



REPUBLIC URBAN PROPERTIES LLC

Item # 12

AGENDA DATE: 02/01/17

SUPPLEMENTAL # 4

January 31, 2017

Ms. Terry Linder
Interim Planning Manager
Development Services Department
City of Morgan Hill
17575 Peak Ave
Morgan Hill, CA 95037

Regarding: ZA-16-08/DA-16-09 Sunsweet Mixed Use, Response to the Staff Report Findings

Dear Ms. Linder,

We are pleased to resubmit updated plans for the Sunsweet Mixed Use project.

Our development program include 83 apartment units and approximately 7,860 square feet of ground floor retail/ commercial uses. The building will offer a unique and unmatched set of amenities. The proposed common space program includes a pool, spa, fitness room, club house, pet amenities, garden, and rooftop lounge(s). Residential and leasing office parking will be located within the building half a level below surface and will include at least one assigned space per residential unit. Given the project is located within one minute walk to the Morgan Hill CalTrain Commuter Station and is in the middle of the Morgan Hill's vibrant downtown district, the project will be appealing to young professionals (both single and married) who enjoy living in the urban environment and appreciate the convenience of local transportation amenities and wonderful shopping and dining opportunities that Morgan Hill downtown has to offer.

We made several modifications to the project based on the feedback we received from the Planning Commission members at the hearing on January 10, 2017. Below are the revised items that are included in updated plan set:

We have increased our ground floor commercial area to 7,859 square feet.

Our original plans that were presented to the Planning Commission on January 10 included 5,760 square feet commercial space with 3,149 square feet dedicated to the leasing office. After hearing the concerns that the Planning Commission members had about the amount of the proposed commercial space, we have made modifications to our plans to significantly increase the retail space area. We have added the additional commercial area by making the ground floor commercial spaces both deeper and wider. The new commercial area size is 7,859 square feet.

We have increased a commercial depth along Third Street to 45 feet.

The original commercial depth was increased from 30-40 feet to 45 feet along Third Street. Although the Downtown Specific Plan Design Guidelines recommends deeper commercial spaces (50-80 feet) along Third Street, we won't be able to further modify the depth of these spaces because this will require to shrink the footprint of the subterranean parking structure and will have a significant and unavoidable negative impact on the number of parking stalls in the garage. Additionally, we have consulted with our retail leasing experts from Newmark Cornish & Carrey and we were told that the current retail space configuration will allow us attract quality retail tenants for the restaurant and retail

spaces on the ground floor of the building. Therefore, they didn't deem the additional expansion of the ground floor commercial space necessary.

We have reduced square footage of the leasing office to 2,000 square feet and moved it to the West side of the building.

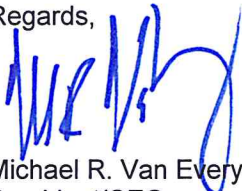
Additionally, we decided to limit the leasing office space area to 2,000 square feet in order to create more leasable retail space on the west side of the building. We have reprogrammed the space to include 2,000 square feet leasing office and 1,933 square feet of leasable retail space next to the plaza. The combined retail space area is 7,859 square feet with approximately 3,925 dedicated to a restaurant use at Third Street and Deport Street.

We have rearranged parking to meet the City parking requirement for residential and commercial uses.

Per the staff report dated January 28, 2017, our project wasn't sufficiently parked for the 3,149 square foot office use as our proposed number of stalls for the office was below the required 12-13 stalls based on the Specific Plan requirement of 4 spaces per 1,000 square feet. We discussed that there is an option for us to pay an in-lieu fee of \$11,000 per space in case we are not able to provide all required spaces in the parking garage. While this is still a viable option, we are no longer short on the parking spaces for office use. By reducing the leasing office size from 3,149 square feet to 2,000 square feet we also lowered our parking requirement from 13 to only 8 spaces. The overall parking number in the garage is 127 spaces, which includes 119 spaces for residential units and 8 spaces for the leasing office.

Please let us know if there are any additional comments that need to be addressed. We very much appreciate your time and effort on this project.

Regards,



Michael R. Van Every
President/CEO
Republic Urban Properties

Attachments:

- Exhibit A: Updated Sunsweet Mixed Use Zoning Application
- Exhibit B: Newmark Cornish & Carey Retail Demand Opinion Letter

cc via email: Reyad Katwan, Rocke Garcia, Konstantin Voronin, Lesley Little, Edith Ramirez