

LOCATION MAP



- Project Site
- Parcels

DOWNTOWN SPECIFIC PLAN MAP



BACKGROUND

Site Description and Surrounding Uses

The project site (APNs 726-13-047, -049 and -052) is located within Blocks 6 and 8 of the Morgan Hill Downtown Specific Plan area, with residential uses and the Community and Cultural Center (CCC) located to the west and northwest, a future public park on an existing parking lot located to the north, the Union Pacific Railroad (UPRR) to the east, and East Dunne Avenue to the south. The General Plan Land Use designation for the portion of Block 6 that includes the CCC is Public Facilities and it is also zoned Public Facilities. The CCC is a multi-use facility consisting of two large banquet rooms, four meeting rooms, a dance room, and the Children's Pavilion with outdoor play area and structure. The facility includes a preschool and hosts many private and community events. In addition to the CCC, the property also hosts the Community Play House and the Gavilan College Morgan Hill Campus.

The General Plan Land Use designation for Block 8 is Mixed Use and is zoned Central Business District (CBD) zoning within the Downtown Specific Plan. A legal non-conforming industrial user (Hale Lumber) occupies the site within Block 8. The Hale Lumber site is a two-acre, narrow, rectangular parcel.

Development of the Hale Lumber site is challenged by its shape and proximity to the UPRR tracks, which requires additional setbacks to mitigate for potential noise and vibration impacts to future residents.

Uses adjacent to the CCC include single family homes along Fifth Street. A public parking lot is located to the north along with a new public park. The eastern boundary of the project site is adjacent to the UPRR tracks. The UPRR tracks located to the east of the project site are utilized by both UPRR freight trains, CalTrain, and Amtrak with local serving services for the community at the station located further to the north of this site on Depot Street. East Dunne Avenue borders the site on the south boundary.

Prior Actions/Entitlements

The Morgan Hill 2035 General Plan, the Downtown Specific Plan, and the Infrastructure Master Plan are a few of the many documents that guide development in Morgan Hill. These documents envision the realignment of Depot Street to connect at the traffic signal at Church Street at East Dunne Avenue, improving circulation and movement in and through the Downtown area. To achieve realignment of Depot Street and improve circulation, the City has been examining partnership opportunities that could lead to the Depot Street realignment by working with adjacent property owners to minimize and share in the high costs associated with the required public improvements and replacement public parking.

Such joint development opportunity would yield the following benefits: 1) the redevelopment of the Hale Lumber site, including the relocation of an industrial use out of the Downtown to a more appropriate location, 2) the construction of residential units as envisioned by the Downtown Specific Plan, 3) the realignment of Depot Street to connect to Church Street, and 4) the construction of a parking garage to accommodate necessary replacement parking for the CCC.

On November 16, 2016, staff presented an Agreement to Negotiate Exclusively with Brookfield Residential for the development of a portion of Depot Street and the CCC parking lot to the City Council. The joint redevelopment seeks to:

1. Relocate Depot Street to align with Church Street;
2. Construct attached townhomes to support downtown businesses; and,
3. Replace all of the parking (240 spaces at the CCC in addition to 16 street parking spaces) by building a combination of parking garage, on-site surface parking, new on-street parking within the realigned Depot Street, and an off-site surface parking lot.

At the November 22, 2016 Planning Commission Workshop, staff presented the Hale Lumber/CCC joint development opportunity. The Planning Commission was supportive of exploring the joint redevelopment opportunity. The Commission did provide the following comments regarding the project:

1. Look at the interface of the units with Dunne Avenue;
2. If Church Street is the main entrance into the CCC, then the access to the parking garage should be more direct;
3. Look at the 5th Street interface to minimize impacts to residents;
4. Concern expressed about future ability of Depot Street to be closed for cultural and/or multi-day events;
5. Public parking provided by the project on Depot Street (portion of Hale Avenue) is good and within walking distance;
6. Pay tribute to site's industrial heritage with architecture design; and,
7. Consider pushing units to the street.

Subsequent to Planning Commission review, a Disposition and Development Agreement (DDA) is expected to be presented to the City Council for their review and consideration on February 15, 2017. While the Planning Commission is not being asked to approve the DDA, staff is requesting comments on the major tenants of the Term Sheet which outlines Developer and City obligations for the DDA. Staff is also requesting the Planning Commission approve a Resolution finding that the realignment of Depot Street, the construction of a parking garage with off and on-site surface parking area, and the construction of 61 attached townhome style units is in conformance with the General Plan.

Project Description

The DDA anticipates and sets a framework for a land transaction between the City and a private party to convey land area which is part of the Depot Street right-of-way and the CCC parking lot, to provide additional development land area for a future residential development project.

