinct from the County as a whole. While the CVC population has been flat since 2010, South Santa Clara County has been growing more quickly than the rest of the County and has a higher median age. CVC and South Santa Clara County households tend to be larger than the County average, are more likely to be families, and incomes (per capita and median household) tend to be lower. These characteristics are consistent with the perspectives shared by real estate brokers interviewed for this study who indicated that people who are moving to South Santa Clara County tend to be those pushed south from further north in Silicon Valley where home prices are less affordable. Residents of Southern Santa Clara County and CVC in particular are less likely than their counterparts elsewhere in the City to have obtained a bachelor's degree or higher, and they are more likely to work in service-type occupations and less likely to work in professional/technical occupations as compared to countywide averages.

Table 11 contains estimates of the number of jobs by industry sector in the CVC, South Santa Clara County, and the County as a whole, providing an indication of the types of economic activity that prevail in each area. With an estimated 353 jobs, CVC's economic base is limited, and because the estimates are for a very small area, they may contain a considerable margin of error; thus, industry breakdown of jobs for CVC should only be considered to be roughly indicative of the types of jobs in the area, which tend to be heavy commercial/light industrial in nature (e.g., Construction, Manufacturing, Wholesale Trade), and retail and services (e.g., Retail Trade; Administrative, Waste & Remediation; Educational Services; Arts, Entertainment & Recreation; Accommodation and Food Services). South Santa Clara County has similar patterns of employment while the County as a whole includes higher proportions of jobs associated with the tech industry, in sectors such as Information; Professional, Scientific, and Technical Services.

## **Residential Market Conditions**

The residential real estate market is generally divided into the multifamily sector, which mostly caters to renters and the single-family sector which mostly caters to homeowners. Table 12 summarizes rental housing market data for Southern Santa Clara County and for the County as a whole, from CoStar, a commercial real estate data firm which collects real estate market data at the property level for selected properties throughout the country. CoStar does not include any multifamily properties in CVC in its database, which is consistent with the fact that



Table 4 indicated that the existing CVC housing stock includes only single-family homes (121), no housing units in multifamily structures, and seven units categorized as mobile homes or “other” housing unit types. Multifamily units in South Santa Clara County represent only about two percent of the Santa Clara County multifamily inventory tracked by CoStar. Table 12 indicates that the South County vacancy multifamily vacancy rate is lower, and rents have increased at a higher rate than the County since 2013, but current average asking rent in the South County is about 14 percent below the County average.

Table 13 summarizes sales prices for single-family homes and condominiums/townhomes in South Santa Clara County during the first half of 2023. During this time period, there were no recorded home sales within the CVC, reflecting the area’s limited inventory. The data show that the median home sale price in South Santa Clara County through July 2023 was \$1,175,000. Although unaffordable to many, this is still significantly lower than the approximately \$1.7 million sale price in Santa Clara County as a whole during the same time period. Within CVC, the vacancy rate for homes for-sale is less than one percent, according to Table 3, indicating strong demand for available single-family homes, which make up about 95% of the available housing stock in CVC. Numerous real estate brokers consulted for this study indicated that the area’s relative affordability is a strong attractor to CVC.

Due to proximity to employment opportunities in both Morgan Hill and the Silicon Valley to the north, there would likely be demand for both rental and for-sale housing, if development opportunities were available in CVC. Past studies conducted by BAE in the Coyote Valley area indicate that there would also likely be demand for housing from the agricultural workforce in the area; however, affordability would be a key consideration given the typical agricultural sector wages.

## **Office Market Conditions**

Table 14 summarizes CoStar market data for the office real estate sector. As shown in the table, there is a negligible inventory of stand-alone office space in the CVC. Even the larger South Santa Clara County area plays a limited role in the overall Santa Clara County office market, representing less than two percent of the County office inventory tracked by CoStar. The data show that the South County vacancy rate is lower than the County average and rent increases in the South County have outpaced the broader Santa Clara County market since 2013, but the current asking rent is still about 27 lower than the County average. Real estate brokers interviewed for this study indicated that the Coyote Valley Corridor itself is not particularly attractive as an office location, due to limited amenities such as retail. The limited housing in the corridor itself means there is less market support for locally-serving office businesses and there is less housing available for the workforce. One broker did; however, note the historic interest in developing large-scale office campuses in the area, recognizing that the current regulatory environment does not support this type of use but that the area’s regional location, access via both Monterey Highway and Highway 101, and nearby access to

more affordable workforce housing could still make the area attractive for such uses in the future.

## **Retail Market Conditions**

Table 15 summarizes retail real estate market conditions in the CVC, South Santa Clara County, and the county as a whole. The CVC has a limited inventory of retail space – roughly the size of half of a typical neighborhood shopping center. With a lack of currently for-lease space, CoStar did not have information about asking lease rates; however, brokers who gave input for this study indicated that the existing retail space is older and tends to command relatively low rents. South Santa Clara County represents about nine percent of the Santa Clara County retail inventory tracked by CoStar and exhibits a relatively low 3.4 percent vacancy rate. Although slightly higher than South Santa Clara County, the overall Santa Clara County vacancy rate is still low by industry standards, at 3.9 percent. The CoStar data indicate that while demand is strong for retail space throughout the county, asking lease rates in South Santa Clara County remain significantly lower (about 31%) than the countywide average, even as rents have risen more rapidly in the South County than the countywide average since 2013. Real estate brokers interviewed for this study indicated that due to the broader Coyote Valley's relatively low population density, the CVC is not a strong location for typical neighborhood, or community-serving retail for everyday shopping needs. These types of users will prefer to be located in proximity to greater concentrations of residents, such as in shopping centers in Morgan Hill or more densely populated areas to the north. The concentration of commercial sites along the Monterey Highway as opposed to Highway 101 means that the CVC does not cater particularly to the needs of potential regional retail developments, which are most attracted to freeway visibility and access, to facilitate attracting shoppers from a large trade area.

Retail development in CVC would likely be fairly small-scale, and would need to target specialty niches for which shoppers are willing to travel to a retail location as a destination, rather than for convenience shopping for commodity goods such as groceries. Such retail could include local produce and food products that leverage the Coyote Valley's reputation as an agricultural hub that is accessible to the urban Bay Area; retail and services serving the Coyote Valley agricultural sector; or other specialty retail and services that tap into the interests of visitors to the area, such as people seeking agri-tourism opportunities, golfers, hikers, and mountain bikers.

