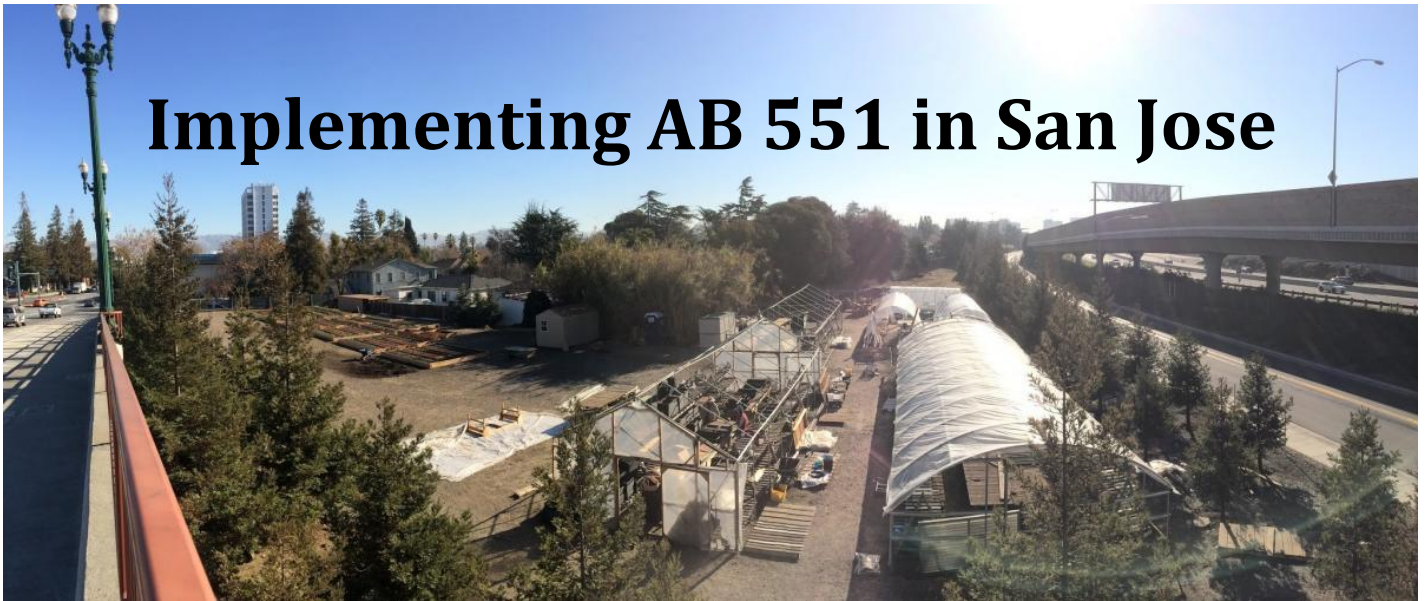




# Implementing AB 551 in San Jose



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Health Partnership Grant  
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## I. Implementing AB 551 in San Jose

Garden To Table is committed to creating a sustainable, local food system that builds community, improves access to healthy food, and teaches residents to cultivate their own fruits and vegetables. This investigation into vacant land in San Jose and the potential impacts of implementing AB 551 seeks to explore how to incentivize the development of urban agriculture projects on privately owned vacant land. Thanks to the continued support of The Health Trust, Garden To Table will be continuing a second research phase for adopting AB 551 in the City of San Jose and Santa Clara County.

Consider this a living document that will evolve and be used to leverage support for increasing access to land for urban agriculture in San Jose. Garden To Table is seeking to build off the success of our own collaboration with a private property owner to help build the Taylor Street Farm. Over the next year we will be developing a new program for building a network of property owners and urban agriculture organizations. We will also continue to collect data about interest from community members.

## II. Project Matrix

- Acquired detailed GIS data from reliable sources:
  - Census data (total population) from the US Census Bureau
  - Property tax data for vacant land from First American Title (this data was selected because it provided an APN along with detailed information regarding land ownership and property taxes.)
  - General Plan 2040, City council districts, and city limits data from The City of San Jose. County Supervisor District data came from Santa Clara County.
- The data was carefully reviewed and processed in order to be used in a site suitability analysis using ArcGIS. As noted in the Weighted Overlay Setup, data layers received rankings. (Rank =5 being the highest and Rank =1 being the lowest)
- The Weighted Overlay was run and the resulting output ranked vacant land based on its proximity to dense populations, potentially high savings on property taxes, and compatibility with general plan designations.
  - This output identifies suitable vacant land and the property owners who may be interested in participating in the tax incentive program.
  - This allows for further research into gauging interest from property owners, ultimately determining the viability of the tax incentive program as a method for supporting urban agriculture.

## III. Weighted Overlay Setup

- Vacant land data was cleaned up and many properties were removed that did not fit our criteria since some parcels were incorrectly subdivided, had building on them, or were part of a larger development.