Below is a summary of the key tenants of the Term Sheet:

1. Developer will acquire the Hale Lumber property for the purposes of developing a project that:
 - a. Realigns Depot Street to connect to Church Street;
 - b. Provides 1:1 replacement parking resulting in 256 parking spaces (no more than 33 parking spaces will be replaced off-site on a portion of the existing Hale Lumber property); and,
 - c. Provides for a housing development project on the Hale Lumber property, including the portion of the CCC Property to the east of the realigned Depot Street, and the vacated Depot Street for 61 residential dwellings, if approved by the City.
2. Replacement parking will be in the form of a parking deck at the CCC property, a surface parking lot at the CCC property, on-street parking along Depot Street and a surface parking lot on a portion of the Hale Lumber property which will be dedicated to the City in fee.

3. Developer will provide a minimum of 200 temporary parking spaces during construction of the project.
4. City will sell to developer at market rate a portion of Depot Street and a portion of the CCC parking lot combined to create approximately 1.3 acres.
5. City will reserve 61 Downtown residential allotments in accordance with Measure A prior to March 1, 2017.
6. City will contribute toward the cost of the construction of public improvements not to exceed \$2 Million.
7. The term of the DDA will be for five years. Two, one-year extensions can be obtained.

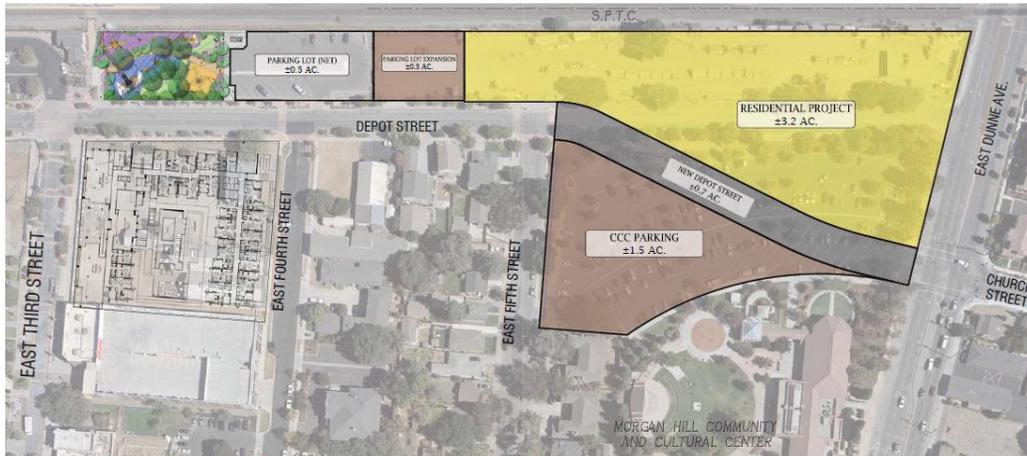
The final DDA will include a Schedule of Performance with key milestones, including timing of a Precise Plan, Site Review and Subdivision Map applications, and schedule of construction for the various project components. It is expected that the project could begin construction as early as Summer of 2018.

The project site is approximately 6.6 acres which includes the Hale Lumber property (two acres), a portion of Depot Street that would need to be vacated (0.8 acres), the City owned parking lot located directly west of the Hale Lumber site (approximately 0.9 acres), and the CCC parking lot which is approximately 2.9 acres.

The following details the existing site configuration:



The following is the site configuration with the proposed project:



The project would include realignment of Depot Street to Church Street (0.7 acres), the transfer of the vacated Depot Street and remainder of the CCC surface parking lot on the east side of the new aligned Depot Street (approximately 3.2 acres) which would provide for an approximately 61 three-story attached townhome style residential development. The remaining 1.5 acres of the existing CCC surface parking lot would include the construction of a two story parking structure with a minimum of 134 parking spaces and a surface parking lot. The Hale Lumber property owner would transfer approximately 0.3 acres of the northern portion of the site to the City for an extension of surface parking near the existing parking lot and future public park.

Community and Cultural Center Parking Summary

The CCC has 240 available parking spaces. The project proposal includes the construction of a one to two story parking structure with a minimum of 134 parking spaces, a surface parking lot containing 47 parking spaces, 42 on street parking spaces along the realigned Depot Street, and an additional off-site parking lot totaling 33 parking spaces.