## **Industrial Market Conditions**

Table 16 contains industrial real estate market data for the three study areas. As shown in the table, the CVC has limited industrial inventory (76,854 square feet in total tracked by CoStar) which is fully occupied and thus, data on asking rents is not available for CVC. South Santa Clara County represents about 12 percent of the countywide industrial inventory. Although higher than the countywide vacancy rate, at 5.7 percent, the South County industrial vacancy rate is still considered low, and indicative of solid demand, while the County's three percent

vacancy rate is very low. Real estate brokers interviewed for this study indicated that the tight industrial market in the County overall causes users to seek space in the South County due to greater available of space and lower costs. Interviewees felt that if locations were made available for new industrial development, users would seek it out as a location preferable for its proximity to San Jose and other parts of Silicon Valley to the north, as opposed to locations that are further south. Industrial user demand could range from small local owner-user businesses needing inexpensive shop and yard space to larger industrial facilities. Additionally, the relatively affordable housing in the southern part of the county is also attractive for small business owners and their employees. As indicated in the table, South Santa Clara County industrial rents have increased at a slower rate than the countywide average since 2013, and the current asking rent is about 24 below the County average.

### **Lodging Market Conditions**

There are no lodging establishments in CVC, so Table 17 summarizes lodging market conditions for South Santa Clara County and the county as a whole based on data from CoStar. As shown, South Santa Clara County represents about six percent of the county hotel room inventory. At 54.3 percent, South Santa Clara County lodging occupancy is slightly lower than the countywide average and current revenues per available room are about 31 percent below the countywide average. These factors do not support new construction, as indicated by the fact that there are zero new hotel rooms under construction in the South County area. Countywide, the occupancy rate is not significantly higher than the South County rate, but room rates are higher and there are approximately 850 new rooms under construction. From BAE's past work in the South County area, lodging in the Southern Santa Clara County market tends to target spillover demand from travelers who are visiting the Silicon Valley area but either do not find sufficient room availability or seek lower prices. This position as a secondary market makes the Southern Santa Clara County lodging sector vulnerable to declines in demand due to seasonal swings or longer economic cycles, as the reduced pool of travelers will seek more convenient locations further to the north when market conditions dictate greater room availability and lower prices.

### **Projected Growth**

Table 18 summarizes population, household, and employment projections produced by the Association of Bay Area Governments (ABAG) through 2040. As shown in the table, ABAG anticipates that the County's population and households will expand by about 28 percent from the 2020 levels by 2040. While ABAG expects slower employment growth, at about 20 percent, this is still a robust amount of growth over a two-decade period. Table 19 breaks down ABAG's employment projections by industry sector, to gain a better understanding of the types of business activity that will be expending through 2040 and the likely types of non-residential real estate demand that this growth will stimulate. As shown in the table, the growth trend varies across sectors, with the greatest employment gains in the Healthcare and Education, Construction, and "Other Services" categories. Significant increases are also anticipated in the Professional and Business Services, Retail Trade, and Transportation,



Warehousing, and Utilities sectors. ABAG anticipates some reductions in employment in Agriculture, Financial Activities, and Manufacturing and Wholesale. These growth projections, combined with the real market conditions previously discussed suggest that there will be continuing growth in demand for housing and various types of non-residential real estate and that the limited growth opportunities elsewhere in Santa Clara County will continue to direct demand to South Santa Clara County and, if development opportunities are available, to the Coyote Valley Corridor.

## **Pending Development Activity**

As part of this study, BAE collected information from the City of San Jose, Santa Clara County, and the City of Morgan Hill regarding planned and proposed development activity in and near the CVC. Information provided by the City of San Jose and Santa Clara County indicates that there is little planned and proposed development activity in this area. The City of San Jose reported no significant pending or proposed development projects in the CVC area itself, other than a proposed cemetery with mausoleum and funeral home. Santa Clara County did not identify any significant proposed developments in the unincorporated areas near the CVC. The City of Morgan Hill publishes a list of recently approved and pending development applications. This list may be most indicative of the types of demand that the CVC area might experience in the absence of regulatory constraints to new development. This includes 47 residential projects, 42 commercial projects, and 21 industrial projects.

Pending residential projects in Morgan Hill range from individual single-family homes to small and medium-sized subdivisions (e.g., up to around 50 lots) to a 196-unit subdivision and several larger apartment projects with up to 389 units, indicating strong development interest for both for-sale single-family and rental multifamily housing in the area. Pending Morgan Hill commercial projects are mainly use permits for occupancy of and/or tenant improvements in existing commercial buildings, but also include new development of two hotels, eight 9,000-square foot office buildings, a 20-acre retail center, and a new charter school. These commercial proposals appear to primarily target demand for which the CVC would not be a particularly competitive location, either due to the CVC's lack of proximity to the residential demand base for convenience retail/services, or due to lack of required visibility and access for larger destination retail or hospitality offerings. The pending industrial projects in Morgan Hill may be more indicative of the types of non-residential development that might be attracted to a CVC location, if available. These include new industrial projects that range in size from as small as 4,000 square feet to over 500,000 square feet; however, most of the projects are in the middle size range of approximately 20,000 to 50,000 square feet. Such projects are likely targeting smaller users and/or owner-users primarily serving the South County area, but which may also need convenient access to the broader Silicon Valley market area. These types of users may find a CVC location to be beneficial because of closer proximity to areas north along Highway 101, while still maintaining easy access to Morgan Hill and areas to the south.

## **Broad Takeaways**

Real estate brokers interviewed for this study noted that parts of Santa Clara County to the north as well as locations along the San Francisco Peninsula and the East Bay are becoming more built out and opportunities for new housing development and non-residential development area becoming more scarce. While some areas are seeing infill and more vertical development as a response to the shortage of readily available land, certain users are moving to southern Santa Clara County in search of affordability. The constrained development environment will create demand for development opportunities that may be made available within the broader South Santa Clara County area, including the CVC.

