

**LOCATION MAP:**



**BACKGROUND:**

The subject property consists of five parcels located on the south side of Jarvis Drive between Monterey Road and Butterfield Boulevard in the Morgan Hill Business Park. The Madrone Plaza residential development is located to the north of the subject property across Jarvis Drive, a City owned parcel and Monterey Road are located to the west, vacant industrial parcels are located to the south across the future Sutter Boulevard extension, and existing industrial uses are located to the east across Butterfield Boulevard.

A General Plan Amendment (File No. GPA-14-04) was approved (City Council Resolution 15-102) for the subject property on May 6, 2015, changing the designation of an approximately 19.5 acre portion of the approximately 31 acre property from Industrial to Multi-Family Medium (see attached staff report).

The attached illustrative site and land use plans, which were presented to the City Council in May as part of the General Plan Amendment process, show the relationship between the proposed residential area and the remainder of the site, which is designated for industrial uses.

In approving the General Plan Amendment for the subject property, the City Council directed the Planning Commission to work with the applicant to develop a Master Plan for the site that

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addresses the amount of housing units and the parameters (including timeline) for development of the industrial portion of the site, such that the Master Plan informs the Development Agreement that would ensure that the property owner provides the public improvements/benefits that the community needs. The City Council added that the Master Plan process should include a dialogue with the Business Park and residential neighbors to address the concerns that they raised during the public hearing process for the General Plan Amendment. The applicant committed to completion of this process within 6 months of the General Plan Amendment approval (e.g., prior to November 2015). The applicant has requested a meeting with City staff in order to begin the Master Plan process. The Master Plan process will address the various commitments made by the applicant (see attached document), including project delivery of:

- 600,000 square feet of first class office/industrial/R&D space
- Increase City's industrial base by over 10%
- Provide home for small, mid and large scale office/R&D users
- Serve expansion needs of MH companies
- 1,200+/- new permanent jobs
- 400+/- apartments within walking/biking distance of jobs
- \$22+/- million in annual retail expenditures at build-out
- Up to 13 acres of public parks & open space (20% of site), including
- Repurpose of City's 7.6 acre detention basin

### **ANALYSIS:**

The applicant is requesting rezoning of the subject property from the Industrial Planned Unit Development District to the R-3 Multi-Family Residential Zoning District so that the governing zoning district will conform to the General Plan and so that the property may compete in the upcoming Residential Development Control System (RDCS) competition. The applicant intends to request a Planned Development rezoning in the future should the project receive residential allotments through the RDCS competition. The future PD zoning would be evaluated for consistency with the General Plan, RDCS commitments, and other applicable regulations.

The proposed rezoning has been evaluated for consistency with the General Plan and Zoning Ordinance.

### **General Plan**

The General Plan land used designation for the project is Multi-Family Medium (14-21 units per acre). This designation was requested by the applicant in order to allow development of multi-family residential apartment units on the subject site.

The proposed R-3 Multi-Family Residential zoning designation is the corresponding zoning for the Multi-Family Medium General Plan designation. Other available residential zoning districts would not allow for the type of development supported by the Multi-Family Medium designation.

### **Zoning Ordinance**

The Zoning Ordinance sets forth the following requirements for proposed Zoning Amendments:

In order to amend Division I of the Zoning Ordinance, the City Council shall find the following:

- A. That the proposed amendment is in general conformance with the General Plan;

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*As discussed above, the proposed zoning amendment from Industrial Planned Unit Development to R-3 Medium Density Residential would conform to the site's Multi-Family Medium General Plan designation.*

- B. That the public necessity, convenience and general welfare require the adoption of the proposed amendment.

*The public necessity, convenience and general welfare require the proposed zoning in that as long as the zoning remains inconsistent with the General Plan land use designation, no change in use or development of the site is allowed. The site is currently vacant and unimproved. Amending the site zoning to residential will allow future residential development consistent with the City's General Plan land use diagram and General Plan goals and policies related to the provision of an adequate housing supply.*

- C. The proposed amendment does not grant a change in land use from commercial or industrial to a residential land use for property incorporated into the urban service boundary after December 7, 1990 unless it can be determined pursuant to the terms of Section 18.78.070 of the municipal code that the amount of undeveloped, residentially developable land on the same side of Monterey Road as the proposed amendment is insufficient to accommodate five years' worth of residential growth.

*The proposed property was annexed into Morgan Hill prior to 1990 and is therefore not subject to this provision.*

### **Community Engagement**

A 10 day public hearing notice was published in the Friday, July 17, 2015 edition of the San Jose Mercury News and notices were mailed to property owners within three hundred feet of the project pursuant to Government Code Sections 65090-65096.

### **Conclusion**

As discussed above, the proposed rezoning would be consistent with the General Plan and Zoning Ordinance and would be the next logical step toward development of the project site consistent with the intent of those governing policies. Approval of the requested rezoning would support the project proponents participation in the upcoming RDCS competition and help to fulfill the City's goal of providing a wide variety of housing types within Morgan Hill, including in particular higher-density housing at a location with good access to supporting services.

Subsequent to the Zoning Amendment process, per City Council direction at the General Plan Amendment hearing on May 6, 2015, the applicant will engage with the Planning Commission in a Master Planning exercise that includes both the residential and industrial portions of their site.

Staff recommends the Planning Commission recommend City Council approval of the Zoning Amendment by adoption of the attached resolution.

### **CEQA (California Environmental Quality Act):**

Project, Description of CEQA requirements

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An Environmental Impact Report (EIR) was previously prepared for the project and certified by the City Council, along with a Statement of Overriding Considerations, together with an Addendum thereto on May 6, 2015. An EIR was warranted because not all potential significant impacts on the environment for the project could be mitigated to less than significant levels. Transportation impacts to US 101, Vehicle Miles Travelled (VMT) and energy impacts from annual gasoline consumption, and a cumulative increase in transportation energy demand would remain significant and unavoidable because there is no feasible mitigation to reduce these impacts to less than significant.

Mitigation measures to be implemented by the project address potential aesthetics, cultural resources, hazards and hazardous materials, hydrology, geological, noise, biological (burrowing owls, nesting birds & trees), and air quality (construction and operational) impacts. These are included in the project's Mitigation Monitoring and Reporting Program (MMRP).

### **LINKS/ATTACHMENTS:**

Zoning Amendment Resolution

Exhibit A – Legal Description and Exhibit B – Plat

GPA-14-04 Staff Report

Applicant's Presentation for General Plan Amendment

Applicant's Letter for Proposal

Illustrative Site Plan