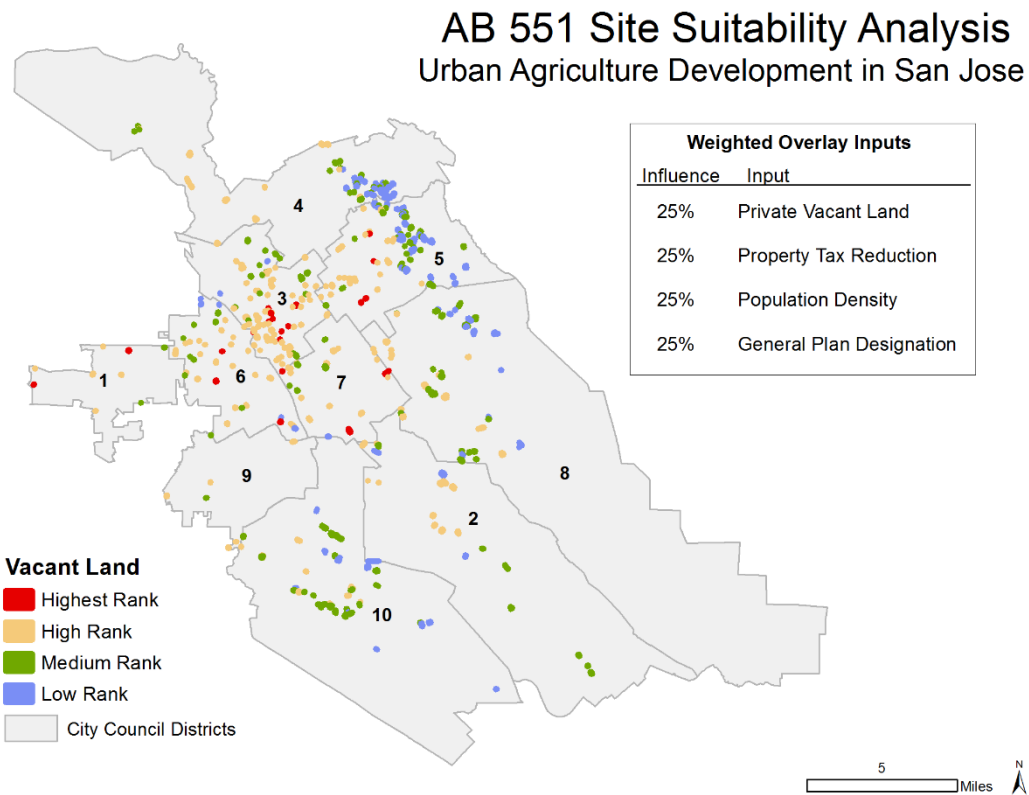
- Vacant parcels between .10 and 3 acres were verified via aerial imagery (the aerial imagery layer used for the analysis was current as of 2009).
  - The properties were also cross referenced with the City of San Jose's list of properties that were either currently being developed or Pending Approval.
  - The vacant land data was classified into two categories of land: undeveloped and paved (paved land includes properties that are either partially or completely paved, most often as a parking lot).
  - The weighted overlay utilizes a layer with all the vacant parcels which were evenly ranked across all parcels. (Rank = 5 for all vacant parcels)
- Property tax reduction was calculated by first estimating the new property tax under AB551 (Acreage x 12,500 x .012) then subtracting that from the existing property tax. Property tax savings was then ranked as follows:

<u>Property Tax Reduction</u>	
\$10,000+	Rank = 5
\$5000-\$10000	Rank = 4
\$2000-\$5000	Rank = 3
\$1000-\$2000	Rank = 2
\$0-\$1000	Rank = 1

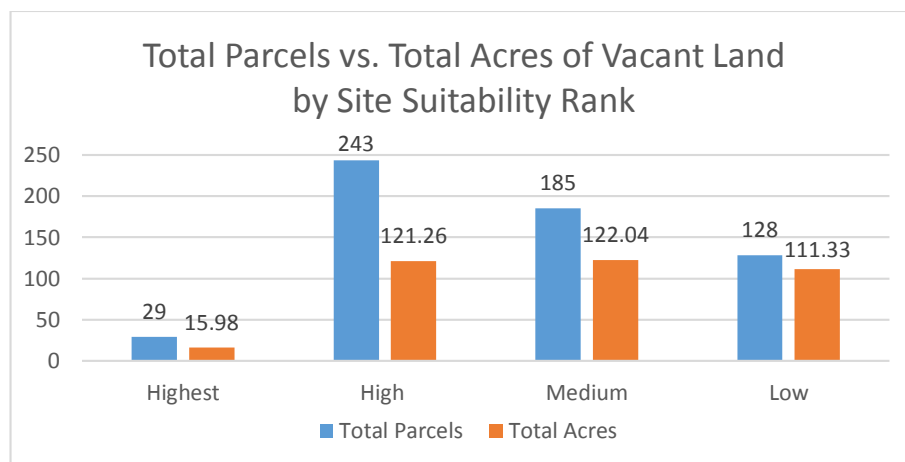
- General Plan designations were ranked by their compatibility with urban agriculture. Ranking by General Plan designation is as follows:
  - Downtown, Commercial Downtown, Mixed Use Commercial, Mixed Use Neighborhood, 'Neighborhood/Community Commercial, Regional Commercial, Residential Neighborhood, Transit Employment Center, Transit Residential, Urban Residential, Urban Village Rank = 5
  - Combined Industrial/Commercial, Industrial Park, Light Industrial Rank = 3
  - Heavy Industrial, Agriculture, Rural Residential, Open Space, Parkland, and Habitat, 'Lower Hillside, Open Hillside, Private Recreation and Open Space, Public/Quasi-Public Rank = 1
- Total Population data by Census block groups was used to calculate Population Density. Then the block groups were ranked based on population density.