The Coyote Valley Corridor has seen relatively little growth over the past two decades and there are limited options for housing and non-residential space within the Corridor; however, increases in non-residential rents in the South Santa Clara County area have generally been more rapid than in the County as a whole and this will likely create greater interest in development opportunities in this sub-market. With 20 percent countywide employment growth and 28 percent countywide population growth between 2020 and 2040, this should support strong real estate demand over the next two decades. In the short to mid-term, below average costs/rents should attract both buyer and tenant interest in South Santa Clara County, and increasing values/rents should also attract further development interest in South Santa Clara County. With proximity to core markets in Northern Santa Clara County, these factors should place a focus on opportunities for a range of residential and non-residential development types in the Coyote Valley Corridor area, to the extent that regulations allow, with the strongest demand likely being for residential and industrial development opportunities. There may be opportunities for niche commercial activities that leverage the unique characteristics of the Coyote Valley as a potential destination for recreation and agritourism-related activities.

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**Table 1: Population and Household Characteristics**

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<b>Population</b>	<b>2010</b>	<b>2020</b>	<b>2023</b>	<b>Change, 2010-2023</b>	
				<b>Number</b>	<b>Percent</b>
Coyote Valley Corridor	442	441	441	(1)	-0.2%
South Santa Clara County	128,420	128,298	131,868	3,448	2.7%
Santa Clara County	1,938,242	1,936,364	1,976,652	38,410	2.0%

<b>Households</b>	<b>2010</b>	<b>2020</b>	<b>2023</b>	<b>Change, 2010-2023</b>	
				<b>Number</b>	<b>Percent</b>
Coyote Valley Corridor	140	132	131	(9)	-6.4%
South Santa Clara County	33,735	39,866	40,851	7,116	21.1%
Santa Clara County	604,242	656,719	671,678	67,436	11.2%

<b>Average Household Size</b>	<b>2010</b>	<b>2020</b>	<b>2023</b>
Coyote Valley Corridor	2.93	3.26	3.31
South Santa Clara County	3.22	3.18	3.19
Santa Clara County	2.90	2.89	2.88

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Sources: U.S. Census via Esri Business Analyst; BAE, 2023.



**Table 2: Household Characteristics**

	2010		2017-2021		Change, 2010-2021	
	Number	Percent	Number	Percent	Number	Percent
<b>Coyote Valley Corridor</b>						
Family Households	104	73.2%	113	85.0%	9	8.7%
Non-Family Households	38	26.8%	20	15.0%	(18)	-47.4%
<b>Total Households</b>	<b>142</b>	<b>100%</b>	<b>133</b>	<b>100%</b>	<b>(9)</b>	<b>-6.3%</b>
	2010		2017-2021		Change, 2010-2021	
	Number	Percent	Number	Percent	Number	Percent
<b>South Santa Clara County</b>						
Family Households	26,675	79.1%	30,776	79.7%	4,101	15.4%
Non-Family Households	7,059	20.9%	7,830	20.3%	771	10.9%
<b>Total Households</b>	<b>33,734</b>	<b>100%</b>	<b>38,606</b>	<b>100%</b>	<b>4,872</b>	<b>14.4%</b>
	2010		2017-2021		Change, 2010-2021	
	Number	Percent	Number	Percent	Number	Percent
<b>Santa Clara County</b>						
Family Households	426,852	70.6%	460,328	71.2%	33,476	7.8%
Non-Family Households	177,390	29.4%	186,559	28.8%	9,169	5.2%
<b>Total Households</b>	<b>604,242</b>	<b>100%</b>	<b>646,887</b>	<b>100%</b>	<b>42,645</b>	<b>7.1%</b>

Sources: U.S. Census via Esri Business Analyst; BAE, 2023.

**Table 3: Housing Units by Tenure**

	2010		2023		Change, 2010-2023	
	Number	Percent	Number	Percent	Number	Percent
<b>Coyote Valley Corridor</b>						
Owner-Occupied	86	61.4%	89	67.4%	3	3.5%
Renter-Occupied	54	38.6%	42	31.8%	(12)	(0)
Vacant	0	0.0%	1	0.8%	1	n.a.
<b>Total Housing Units</b>	<b>140</b>	<b>100%</b>	<b>132</b>	<b>100%</b>	<b>(8)</b>	<b>(0)</b>
	2010		2023		Change, 2010-2023	
	Number	Percent	Number	Percent	Number	Percent
<b>South Santa Clara County</b>						
Owner-Occupied	22,382	63.1%	27,243	64.3%	4,861	0
Renter-Occupied	11,353	32.0%	13,608	32.1%	2,255	0
Vacant	1,753	4.9%	1,528	3.6%	(225)	(0)
<b>Total Housing Units</b>	<b>35,488</b>	<b>100%</b>	<b>42,379</b>	<b>100%</b>	<b>6,891</b>	<b>19.4%</b>
	2010		2023		Change, 2010-2023	
	Number	Percent	Number	Percent	Number	Percent
<b>Santa Clara County</b>						
Owner-Occupied	348,329	55.1%	365,736	51.9%	17,407	5.0%
Renter-Occupied	255,913	40.5%	305,942	43.4%	50,029	19.5%
Vacant	27,718	4.4%	33,335	4.7%	5,617	20.3%
<b>Total Housing Units</b>	<b>631,960</b>	<b>100%</b>	<b>705,013</b>	<b>100%</b>	<b>73,053</b>	<b>11.6%</b>

Sources: U.S. Census Bureau via Esri Business Analyst; BAE, 2023.

**Table 4: Housing Unit Characteristics, 2017-2021 Five-Year Sample Period**

<b>Type of Residence</b>	<b>Coyote Valley Corridor</b>		<b>South Santa Clara County</b>		<b>Santa Clara County</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Single Family Detached	121	94.5%	28,066	70.0%	352,855	51.7%
Single Family Attached	-	0.0%	3,936	9.8%	76,002	11.1%
Multifamily 2 Units	-	0.0%	386	1.0%	9,569	1.4%
Multifamily 3-19 Units	-	0.0%	4,117	10.3%	105,689	15.5%
Multifamily 20-49 Units	-	0.0%	669	1.7%	33,967	5.0%
Multifamily 50+	-	0.0%	1,062	2.6%	85,490	12.5%
Mobile Home/Other (a)	7	5.5%	1,881	4.7%	19,536	2.9%
<b>Total Housing Units</b>	<b>128</b>	<b>100%</b>	<b>40,117</b>	<b>100%</b>	<b>683,108</b>	<b>100%</b>
<b>Single Family Housing Units</b>	<b>121</b>	<b>94.5%</b>	<b>32,002</b>	<b>79.8%</b>	<b>428,857</b>	<b>62.8%</b>
<b>Multifamily Housing Units</b>	<b>-</b>	<b>0.0%</b>	<b>6,234</b>	<b>15.5%</b>	<b>234,715</b>	<b>34.4%</b>

Note:

(a) Includes boats, RVs, vans, or any other non-traditional residences.