While the project meets many development related goals for the City, the improvements may also bring forward new temporary and long term operational issues at the CCC. The CCC relies on the parking supply to support event rentals, recreation programs, playhouse performances, and student parking for Gavilan College. While the overall number of parking spaces will be replaced, several spaces will likely be moved further away from the CCC. Additionally, the residential development adjacent to the CCC could result in a greater number of residents and their guests using the on-street parking and potentially the CCC parking. These factors will stress the parking supply at the CCC and the surrounding streets, which in turn may impact the ability to host multiple large events at the same time and may discourage users from renting the facility for events. There is a good chance that these changes could negatively impact CCC operations financially through loss of event revenue and increased costs for maintaining a parking structure. Loss of the Community Center's open parking lot will also impact some of the City's major special events that would be unable to utilize the new parking structure. Specifically, the Mushroom Mardi Gras will need to relocate (likely onto Monterey Road) and parade organizers are concerned about the loss of staging area at the CCC.

The Developer is providing parking to replace all of the 240 parking spaces. However, not all of the parking is in the same location and Community Services Department staff have expressed concern regarding future residents using the CCC parking. If this project moves forward, to address these concerns, the City and developer will work together on a strategy to alleviate the City's concerns of the neighboring residents utilizing the CCC parking spaces.

Parking Strategy

As Downtown evolves, parking concerns continue to arise. And while the most recent 2016 Parking Study by Hexagon Transportation Consultants showed that the Downtown parking supply is very healthy with a surplus of 238 parking spaces and found that parking occupancy was less than capacity for both on-street and off-street facilities, it also recommended a number of parking management and utilization strategies to make better use of the supply. One of the key recommendations is to develop and enforce an overnight parking permit to keep public lots available for short term parking needs. Essentially, the report suggests that the current 24-hour availability of public parking spaces allows for private parking resources to be underutilized. This is something the City may want to consider to protect the CCC parking spaces for their intended use. Another recommended strategy is to help existing residents clean up their garages and driveways by providing regular free hauling, so they can clear these parking spaces that often become general storage areas. Finally, another strategy worth noting is designated parking for employees to free-up centrally located parking supply for customers and downtown guests.

Residential Development Site

The DDA for the land transaction and the allocating of 61 Downtown Measure A residential allotments lays the ground work in moving forward with the residential development project. The residential development is in draft form at this time. It will be reviewed for compliance with Downtown Specific Plan development standards. A conceptual site plan has been provided (Attachment C).

The draft plan assumes a 61-unit, three-story townhome product constructed on a 3.33 acre site. The units would range in size from 1,479 square feet to 2,112 square feet. The density would be 18.3 units per acre. The site offers 139 parking spaces or 2.3 spaces per unit (122 of the spaces within garages and 17 spaces on-street).

It is requested that Planning Commission provide observations and feedback at this time regarding the following key issues.

1. Units along Depot Street should face outward onto Depot Street and utilize large front porch areas to activate the street.
2. Multiple curb cuts into the residential project site could congest traffic flow.
3. The southernmost curb cut entering the residential property closest to the proposed East Dunne Avenue and Church Street intersection may be located too close to the main intersection and causes a safety concern.
4. While the proposed project meets the density goals for the Downtown Specific Plan, the proposed unit sizes are larger than desired.
5. Layout does not mitigate outdoor noise from railroad tracks, resulting in potential requirement of a tall sound wall.
6. Proposed plan has minimal usable common outdoor open space.
7. Bisected internal circulation.
8. Total impervious surface area.
9. Variation in unit setbacks in front and rear.
10. All parking alleys are visible from public right-of-way (Depot Street).
11. Landscape buffer along eastern boundary adjacent to railroad tracks.

RDCS Commitments / Development Agreements

The City Council adopted Ordinance No. 1944, exempting 500 residential allotments in a 20 block area which includes the Downtown Specific Plan area from the City's Residential Development Control System. This project is within the exempted area from RDCS and through this DDA is

purposing to secure 61 allotments.

There are 260 Downtown Measure A residential building allotments remaining. At the January 10, 2017 Planning Commission meeting, the Commission recommended that 83 Measure A allotments be awarded to the Depot-Sunsweet project. The City Council will be considering the Development Agreement for the Depot-Sunsweet project at the February 1, 2017 meeting. With the award of those Measure A allotments, there would be 157 Measure A residential allotments remaining. There are sufficient allotments remaining for the proposed project.

ANALYSIS:

The proposed project was analyzed with respect to consistency with the: 1) General Plan; 2) Zoning Ordinance; and 3) Downtown Specific Plan.

1) General Plan

Policy TR-3.15

Depot Street Rerouting and Extension. To provide a continuous north-south travel route to, from, and within Downtown, re-route Depot Street south through the existing CCC parking lot to connect to Church Street, and explore the feasibility of extending Depot Street north to curve over and connect to McGlaughlin through to Central Avenue.

The partnership with the developer will provide the City with the opportunity to realign Depot Street to connect with Church Street.

Policy CNF-10.3

Adequate Supply of Multi-Family Housing. Provide for an adequate supply of multi-family housing, located convenient to shopping, services, and transportation routes.