<u>Population Density (persons per square mile)</u>	
16,000+	Rank = 5
12,000 - 16,000	Rank = 4
8,000 - 12,000	Rank = 3
4,000 - 8,000	Rank = 2
0 - 4,000	Rank = 1

## IV. Weighted Overlay Output

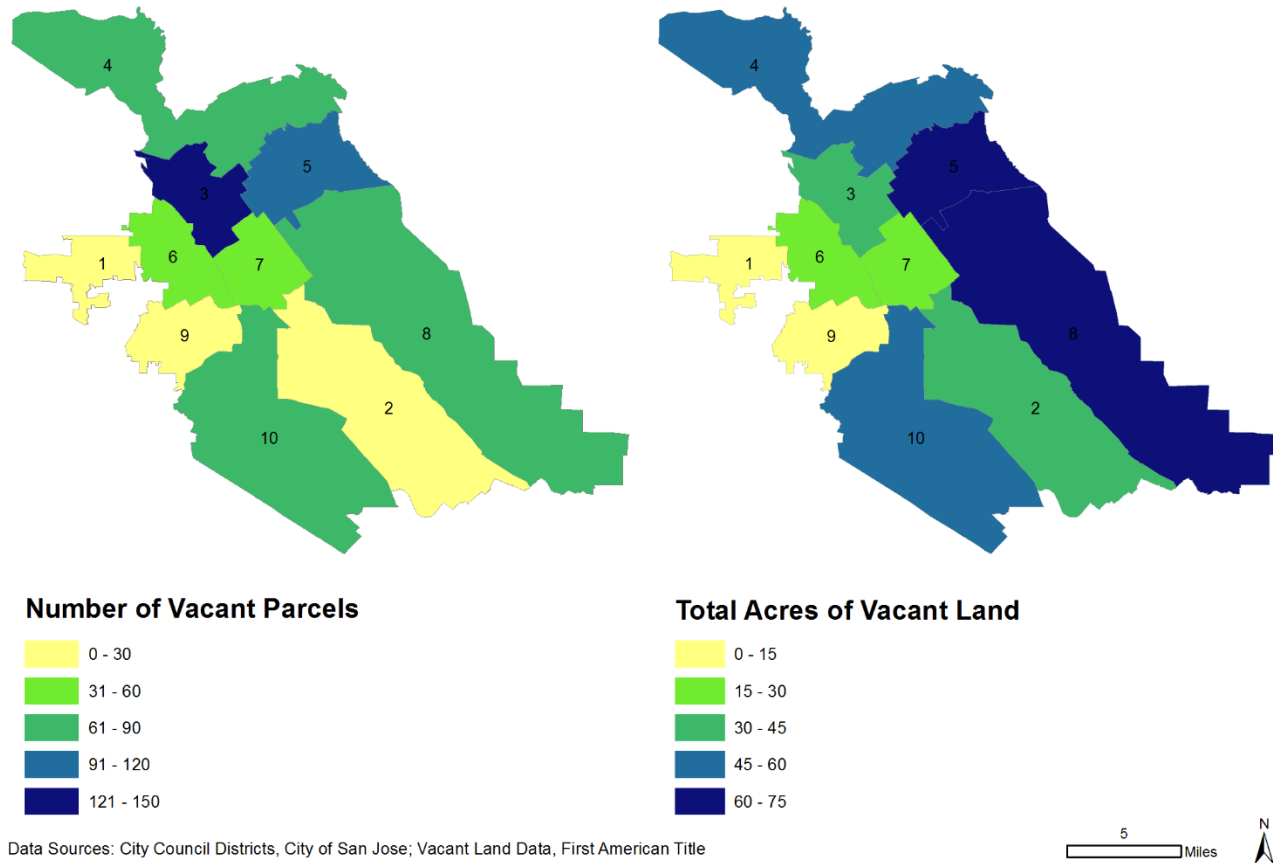


- All parcels are eligible for tax incentives, however, some are better suited for urban agriculture.
- Parcels with the Highest rank had the least number of parcels (29 out of 585)
- Parcels with the High rank had the greatest number of parcels (243 out of 585)
- In terms of total acres per ranking, the acreage was relatively even spread across the High, Medium, and Low rankings, with 121.6, 122.04, and 111.33 acres respectively.
- The ranking with the lowest combined acreage (15.98 out of 370.61) was the Highest rank.