Sources: U.S. Census via Esri Business Analyst; BAE, 2023.

**Table 5: Age Distribution, Coyote Valley, South Santa Clara, and Santa Clara County, 2010-2023**

	2010		2023		Change, 2010-2023	
	Number	Percent	Number	Percent	Number	Percent
<b>Coyote Valley Corridor</b>						
Under 18	88	21.0%	89	20.2%	1	1.1%
18-24	41	9.8%	28	6.4%	(13)	-31.7%
25-34	47	11.2%	59	13.4%	12	25.5%
35-44	54	12.9%	54	12.3%	0	0.0%
45-54	68	16.2%	50	11.4%	(18)	-26.5%
55-64	65	15.5%	62	14.1%	(3)	-4.6%
65 or older	57	13.6%	98	22.3%	41	71.9%
<b>Total Population (a)</b>	<b>420</b>	<b>100%</b>	<b>440</b>	<b>100%</b>	<b>20</b>	<b>4.8%</b>
<b>Median Age</b>	<b>41.7</b>		<b>42.8</b>			
	2010		2023		Change, 2010-2023	
	Number	Percent	Number	Percent	Number	Percent
<b>South Santa Clara County</b>						
Under 18	31,358	28.5%	33,569	25.5%	2,211	7.1%
18-24	9,486	8.6%	11,482	8.7%	1,996	21.0%
25-34	13,373	12.2%	17,463	13.2%	4,090	30.6%
35-44	15,924	14.5%	16,941	12.8%	1,017	6.4%
45-54	16,974	15.4%	16,633	12.6%	(341)	-2.0%
55-64	12,086	11.0%	16,516	12.5%	4,430	36.7%
65 or older	10,795	9.8%	19,268	14.6%	8,473	78.5%
<b>Total Population (a)</b>	<b>109,996</b>	<b>100%</b>	<b>131,872</b>	<b>100%</b>	<b>21,876</b>	<b>19.9%</b>
<b>Median Age</b>	<b>35.5</b>		<b>37</b>			
	2010		2023		Change, 2010-2023	
	Number	Percent	Number	Percent	Number	Percent
<b>Santa Clara County</b>						
Under 18	429,574	24.1%	446,084	22.6%	16,510	3.8%
18-24	158,081	8.9%	176,838	8.9%	18,757	11.9%
25-34	269,573	15.1%	273,894	13.9%	4,321	1.6%
35-44	278,388	15.6%	285,966	14.5%	7,578	2.7%
45-54	263,612	14.8%	258,058	13.1%	(5,554)	-2.1%
55-64	185,559	10.4%	235,534	11.9%	49,975	26.9%
65 or older	196,958	11.1%	300,278	15.2%	103,320	52.5%
<b>Total Population (a)</b>	<b>1,781,745</b>	<b>100%</b>	<b>1,976,652</b>	<b>100%</b>	<b>194,907</b>	<b>10.9%</b>
<b>Median Age</b>	<b>36.2</b>		<b>38.2</b>			

Note:

(a) Totals may not match totals in other tables due to independent rounding.

Sources: U.S. Census via Esri Business Analyst; BAE, 2023.

**Table 6: Race and Ethnicity, Coyote Valley, South Santa Clara, and Santa Clara County, 2010-2023**

	2010		2017-2021		2023		Change, 2010-2023	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Coyote Valley Corridor</b>								
Hispanic/Latino (a)	176	52.7%	229	54.9%	206	46.7%	30	17.0%
Not Hispanic/Latino	158	47.3%	188	45.1%	235	53.3%	77	48.7%
White	71	21.3%	120	28.8%	131	29.7%	60	84.5%
Black/African American	3	0.9%	0	0.0%	2	0.5%	(1)	-33.3%
Native American	1	0.3%	0	0.0%	1	0.2%	0	0.0%
Asian	72	21.6%	62	14.9%	79	17.9%	7	9.7%
Native Hawaiian/Pacific Islander	1	0.3%	0	0.0%	0	0.0%	(1)	-100.0%
Other	0	0.0%	2	0.5%	1	0.2%	1	#DIV/0!
Two or More Races	10	3.0%	4	1.0%	20	4.5%	10	100.0%
<b>Total Population</b>	<b>334</b>	<b>100%</b>	<b>417</b>	<b>100.0%</b>	<b>441</b>	<b>100%</b>	<b>107</b>	<b>32.0%</b>
<b>South Santa Clara County</b>								
Hispanic/Latino (a)	50,314	45.7%	59,310	46.8%	62,249	47.2%	11,935	23.7%
Not Hispanic/Latino	59,682	54.3%	67,411	53.2%	69,619	52.8%	9,937	16.6%
White	46,035	41.9%	46,003	36.3%	44,593	33.8%	(1,442)	-3.1%
Black/African American	1,520	1.4%	1,675	1.3%	2,299	1.7%	779	51.3%
Native American	403	0.4%	105	0.1%	340	0.3%	(63)	-15.6%
Asian	8,581	7.8%	14,443	11.4%	15,383	11.7%	6,802	79.3%
Native Hawaiian/Pacific Islander	243	0.2%	70	0.1%	361	0.3%	118	48.6%
Other	169	0.2%	320	0.3%	708	0.5%	539	318.9%
Two or More Races	2,731	2.5%	4,795	3.8%	5,934	4.5%	3,203	117.3%
<b>Total Population</b>	<b>109,996</b>	<b>100%</b>	<b>126,721</b>	<b>100%</b>	<b>131,868</b>	<b>100%</b>	<b>21,872</b>	<b>19.9%</b>
<b>Santa Clara County</b>								
Hispanic/Latino (a)	479,217	26.9%	485,098	25.1%	508,756	25.7%	29,539	6.2%
Not Hispanic/Latino	1,302,525	73.1%	1,447,029	74.9%	1,467,896	74.3%	165,371	12.7%
White	626,992	35.2%	576,982	29.9%	531,515	26.9%	(95,477)	-15.2%
Black/African American	42,331	2.4%	44,951	2.3%	42,759	2.2%	428	1.0%
Native American	4,042	0.2%	3,057	0.2%	3,217	0.2%	(825)	-20.4%
Asian	565,472	31.7%	732,921	37.9%	794,118	40.2%	228,646	40.4%
Native Hawaiian/Pacific Islander	6,252	0.4%	6,035	0.3%	5,950	0.3%	(302)	-4.8%
Other	3,877	0.2%	7,030	0.4%	10,040	0.5%	6,163	159.0%
Two or More Races	53,559	3.0%	76,052	3.9%	80,299	4.1%	26,740	49.9%
<b>Total Population</b>	<b>1,781,742</b>	<b>100%</b>	<b>1,932,127</b>	<b>100%</b>	<b>1,976,652</b>	<b>100%</b>	<b>194,910</b>	<b>10.9%</b>

