



**SPUR**

San Francisco | San Jose | Oakland

February 29, 2016

Local Agency Formation Commission  
of Santa Clara County (LAFCO)  
70 West Hedding Street  
8th Floor, East Wing  
San Jose, CA 95110

RE: Morgan Hill Urban Service Area Amendment 2015, Area 1: Tennant – Murphy (South East Quadrant)

Dear LAFCO Commissioners:

**On behalf of SPUR, I urge you to deny Morgan Hill’s Southeast Quadrant annexation proposal and, by doing so, provide support to an alternative long-term planning process currently underway to preserve agricultural land in Santa Clara County.**

As a member-supported non-profit organization committed to good planning and good government in the Bay Area since 1910, we have seen how local land use decisions have both local and regional impacts. From our research we have come to understand that “the key is to manage growth in the Bay Area so that jobs, housing and other important destinations are located inside existing cities and within walking distance of transit, rather than on farmland at the edge of the region or in other places where people will be irrevocably car-dependent.”<sup>1</sup>

**In short, SPUR shares LAFCO’s goals of “curbing urban sprawl” and “preserving agricultural land and open space.”** Morgan Hill’s plans for the Southeast Quadrant, including the 229 acres detailed in the proposal before you, are a large step in the opposite direction. If approved, the annexation proposal will have direct negative impacts on the region by increasing car travel, resulting in greater congestion and higher greenhouse gas emissions. More broadly, approval of this proposal would run contrary to the regional goal of directing growth into higher density in-fill development within existing city boundaries as outlined in Plan Bay Area.<sup>2</sup>

In addition to undercutting efforts to focus growth into existing urban areas, this proposal would also lead to the development of large areas of the county’s remaining farmland. Loss of significant areas of contiguous agricultural land, as we highlighted in our 2012 report *Locally Nourished*, threatens the continued viability of a local food economy. **According to LAFCO’s**

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<sup>1</sup> SPUR, *Agenda for Change*, 7: [www.spur.org/agendaforchange](http://www.spur.org/agendaforchange)

<sup>2</sup> Association of Bay Area Governments and Metropolitan Planning Commission, *Plan Bay Area*, July 2013, 103-104.

**staff analysis, the entire 229 acres considered for annexation qualifies as prime agricultural land.<sup>3</sup>**

**While Morgan Hill has adopted a mitigation policy that aims to preserve some agricultural land, it is inadequate.** The recently passed mitigation ordinance allows developers to pay a fee to the city in lieu of directly purchasing easements to preserve agricultural land.<sup>4</sup> The city has set this fee at \$14,960 for each acre of agricultural land converted to non-agricultural use. However, a report from Morgan Hill city staff estimated the cost of agricultural easements at \$30,000 to \$48,000 per acre within Morgan Hill's sphere of influence and \$9,000 to \$27,000 per acre near Gilroy.<sup>5</sup> Those estimates were based on 2011 land values and have almost certainly increased in the intervening years. Based on these valuations, the city's per acre in-lieu fee would not generate enough money to meet the city's stated goal of preserving one acre of agricultural land for each acre that is developed.

**The decision before LAFCO is precedent setting.** Additional large annexation requests are likely to come before the Commission in the near future due to current real estate market pressures. Morgan Hill's original plans for the Southeast Quadrant included annexing hundreds of additional acres. Additionally, the City of Gilroy approved a proposal at the end of 2015 to annex more than 700 acres of land, though it has recently withdrawn its proposal.

**If Morgan Hill's proposal were to be approved, it would not only undermine LAFCO's goal of preserving agricultural land, but would also hinder efforts to establish a county-wide framework for conserving farmland and rangeland.** The Santa Clara Valley Open Space Authority and County Planning Department, using grant funding awarded by the state's Strategic Growth Council, have just begun the development of a Sustainable Agricultural Lands Policy Framework that will provide a comprehensive preservation plan to protect the farmlands most at risk in southern Santa Clara County.<sup>6</sup> In addition to establishing a set of policies for the County's agricultural lands, this planning grant additionally could help position the county to receive a portion of the nearly \$40 million the state recently decided to allocate to local jurisdictions for agricultural land preservation easements.<sup>7</sup> Should this annexation proposal be approved, however, it would likely jeopardize the county's chances of securing any of those funds.

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<sup>3</sup> Santa Clara County LAFCO, "Morgan Hill Urban Service Area Amendment 2015, Area 1: Tenant-Murphy Staff Report," February 15, 2016, Appendix A, 6.

<sup>4</sup> City of Morgan Hill, "Ordinance No. 2152- New Series; An Ordinance of the City of Morgan Hill (Za-14-11) Amending The Morgan Hill Zoning Code (Municipal Code Title 18) by Adding Section 18.08.070 Entitled 'Agricultural Lands Mitigation Ordinance' and Making Minor Amendments to the Open Space Zoning District Section 18.80.060," August 5, 2015.

<sup>5</sup> City of Morgan Hill, "Agricultural Lands Preservation Program", *City Council Staff Report for November 5, 2014 City Council Meeting*, 544.

<sup>6</sup> "SALCP Strategy Grant Recommendations FY 2014-15,"

[http://www.conservation.ca.gov/dlrp/SALCP/Documents/SALC\\_Attachment\\_2\\_Strategy\\_Grant\\_Recommendations.pdf](http://www.conservation.ca.gov/dlrp/SALCP/Documents/SALC_Attachment_2_Strategy_Grant_Recommendations.pdf)

<sup>7</sup> Department of Conservation, Sustainable Agricultural Lands Conservation Program:

[http://www.conservation.ca.gov/dlrp/SALCP/Pages/SALCP\\_forms.aspx](http://www.conservation.ca.gov/dlrp/SALCP/Pages/SALCP_forms.aspx)

We urge LAFCO to uphold the principle of focusing the county's growth into existing urban areas, support the County's long term planning activity, and demonstrate its commitment to preserving the county's remaining agricultural land by denying Morgan Hill's annexation proposal. We've seen the negative result of decades of sprawl of development in Santa Clara County and, from a county and regional perspective, we need to make sure we don't repeat our past mistakes.

We appreciate your consideration of SPUR's comments. If we can answer any questions or provide any additional information about our position, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read 'E. Zigas', is positioned above the typed name.

Eli Zigas  
Food and Agriculture Policy Director

CC: Neelima Palacherla, LAFCO Executive Officer  
Emmanuel Abello, LAFCO Clerk