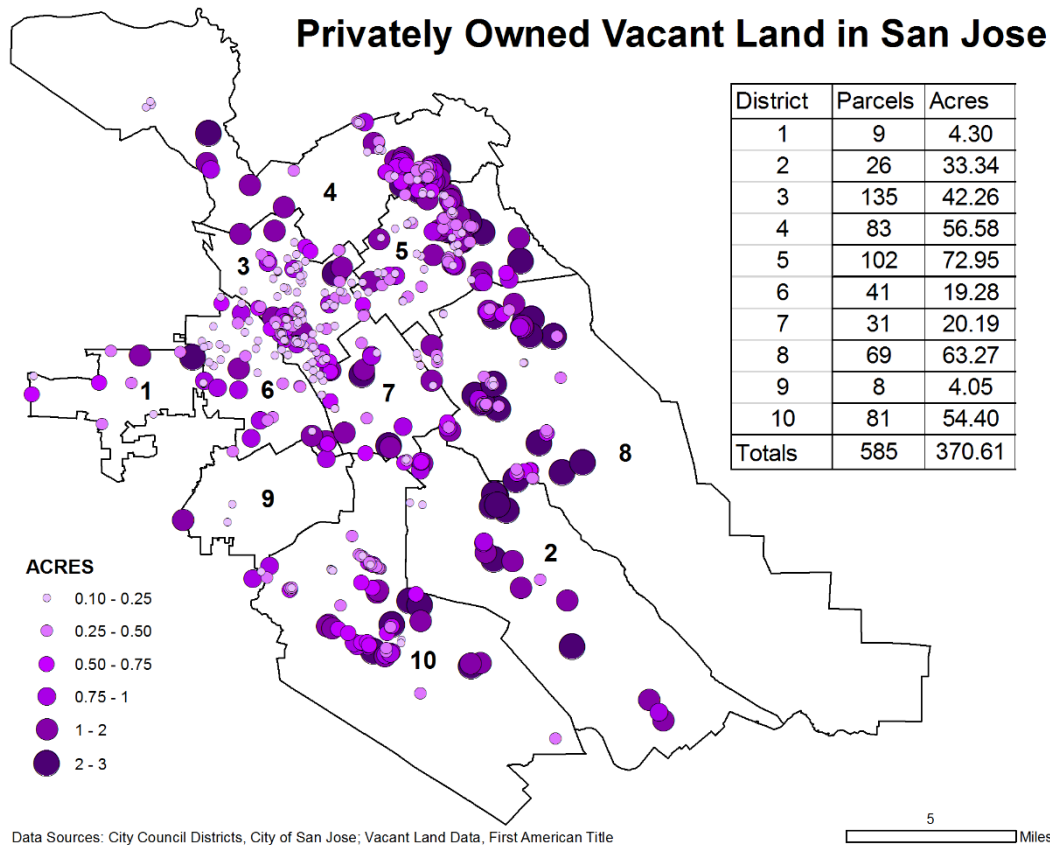
## V. Distribution of Vacant Land

### City of San Jose - Vacant Land by District

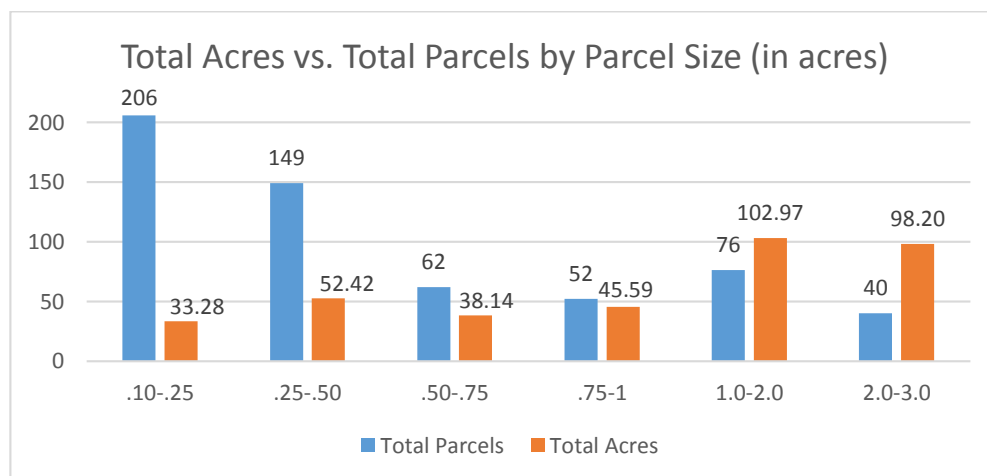


- District 3 has the most vacant parcels (135) and District 9 has the least (8).
- District 5 has the most acres of vacant parcels (72.95) while District 9 has the least amount of acres (4.05).
- Both District 1 and District 9 have low numbers of parcels and total acres of vacant land. Both district also happen to be located along the western border of the city.
- There is a total of 585 vacant parcels and 370.61 acres of vacant land included in this investigation.

## VI. Acreage and Number of Parcels



- The majority of parcels (206 out of 585) fall between .10 and .25 acres, while parcels between 2 and 3 acres had the least total number of parcels (40 out of 585).
- In terms of combined acreage, parcels between 1 and 2 acres have the greatest combined acreage (102.97 out of 370.61 acres) with parcels between 2 and 3 acres close behind (98.2 out of 370.61 acres)