Notes:

(a) Includes all races for those of Hispanic/Latino background.

Sources: U.S. Census Bureau via Esri Business Analyst; BAE, 2023.



**Table 7: Household Income, Coyote Valley, South Santa Clara, and Santa Clara County, 2023**

Income Category	Coyote Valley Corridor		South Santa Clara County		Santa Clara County	
	Number	Percent	Number	Percent	Number	Percent
Less than \$15,000	1	0.8%	1,253	3.1%	32,200	4.8%
\$15,000 - \$24,999	6	4.6%	1,272	3.1%	21,346	3.2%
\$25,000 - \$34,999	5	3.8%	1,615	4.0%	19,969	3.0%
\$35,000 - \$49,999	11	8.4%	2,379	5.8%	33,283	5.0%
\$50,000 - \$74,999	22	16.8%	4,439	10.9%	61,310	9.1%
\$75,000 - \$99,999	13	9.9%	4,642	11.4%	60,263	9.0%
\$100,000 - \$149,999	12	9.2%	7,263	17.8%	106,314	15.8%
\$150,000 or greater	61	46.6%	17,989	44.0%	336,991	50.2%
<b>Total Households</b>	<b>131</b>	<b>100%</b>	<b>40,852</b>	<b>100%</b>	<b>671,676</b>	<b>100%</b>
<b>Median HH Income</b>	<b>\$127,732</b>		<b>\$128,862</b>		<b>\$150,501</b>	
<b>Per Capita Income</b>	<b>\$49,344</b>		<b>\$55,634</b>		<b>\$68,601</b>	

Sources: Esri Business Analyst; BAE, 2023.

**Table 8: Educational Attainment, Population Age 25+, Coyote Valley, South Santa Clara, and Santa Clara County, 2023**

Educational Attainment	Coyote Valley Corridor		South Santa Clara County		Santa Clara County	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th Grade	50	15.4%	6,146	7.1%	72,865	5.4%
9th to 12th Grade, No Diploma	0	0.0%	4,365	5.0%	54,067	4.0%
High School Graduate (incl. Equivalency)	92	28.3%	18,284	21.1%	190,623	14.1%
Some College, No Degree	76	23.4%	17,216	19.8%	165,110	12.2%
Associate Degree	17	5.2%	8,142	9.4%	95,466	7.1%
Bachelor's Degree	61	18.8%	21,652	24.9%	402,090	29.7%
Graduate/Professional Degree	29	8.9%	11,014	12.7%	373,508	27.6%
<b>Total Population Age 25+</b>	<b>325</b>	<b>100%</b>	<b>86,819</b>	<b>100%</b>	<b>1,353,729</b>	<b>100%</b>
<b>Population 25+ High School Graduate (incl. Equivalency) or Higher (%)</b>	<b>84.6%</b>		<b>87.9%</b>		<b>90.6%</b>	
<b>Population 25+ with Bachelor's Degree or Higher (%)</b>	<b>27.7%</b>		<b>37.6%</b>		<b>57.3%</b>	

Sources: Esri Business Analyst; BAE, 2023.

**Table 9: Employed Residents by Occupation, Coyote Valley Corridor, South Santa Clara County, Santa Clara County, 2023**

Occupation	Coyote Valley Corridor		South Santa Clara County		Santa Clara County	
	Number	Percent	Number	Percent	Number	Percent
Management	20	9.7%	10,855	16.3%	152,099	14.3%
Business/Financial	16	7.8%	4,192	6.3%	71,285	6.7%
Computer/Mathematical	6	2.9%	2,255	3.4%	155,386	14.6%
Architecture/Engineering	20	9.7%	2,365	3.6%	83,165	7.8%
Life/Physical/Social Science	0	0.0%	540	0.8%	27,183	2.6%
Community/Social Service	10	4.9%	1,059	1.6%	12,856	1.2%
Legal	0	0.0%	388	0.6%	12,295	1.2%
Education/Training/Library	8	3.9%	3,481	5.2%	56,865	5.3%
Arts/Design/Entertainment/Sports/Media	0	0.0%	1,024	1.5%	23,661	2.2%
Healthcare Practitioner/Technician	5	2.4%	3,439	5.2%	46,111	4.3%
Healthcare Support	7	3.4%	2,813	4.2%	31,414	3.0%
Protective Service	0	0.0%	1,478	2.2%	13,472	1.3%
Food Preparation/Serving Related	9	4.4%	2,776	4.2%	41,184	3.9%
Building/Grounds Cleaning/Maintenance	39	18.9%	2,400	3.6%	27,634	2.6%
Personal Care/Service	4	1.9%	1,558	2.3%	21,765	2.0%
Sales and Sales Related	11	5.3%	5,496	8.3%	67,469	6.3%
Office/Administrative Support	7	3.4%	6,280	9.4%	80,771	7.6%
Farming/Fishing/Forestry	0	0.0%	948	1.4%	2,795	0.3%
Construction/Extraction	12	5.8%	4,877	7.3%	36,788	3.5%
Installation/Maintenance/Repair	4	1.9%	1,941	2.9%	17,511	1.6%
Production	9	4.4%	2,510	3.8%	39,954	3.8%
Transportation/Material Moving	19	9.2%	3,897	5.9%	41,731	3.9%
<b>Total Employed Residents</b>	<b>206</b>	<b>100%</b>	<b>66,572</b>	<b>100%</b>	<b>1,063,394</b>	<b>100%</b>

Sources: Esri Business Analyst; BAE, 2023.