The proposed multi-family residential project is located within the Downtown, near shopping and services and is within 600 feet of the Caltrain Station.

Policy CNF-14.1

Mixture of Uses Downtown. Encourage a mixture of uses in the Downtown that will promote its identity as the cultural and activity center of the City.

The proposed multi-family residential project would bring additional activity to the Downtown with new residents that would make use of the nearby CCC, services, shopping and restaurants.

Policy CNF-14.3

Downtown Specific Plan. Support the implementation of the Downtown Specific Plan.

The project is consistent with the Downtown Specific Plan as further detailed within this staff report.

Policy CNF-14.10

Adequate Downtown Parking. Require adequate parking for all businesses within the downtown.

The project is consistent with the Downtown Parking Strategy.

Policy CNF-14.12

Downtown Transportation Improvements. Ensure that Transportation Element and road improvement programs provide efficient access to the Downtown at a level of service not intended to accommodate regional pass-through traffic.

The re-alignment of Depot Street to connect to Church Street at a signalized intersection by diverting through the CCC parking lot would provide a continuous north-south travel route, improving transportation circulation and movement into and through the Downtown area.

Policy CNF-14.14

Relocation of Industrial Uses from Downtown. Encourage industrial uses to relocate from the downtown and into more appropriate industrial areas within the City. Use these vacant parcels to expand activities and uses conducive to the pedestrian-oriented Downtown environment.

The proposed land transaction will provide an opportunity for the current Hale Lumber business (current industrial use in Downtown) to relocate and provides additional land to allow for a cohesive development.

2) Zoning Ordinance

The zoning for the Public Facilities District allows for the use of a CCC, and the amount of parking required is consistent with the approval of the CCC and the parking management plan. The Central Business District allows for Multi-family dwellings as a conditionally permitted use. If the DDA is approved by the City Council, the project will submit for the required Planning permits including a Conditional Use Permit.

3) Downtown Specific Plan

Chapter 7: Infrastructure within the Downtown Specific Plan identifies Depot Street as the preferred alternate north-south travel route within the Downtown and it provides access to public parking lots. For Depot Street to be the north-south travel route within Downtown, it would require the re-routing of Depot Street through the existing CCC parking lot to connect to Church Street at Dunne Avenue. The adopted Downtown Specific Plan Master FEIR reviewed the extension of Depot Street to be re-routed through the CCC parking lot to create an intersection with Church Street. The Downtown Specific Plan Master FEIR also accounted for possible future public parking structures and identified the CCC parking lot as a potential future location for a parking structure. An addendum was prepared for this project and concluded that the proposed project is consistent with the development assumptions disclosed in the 2009 Morgan Hill Downtown Specific Plan and Downtown Specific Plan Master FEIR.

Community Engagement

The proposed project was publicly noticed (mailing to property owners within 300 feet of the project and newspaper legal noticing) for the minimum 10-day period and a sign has been posted at the proposed business location per the Planning Division requirements.

Conclusion

The project will achieve the City's goal of relocating industrial uses currently in the Downtown Specific Plan area to industrial zoning districts outside of Downtown, re-routing Depot Street through the CCC to achieve an alternate north-south route through Downtown, and improving circulation within and through the Downtown. As summarized in the Analysis of this report, the terms for the DDA for the project proposal are consistent with the General Plan, Zoning Ordinance, and Downtown Specific Plan.

CEQA (California Environmental Quality Act):

In October 2009, the Morgan Hill City Council adopted a resolution certifying the Master Final Environmental Impact Report (FEIR) for the Downtown Specific Plan. The Downtown Specific Plan FEIR previously evaluated the project sites on either side of Depot Street as potential locations for residential development and a parking structure, respectively. The proposed Depot Street realignment was disclosed as an alternative roadway improvement to allow for the implementation of the planned Dunne Avenue grade separation at the UPRR crossing in Downtown Specific Plan FEIR and the Morgan Hill Circulation Element EIR. Therefore, the proposed project is consistent with the development assumptions disclosed in the 2009 Morgan Hill Downtown Specific Plan and Downtown Specific Plan FEIR.

In accordance with Section 15164 of the State Guidelines for Implementation of the California Environmental Quality Act (CEQA), the City of Morgan Hill prepared an addendum to the Master FEIR, which concluded that the project would not result in any new environmental impacts that were not previously disclosed in the Master FEIR, nor would it result in a substantial increase in the magnitude of any significant environmental impacts previously identified.

LINKS/ATTACHMENTS:

- A. Resolution for Compliance with the General Plan
- B. Term Sheet
- C. Conceptual Site Plan
- D. Addendum to the Downtown Specific Plan Master FEIR