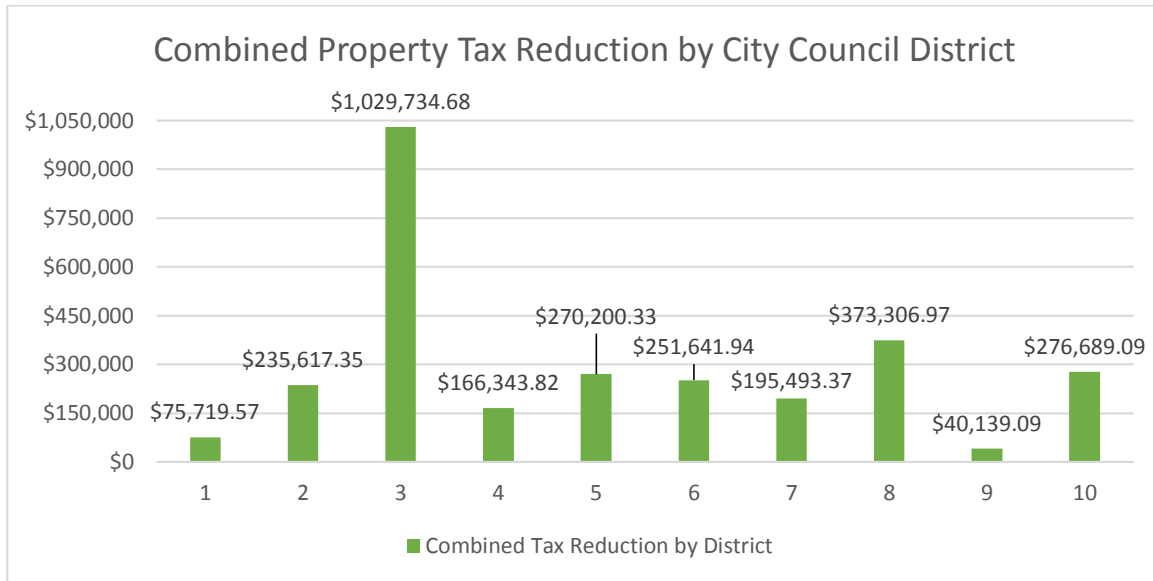


## VII. Vacant Land and General Plan Designations

General Plan Designation	Total Parcels by GP designation	Percent Total Parcels	Total Acres by GP designation	Percent Total Acreage
Agriculture	3	0.5%	4.73	1.3%
Combined Industrial/Commercial	9	1.5%	8.27	2.2%
Downtown	50	8.5%	13.99	3.8%
Heavy Industrial	8	1.4%	7.05	1.9%
Industrial Park	10	1.7%	20.88	5.6%
Lower Hillside	41	7.0%	36.51	9.9%
Light Industrial	13	2.2%	9.00	2.4%
Mixed Use Commercial	10	1.7%	1.96	0.5%
Mixed Use Neighborhood	11	1.9%	2.74	0.7%
Neighborhood/Community Commercial	44	7.5%	23.79	6.4%
Open Hillside	104	17.8%	102.99	27.8%
Open Space, Parkland, and Habitat	12	2.1%	9.91	2.7%
Public/Quasi-Public	9	1.5%	6.02	1.6%
Private Recreation and Open Space	3	0.5%	1.30	0.4%
Regional Commercial	4	0.7%	4.71	1.3%
Residential Neighborhood	164	28.0%	51.37	13.9%
Rural Residential	56	9.6%	46.53	12.6%
Transit Employment Center	9	1.5%	8.96	2.4%
Transit Residential	4	0.7%	0.80	0.2%
Urban Residential	8	1.4%	4.15	1.1%
Urban Village	13	2.2%	4.95	1.3%
TOTAL	585	100.0%	370.61	100.0%

- Residential Neighborhood comprises the largest number of parcels at 28% of the total number of parcels.
- Open Hillside was the second highest general plan designation, with 18% of the total number of parcels.
- Agriculture, Heavy Industrial, Private Recreation and Open Space, Transit residential, Regional Commercial, and Urban Residential each comprise 1% or less of the total number of parcels.
- When looking at the combined acreage, the most vacant land lies in Open Hillside (27.8%)
- Residential Neighborhood comprises 13.9% of the combined acreage.
- Mixed Use Neighborhood, Mixed Use Commercial, Private Recreation and Open Space, and Transit Residential each comprise less than 1% of the total acreage.
- Transit Residential, with 0.2%, was the lowest acres of vacant land

## VIII. Vacant Land and Potential Property Tax Reductions



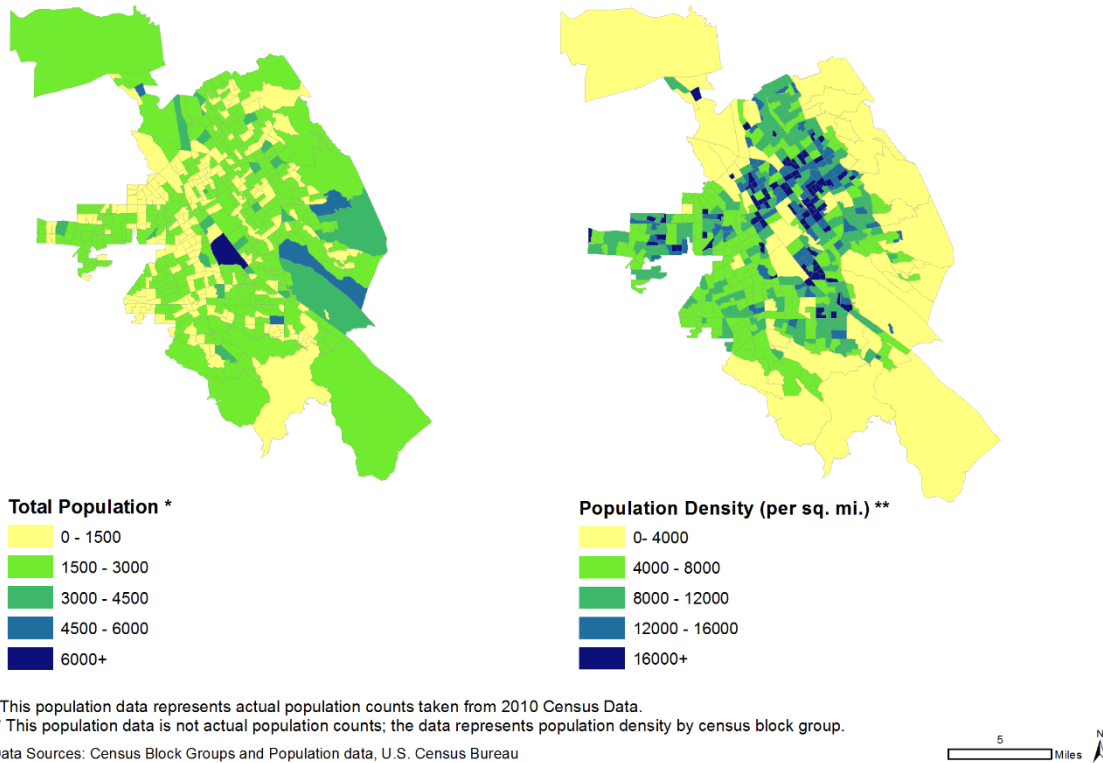
- District 3 has the highest combined property tax reduction of over \$1 million.
- District 9 has the lowest combined property tax reduction, just over \$40,000.
- The majority of parcels (196 out of 585) have a potential property tax reduction between \$0 and \$1000
- Property tax reductions in excess of \$10,000 had the least number of parcels (76 out of 585), while the \$5,000 to \$10,000 range had a similar amount of parcels (79 out of 585)