**Table 10: Employed Residents by Industry, Coyote Valley Corridor, South Santa Clara County, Santa Clara County, 2023**

Industry	Coyote Valley Corridor		South Santa Clara County		Santa Clara County	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing and Hunting	1	0.5%	1,696	2.5%	4,747	0.4%
Mining	0	0.0%	41	0.1%	308	0.0%
Utilities	0	0.0%	506	0.8%	3,815	0.4%
Construction	15	7.2%	7,410	11.1%	55,661	5.2%
Manufacturing	23	11.1%	8,401	12.6%	174,734	16.4%
Wholesale Trade	12	5.8%	1,395	2.1%	14,782	1.4%
Retail Trade	3	1.4%	6,375	9.6%	80,154	7.5%
Transportation and Warehousing	0	0.0%	1,937	2.9%	33,797	3.2%
Information	3	1.4%	1,750	2.6%	61,777	5.8%
Finance and Insurance	2	1.0%	1,431	2.1%	29,542	2.8%
Real Estate Rental and Leasing	5	2.4%	1,165	1.8%	15,752	1.5%
Professional, Scientific, and Technical Services	19	9.2%	6,093	9.2%	201,938	19.0%
Management of Companies and Enterprises	0	0.0%	100	0.2%	1,965	0.2%
Administrative, Support, Waste Mgmt & Remediation	18	8.7%	3,716	5.6%	46,122	4.3%
Educational Services	51	24.6%	4,792	7.2%	86,910	8.2%
Health Care and Social Assistance	19	9.2%	9,081	13.6%	115,579	10.9%
Arts, Entertainment, and Recreation	0	0.0%	1,185	1.8%	17,884	1.7%
Accommodation and Food Services	9	4.3%	3,810	5.7%	56,634	5.3%
Other Services (except Public Administration)	17	8.2%	2,770	4.2%	35,231	3.3%
Public Administration	10	4.8%	2,917	4.4%	26,063	2.5%
<b>Total Employed Residents</b>	<b>207</b>	<b>100%</b>	<b>66,571</b>	<b>100%</b>	<b>1,063,395</b>	<b>100%</b>

Sources: Esri Business Analyst; BAE, 2023.

**Table 11: Local Jobs by Industry, 2023**

Industry	Coyote Valley Corridor		South Santa Clara County		Santa Clara County	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing and Hunting	8	2.3%	775	1.7%	1,521	0.2%
Mining	0	0.0%	13	0.0%	176	0.0%
Utilities	11	3.1%	38	0.1%	1,998	0.2%
Construction	25	7.1%	3,447	7.7%	41,751	4.4%
Manufacturing	23	6.5%	8,751	19.5%	154,133	16.4%
Wholesale Trade	58	16.4%	1,799	4.0%	29,943	3.2%
Retail Trade	26	7.4%	8,539	19.1%	101,002	10.7%
Transportation and Warehousing	3	0.8%	797	1.8%	15,271	1.6%
Information	4	1.1%	1,275	2.8%	105,196	11.2%
Finance and Insurance	3	0.8%	1,001	2.2%	26,805	2.8%
Real Estate Rental and Leasing	2	0.6%	1,254	2.8%	28,571	3.0%
Professional, Scientific, and Technical Services	6	1.7%	1,771	4.0%	93,651	9.9%
Management of Companies and Enterprises	3	0.8%	109	0.2%	2,842	0.3%
Administrative, Waste & Remediation	81	22.9%	1,458	3.3%	28,386	3.0%
Educational Services	18	5.1%	1,396	3.1%	60,824	6.5%
Health Care and Social Assistance	1	0.3%	3,259	7.3%	90,280	9.6%
Arts, Entertainment, and Recreation	49	13.9%	2,387	5.3%	26,516	2.8%
Accommodation and Food Services	10	2.8%	4,529	10.1%	69,849	7.4%
Other Services (exc. Public Administration)	1	0.3%	169	0.4%	13,334	1.4%
Public Administration	21	5.9%	1,800	4.0%	43,952	4.7%
Unclassified	0	0.0%	206	0.5%	6,334	0.7%
<b>Total Employment</b>	<b>353</b>	<b>100%</b>	<b>44,773</b>	<b>100%</b>	<b>942,335</b>	<b>100%</b>

Sources: Esri Business Analyst; BAE, 2023.

**Table 12: Multifamily Residential Market Summary by Unit Size, Q2 2023**

<b>Southern Santa Clara County</b>						
	<b>Studio</b>	<b>1 BR</b>	<b>2 BR</b>	<b>3 BR</b>	<b>4+ BR</b>	<b>All Unit Types</b>
<b>Inventory, Q2 2023 (units)</b>	1,142	727	1,522	192	38	3,621
% of Units	31.5%	20.1%	42.0%	5.3%	1.0%	100.0%
Occupied Units	1,110	698	1,471	188	37	3,504
Vacant Units	32	29	51	4	1	117
Vacancy Rate	2.8%	3.9%	3.3%	2.2%	2.0%	3.2%
<b>Inventory, Q2 2013 (units)</b>	1,130	651	1,398	163	1	3,343
<b>Change in Inventory, 2013-2023</b>	12	76	124	29	37	278
<b>% Change, 2013 - 2023</b>	1.1%	10.5%	8.1%	15.1%	97.4%	7.7%
<b>Avg. Asking Rents, Q2 2013 - Q2 2023</b>						
Avg. Asking Rent, Q2 2013	\$1,709	\$1,562	\$1,864	\$2,202	\$3,752	\$1,818
Avg. Asking Rent, Q2 2023	\$2,189	\$2,237	\$2,562	\$2,811	\$4,591	\$2,501
% Change Q2 2013 - Q2 2023	28.1%	43.2%	37.4%	27.7%	22.4%	37.6%
<b>Santa Clara County</b>						
	<b>Studio</b>	<b>1 BR</b>	<b>2 BR</b>	<b>3 BR</b>	<b>4+ BR</b>	<b>All Unit Types</b>
<b>Inventory, Q2 2023 (units)</b>	35,961	60,734	57,013	6,819	352	160,879
% of Units	22.4%	37.8%	35.4%	4.2%	0.2%	100.0%
Occupied Units	34,167	56,826	53,734	6,530	342	151,599
Vacant Units	1,550	3,098	2,630	284	10	7,572
Vacancy Rate	4.3%	5.2%	4.7%	4.2%	2.8%	4.7%
<b>Inventory, Q2 2013 (units)</b>	33,271	46,893	45,940	5,654	304	132,062
<b>Change in Inventory, 2013-2023</b>	2,690	13,841	11,073	1,165	48	28,817
<b>% Change, 2013 - 2023</b>	7.5%	22.8%	19.4%	17.1%	13.6%	17.9%
<b>Avg. Asking Rents, Q2 2013 - Q2 2023</b>						
Avg. Asking Rent, Q2 2013	\$1,644	\$1,971	\$2,422	\$2,934	\$4,363	\$2,181
Avg. Asking Rent, Q2 2023	\$2,267	\$2,600	\$3,247	\$3,984	\$5,356	\$2,913
% Change Q2 2013 - Q2 2023	37.9%	31.9%	34.1%	35.8%	22.8%	33.6%

Sources: CoStar; BAE, 2023



**Table 13: Home Sale Price Distribution, South Santa Clara County, January 2023 to July 2023**

**Single-Family Homes**

<b>Sale Price Range</b>	<b>1 BR</b>	<b>2 BR</b>	<b>3 BR</b>	<b>4+ BR</b>	<b>Total</b>	<b>% Total</b>
Less than \$500,000	1	1	3	5	10	3.0%
\$500,000-\$749,999	1	3	6	2	12	3.6%
\$750,000-\$999,999	0	7	46	38	91	27.0%
\$1,000,000-\$1,499,999	0	1	50	76	127	37.7%
\$1,500,000 or more	0	0	13	84	97	28.8%
<b>Total Units Sold</b>	<b>2</b>	<b>12</b>	<b>118</b>	<b>205</b>	<b>337</b>	<b>100.0%</b>
<i>Percent of Total</i>	<i>0.6%</i>	<i>3.6%</i>	<i>35.0%</i>	<i>60.8%</i>	<i>100.0%</i>	
<b>Median Sale Price</b>	<b>\$504,000</b>	<b>\$800,250</b>	<b>\$1,000,000</b>	<b>\$1,310,000</b>	<b>\$1,175,000</b>	
<b>Average Sale Price</b>	<b>\$504,000</b>	<b>\$775,083</b>	<b>\$1,075,801</b>	<b>\$1,443,449</b>	<b>\$1,283,019</b>	

**Condominiums/Townhomes**

<b>Sale Price Range</b>	<b>1 BR</b>	<b>2 BR</b>	<b>3 BR</b>	<b>4+ BR</b>	<b>Total</b>	<b>% Total</b>
Less than \$400,000	0	0	0	0	0	0.0%
\$400,000-\$599,999	0	3	0	0	3	6.5%
\$600,000-\$799,999	0	15	6	1	22	47.8%
\$800,000-\$999,999	0	1	11	6	18	39.1%
\$1,000,000 or more	0	0	2	1	3	6.5%
<b>Total Units Sold</b>	<b>0</b>	<b>19</b>	<b>19</b>	<b>8</b>	<b>46</b>	<b>100.0%</b>
<i>Percent of Total</i>	<i>0.0%</i>	<i>41.3%</i>	<i>41.3%</i>	<i>17.4%</i>	<i>100.0%</i>	
<b>Median Sale Price</b>	<b>N.A.</b>	<b>\$690,000</b>	<b>\$862,000</b>	<b>\$910,000</b>	<b>\$772,500</b>	
<b>Average Sale Price</b>	<b>N.A.</b>	<b>\$682,158</b>	<b>\$842,737</b>	<b>\$912,063</b>	<b>\$788,467</b>	

Sources: ListSource, BAE, 2023.

**Table 14: Office Market Summary, Q2 2023**

<b>Office</b>	<b>Coyote Valley Corridor</b>	<b>South Santa Clara County</b>	<b>Santa Clara County</b>
<b>Inventory (sf), Q2 2023</b>	2,400	2,046,968	141,022,217
Inventory (% of County)	0.0%	1.5%	100.0%
Occupied Stock (sf)	2,400	2,013,178	121,882,343
Vacant Stock (sf)	-	32,290	15,104,459
Vacancy Rate	-	1.6%	10.7%
<b>Avg. Asking Office Gross Rents</b>			
Avg. Asking Rent (psf), Q2 2013	-	\$17.22	\$30.14
Avg. Asking Rent (psf), Q2 2023	-	\$33.17	\$45.54
% Change Q2 2013 - Q2 2023	n.a.	92.6%	51.1%
<b>Net Absorption</b>			
Net Absorption (sf), Q2 2013-Q2 2023	0	121,821	24,642,525
Net Absorption (sf), Q2 2022 - Q2 2023	0	3,443	904,077
<b>New Deliveries (sf), Q2 2013 - Q2 2023</b>	0	62,212	34,124,272
New Deliveries (% of County)	0.0%	0.2%	100.0%
<b>Under Construction (sf), Q2 2023</b>	0	0	7,795,096
Under Construction (% of County)			

Sources: CoStar; BAE, 2023.