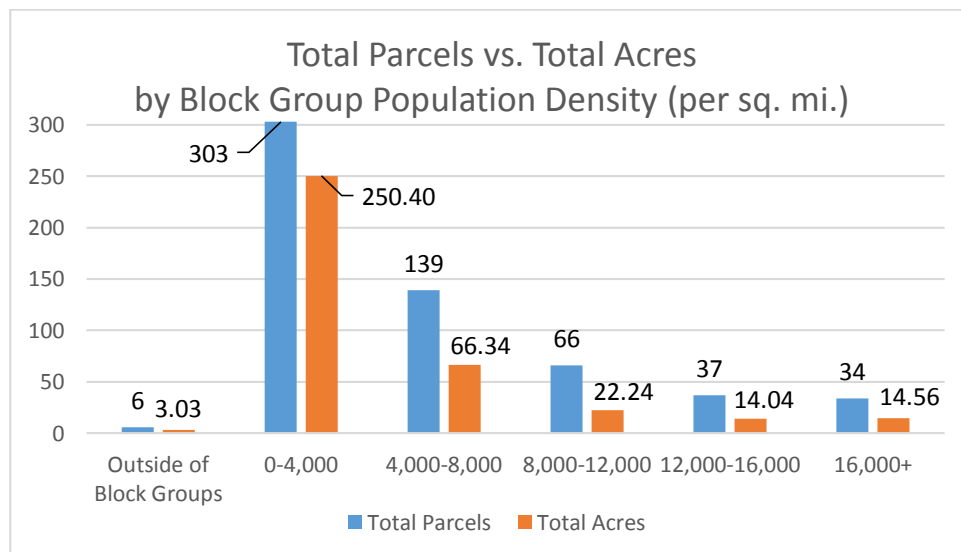


## IX. Vacant Land and Population Density

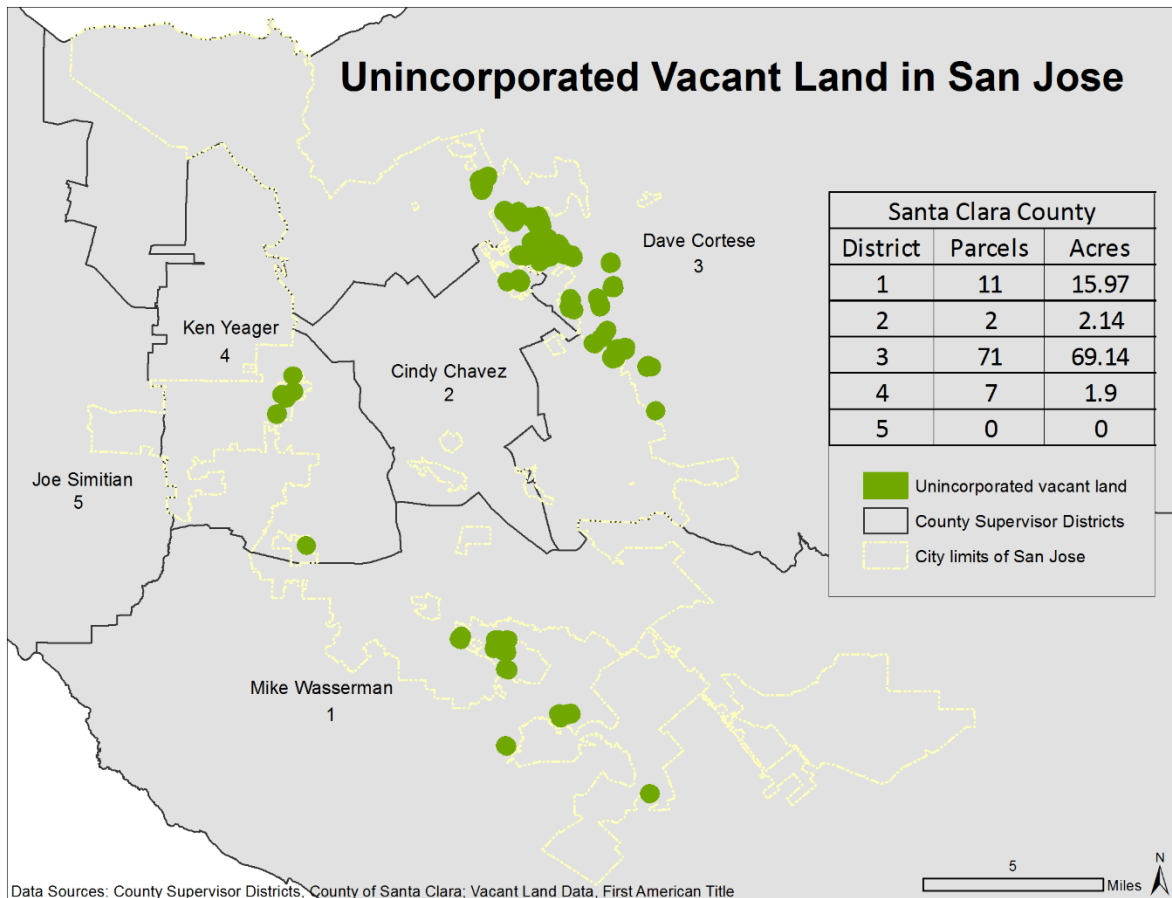
### Total Population vs. Population Density in San Jose