**Table 15: Retail Market Summary, Q2 2023**

<b>Retail</b>	<b>Coyote Valley Corridor</b>	<b>South Santa Clara County</b>	<b>Santa Clara County</b>
<b>Inventory (sf), Q2 2023</b>	63,428	7,384,355	78,161,987
Inventory (% of County)	0.1%	9.4%	100.0%
Occupied Stock (sf)	63,428	7,132,318	74,911,413
Vacant Stock (sf)	-	252,037	3,068,642
Vacancy Rate	-	3.4%	3.9%
<b>Avg. Asking NNN Rents</b>			
Avg. Asking Rent (psf), Q2 2013	-	\$16.81	\$27.10
Avg. Asking Rent (psf), Q2 2023	-	\$24.21	\$35.25
% Change Q2 2013 - Q2 2023	n.a.	44.0%	30.1%
<b>Net Absorption</b>			
Net Absorption (sf), Q2 2013-Q2 2023	5,050	415,282	2,084,979
Net Absorption (sf), Q2 2022 - Q2 2023	0	100,664	444,711
<b>New Deliveries (sf), Q2 2013 - Q2 2023</b>	0	150,821	4,980,767
New Deliveries (% of County)	0.0%	3.0%	100.0%
<b>Under Construction (sf), Q2 2023</b>	0	11,234	165,321
Under Construction (% of County)	0.0%	6.8%	100.0%

Sources: CoStar; BAE, 2023.

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**Table 16: Industrial Market Summary, Q2 2023**

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<b>Industrial</b>	<b>Coyote Valley Corridor</b>	<b>South Santa Clara County</b>	<b>Santa Clara County</b>
<b>Inventory (sf), Q2 2023</b>	76,854	11,032,976	91,612,811
Inventory (% of County)	0.1%	12.0%	100.0%
Occupied Stock (sf)	76,854	10,402,211	88,698,637
Vacant Stock (sf)	-	628,140	2,786,010
Vacancy Rate	-	5.7%	3.0%
<b>Avg. Asking All Service Types Rents</b>			
Avg. Asking Rent (psf), Q2 2013	-	\$5.93	\$7.62
Avg. Asking Rent (psf), Q2 2023	-	\$13.16	\$17.84
% Change Q2 2013 - Q2 2023	n.a.	121.9%	134.1%
<b>Net Absorption</b>			
Net Absorption (sf), Q2 2013 - Q2 2023	0	1,225,282	(51,123)
Net Absorption (sf), Q2 2022 - Q2 2023	0	10,854	(223,669)
<b>New Deliveries (sf), Q2 2013 - Q2 2023</b>			
New Deliveries (sf)	0	1,267,009	4,829,276
New Deliveries (% of County)	0.0%	26.2%	100.0%
<b>Under Construction (sf), Q2 2023</b>			
Under Construction (sf)	0	882,870	1,648,473
Under Construction (% of County)	0.0%	53.6%	100.0%

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Sources: CoStar; BAE, 2023.

**Table 17: Lodging Summary, January 2013 - January 2023**

<b>Southern Santa Clara County</b>	
<b>Inventory, January 2023 (rooms)</b>	<b>1,783</b>
Occupancy %	54.3%
Average Daily Room Rate	\$117.28
REVPAR	\$63.67
<b>Inventory, January 2013 (rooms)</b>	<b>1,580</b>
Occupancy %	50.8%
Average Daily Room Rate	\$87.87
REVPAR	\$44.60
<b>Change in Inventory, 2013-2023</b>	<b>203</b>
<b>% Change, 2013 - 2023</b>	<b>12.8%</b>
<b>Under Construction Rooms</b>	<b>0</b>
<b>Santa Clara County</b>	
<b>Inventory, January 2023 (rooms)</b>	<b>31,050</b>
Occupancy %	54.8%
Average Daily Room Rate	\$167.47
REVPAR	\$ 91.69
<b>Inventory, January 2013 (rooms)</b>	<b>25,119</b>
Occupancy %	64.5%
Average Daily Room Rate	\$133.50
REVPAR	\$86.09
<b>Change in Inventory, 2013-2023</b>	<b>5,931</b>
<b>% Change, 2013 - 2023</b>	<b>23.6%</b>
<b>Under Construction Rooms</b>	<b>850</b>

Sources: CoStar; BAE 2023.

**Table 18: Population, Household, and Employment Forecast, 2020-2040**

<b>Santa Clara County</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>	<b>2035</b>	<b>2040</b>	<b>Change, 2020-2040</b>	
								<b>Number</b>	<b>Percent</b>
Population	1,789,150	1,909,680	1,986,340	2,098,695	2,217,750	2,387,165	2,538,320	551,980	27.8%
Household Population	1,758,350	1,877,070	1,951,920	2,062,295	2,179,230	2,346,350	2,495,105	543,185	27.8%
Households	604,205	1,877,070	679,425	718,565	757,690	815,980	860,810	181,385	26.7%
Employment	791,100	952,540	977,955	1,022,260	1,064,430	1,126,185	1,173,565	195,610	20.0%

Sources: Association of Bay Area Governments; BAE 2023.



**Table 19: Projected Employment Growth by Sector, 2020-2040**

<b>Santa Clara County</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>	<b>2035</b>	<b>2040</b>	<b>Change, 2020-2040</b>	
								<b>Number</b>	<b>Percent</b>
Agriculture	4,255	5,055	5,030	4,985	4,965	4,920	4,890	-140	-2.8%
Construction	48,660	63,555	66,395	70,035	74,695	81,495	92,275	25,880	39.0%
Financial Activities	33,320	41,720	42,245	39,855	38,420	36,800	35,365	-6,880	-16.3%
Government	89,010	92,825	96,680	98,810	97,510	92,595	93,010	-3,670	-3.8%
Healthcare and Education	126,920	149,345	163,090	178,490	193,240	208,840	230,225	67,135	41.2%
Information	38,055	56,420	55,720	56,725	57,190	55,415	56,945	1,225	2.2%
Manufacturing and Wholesale	184,345	185,300	182,740	181,750	179,490	176,330	176,365	-6,375	-3.5%
Other Services	112,950	128,140	132,380	140,410	147,935	155,245	166,215	33,835	25.6%
Professional and Business Services	178,945	259,990	268,620	277,310	290,775	300,025	310,930	42,310	15.8%
Retail Trade	80,050	88,905	91,160	94,310	97,215	101,670	104,815	13,655	15.0%
Transportation, Warehousing, Utilities	14,295	15,485	15,845	15,985	16,560	17,370	18,570	2,725	17.2%
<b>Total Employment</b>	<b>910,805</b>	<b>1,086,740</b>	<b>1,119,905</b>	<b>1,158,665</b>	<b>1,197,995</b>	<b>1,230,705</b>	<b>1,289,605</b>	<b>378,800</b>	<b>41.6%</b>

Sources: Association of Bay Area Governments; BAE 2023.