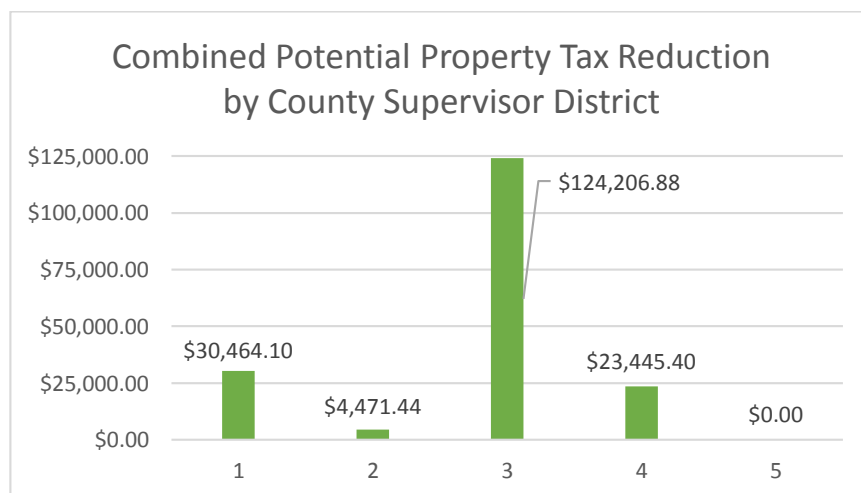
- Block groups with high total populations do not necessarily correlate with block groups which have high population density.
- The majority of parcels (303 out of 585) are located in the lowest density block groups.
- Inversely the densest block groups have the least number of parcels (34 out of 303).



## X. Unincorporated Properties



- District 3 has the most acres and the most parcels of all the County Supervisor Districts
- Vacant land in District 3 and District 1 tends to be located in the foothills/lower hillsides.
- The combined potential property tax reduction for unincorporated parcels is \$182,587



## XI. Garden To Table Model: Taylor Street Farm

Taylor Street Farm is Garden To Table's 1-acre farm located in the heart of San Jose. This urban farm is the result of a collaborative effort between Garden To Table and a private property owner willing to allow us to transform their vacant lot. The photos to the right demonstrate the site's transformation after just one year.

### Goals of the Farm

- Provide access to fresh, local produce for families in San Jose
- Serve as a resource for educating the community at large about growing their own food
- Provide a steady source of revenue to sustain the organization

In August of 2013 Garden To Table entered an MOU with Barry Swenson to allow for a farm to occupy space on centrally-located vacant land. The initial contract is for 3 years and per the MOU a graduated payment plan would require the owner to pay \$30,000 to Garden To Table if the property was sold and the contract was broken in the first year, \$20,000 before the close of the second year, and \$10,000 before the close of the third year. The contract also states that if the property is sold with less than 180 notice to leave the property it would trigger an additional \$10,000 payment. This is similar to the way AB 551 requires repayment of any tax incentives if the contract is broken.

In order for individuals and organizations to develop urban agriculture projects it requires a significant investment of time, energy, and resources. All of which rely on some degree of longevity in order to flourish and be sustainable. Having an arrangement similar to the partnership with Barry Swenson makes it feasible for startup investment in urban agriculture by providing a safety net against displacement in a rapidly urbanizing city, such as San Jose.



August 2013



November 2013



March 2014

## XII. Key Findings

We believe that this research, combined with organizations interested in developing urban agriculture projects, along with owner interest in making land available in exchange for property tax savings, will pave the way for implementing AB551 and improving the local food system in San Jose.

- Passing AB551 in San Jose would allow small-scale urban agriculture to be viable in urban areas where land values are high.
- Improving and incentivizing access to land for urban growers enhances options for residents to access local foods.
- Valuable information was learned regarding the distribution, ownership, and total acreage of vacant land in San Jose.
- This research located the best potential properties for AB 551 along with a few owners who have expressed interest in participating in the tax incentive program.
- This allows for further research into gauging interest from property owners, ultimately determining the viability of the tax incentive program as a method for supporting urban agriculture.
- The GIS analysis successfully identified vacant land that would benefit from AB551, however, the vacant land inventory was not exhaustive and there are potentially other property owners who were not identified in this analysis.
- Data that was acquired from First American Title required some processing and alteration for the purposes of the research analysis. For example, some parcels were subdivided and thus their acreage per parcel size was inaccurate. The correct acreage was an important factor in calculating the total acreage of vacant land.
- We learned that no public agency is mandated to annually maintain and validate the accuracy of property characteristic information, such as whether or not a property is vacant. As a result there is an unknown number of properties that are coded as vacant that will have improvements on them (buildings put up without permits, etc.). The assessor's office typically updates property characteristics in connection with a potential change in assessed value such as when there is a change in ownership, new construction or through independent discovery.
- This analysis examines land which is primarily suitable for food production, however, there is also a need to identify land to allow for small-scale, local food processing, aggregating, and distributing. It could significantly benefit the local food system if San Jose and Santa Clara County were to ensure that Food Hubs are included in the definition of urban agriculture as it applies to AB 551.
- San Francisco has recently passed AB 551 and identified the entire city as an Urban Agriculture Incentive Zone. Their interpretation places aggregate limits on urban agriculture (no more than 5 consecutive acres), also any properties with \$25,000+ tax reduction is reviewed by the agriculture commissioner.
- Los Angeles also recently began the process to adopt AB 551 at both the county and city level. Per conversation with LA Food Policy Council, it appears LA will also be considering the entire county as the Urban Agriculture Incentive Zone.

- General Update on AB551

The push to bring AB551 to San Jose is part of a larger movement across the country to increase opportunities for urban agriculture. According to a recent NPR article about San Francisco passing AB551, they reported that similarly minded policies have popped up in Utah, Maryland, Ohio, Missouri, Hawaii, and Texas, to name a few. With San Francisco passing a full policy on AB551, and recent interest put forward by Los Angeles, San Jose has an excellent opportunity to learn from their efforts. In particular San Francisco provides blueprint for San Jose to follow. We will also be continuing this discussion with San Francisco and Los Angeles as we work to pass AB551 in San Jose.

In order for a parcel of land to be designated as an urban agriculture incentive zone, an applicant must do the following in San Francisco:

- The property must get a certificate of eligibility from the Planning Department (a letter of authorization from the owner also suffices). This can be processed over the counter.
  - Certifies that land is in a zone that permits urban agriculture
  - Certifies that land is between .1 and 3 acres
  - Certifies that land is free of dwelling units
  - Certifies that land only include structures considered an accessory to urban agriculture use (e.g. a toolshed)
- Agricultural Contract Application (up to 30 days for approval)
  - Copy of Certificate of Eligibility
  - Copy of requisite land use permits/authorization
  - Completed application for an urban agriculture incentive zone contract. This includes
    - Basic property information
    - Owner contact information
    - An agricultural plan
    - A community engagement plan
  - A complete (but unsigned) contract
- Assessor Recorder Office Calculations (takes up to 30 days)
  - Assessor's office receives complete packet from Agriculture commissioner to receive an estimate for the new assessed tax
- Approval
  - San Francisco has a discretionary trigger that will involve Board of Supervisors approval if the following occurs:
    - A property receives more than \$25,000 in savings in any given year, or \$125,000 over the life of the contract
    - Greater than 5 acres of contiguous parcels are signed up
    - The total tax savings of all properties designated as UAIZ exceeds \$250,000 for the whole City
  - If none of the above occurs, the application is submitted to the Board of Supervisors within 5 days of approval. The BOS then has 10 days to request a hearing. If there is on hearing, a new UAIZ is made.

### XIII. Next Steps

- Contacting property owners is very difficult, even with the detailed property information that was acquired. Only a handful of owners on this list own significant amounts of land, most people only own one property. Mailing addresses are the only contact information currently available. (a sample letter is provided on the next page)
- Reaching out to property owners will be an ongoing process and will likely continue up until Phase Two of the research project.
- Paul Monaco from First American Title has reached out to his personal contacts with property owners. Barry Swenson has expressed interest and John Sobrato has also verbally expressed interest in collaborating with urban agriculture projects on their properties. Both owners have multiple properties.
- Our research also identified organizations who are interested in collaborating with property owners to find land and develop urban agriculture projects through AB 551.

	Contact Info:	Description
Garden To Table	Zach Lewis: Zach@garden2table.org	Has an urban farm on a vacant lot. Ready to convert
La Mesa Verde	Jamie Chen: jamiec@sacredheartcs.org	Wants to find vacant land near apartments for a small-scale community garden
Valley Verde	Raul Lozano: Raul@valleyverde.org	Wants to find vacant land to build a nursery to grow organic vegetable seedlings
Factr	Karita: karita@factr.org	Wants to build a community garden for the elderly
Bay Maples	408.372.2141; or Alan@baymaples.com	Wants to build a plant nursery for ornamentals
Cayce Hill	caycehillgardens@gmail.com	landscaper/designer/master gardener (wants to put up pop up gardens for restaurants)



## Garden to Table Silicon Valley

<http://garden2table.org/> | <https://www.facebook.com/Garden2TableSanJose>

651 Macredes Ave • San Jose, CA 95113 • 408-297-3301 • Tax ID: 46-1812446



September 17<sup>th</sup>, 2014

Subject: **Powerful tax incentive for private land owners**

Dear (insert organization/person's name here),

I am writing to inquire about your interest in receiving significant property tax savings on idle vacant land that you do not plan on developing for the next five years. AB551 (Urban Agriculture Incentive Zone Act) allows private property owners to receive significant tax savings if the owners are willing to allow urban agriculture projects on the property for a minimum of five years. General Requirements:

- 5 year contract
- Properties must be between .10 - 3 acres
- No dwelling units permitted on site
- The entire parcel must be utilized for agricultural use to receive the savings

**What is in it for the property owner?** All properties designated as an urban agriculture incentive zone will be assessed at \$12,500/acre for a minimum of 5 years. The new formula for your property taxes will be \$12,500/acreage/.012. However, if you break the lease before the 5 years are up, you will have to pay back the taxes you saved.

Urban agriculture businesses across Santa Clara County are looking for land to develop farms, greenhouses, community gardens, and farmers' markets, and your property could be an ideal match. In our vacant land study, we identified the properties below owned by you. Here is what you could save:

(insert APN and potential tax savings here for specific landowners)

**Next Steps:** Garden to Table just completed a study of all the vacant land in San Jose - happy to share! Now we need to get a sense of what owners would be willing to sign their land up for this ordinance. Then we will take all the information we collected/researched and work with the City and County to activate this law and match up owners with entrepreneurs.

Would you be interested in designating any of your vacant land under AB551? Please let us know by contacting Zach.

Thank you in advance for your support.

Warm regards,

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