

RESOLUTION NO. OB-040

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE FORMER MORGAN HILL REDEVELOPMENT AGENCY APPROVING AND AUTHORIZING THE LONG RANGE PROPERTY MANAGEMENT PLAN PREPARED BY THE SUCCESSOR AGENCY PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34191.5 AND DIRECTING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Oversight Board of the Successor Agency to the former Morgan Hill Redevelopment Agency was duly organized and exists under and pursuant to the laws of the State of California, including without limitation Parts 1.8 and 1.85 of Division 24 of the California Health and Safety Code (commencing with section 34170), as amended by Assembly Bill 1484 and as may be further amended from time to time (collectively, the "Dissolution Act"), and, more specifically, pursuant to section 34179 of the Dissolution Act (the "Oversight Board"); and

WHEREAS, said section 34179 of the Dissolution Act provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to section 34188 of Part 1.85 of the Dissolution Act; and

WHEREAS, pursuant to the Dissolution Act, the former Morgan Hill Redevelopment Agency (the "Former Agency") was dissolved and the City of Morgan Hill ("City") elected to serve as the Successor Agency to the Former Agency ("Successor Agency"); and

WHEREAS, pursuant to section 34191.5(b) of the Dissolution Act, the Successor Agency prepared a Long-Range Property Management Plan ("LRPMP") which addresses the disposition and use of the real properties of the Former Agency, and which must be submitted to the Successor Agency, Oversight Board and the State of California Department of Finance ("DOF") for approval no later than six months following the issuance by DOF to the Successor Agency of a finding of completion pursuant to section 34179.7 of the Dissolution Act; and

WHEREAS, pursuant to section 34179.7 of the Dissolution Act, DOF issued a finding of completion to the Successor Agency on June 4, 2013; and

WHEREAS, Successor Agency has prepared and submitted to the Oversight Board that certain LRPMP attached hereto and incorporated herein as Exhibit A, which LRPMP addresses the disposition and use of the real properties of the Former Agency and includes the information required pursuant to section 34191.5(c) of the Dissolution Act; and

WHEREAS, the subject of this Resolution is set forth in more detail in that certain Successor Agency Staff Report submitted for review by the Oversight Board at its meeting of November 20, 2013 entitled "Long-Range Property Management Plan" which plan previously was submitted for Successor Agency consideration at its meeting of November 6, 2013 (the "Staff Report"), the contents of which Staff Report are incorporated herein by this reference; and

WHEREAS, on July 25, 2001, the City Council of City pursuant to the requirements of the California Environmental Quality Act of 1970, together with related implementing guidelines promulgated thereunder, all as amended to date (collectively, "CEQA") considered, certified and made required findings related to that certain Environmental Impact Report prepared for the Morgan Hill General Plan through the adoption of its Resolution No. 5511; and

WHEREAS, on November 4, 2009, the City Council of City pursuant to the requirements of CEQA considered, certified and made required findings related to that certain Final Master Environmental Impact Report prepared for the Morgan Hill Downtown Specific Plan through the adoption of its Resolution No. 6282; and

WHEREAS, the proposed disposition and use of all of those certain real properties as described in the LRPMP will occur only in a manner that is wholly consistent with and as an implementation of the programs, policies, goals and other provisions set forth in the Morgan Hill General Plan and, when applicable, the Morgan Hill Downtown Specific Plan, including any and all required mitigations as set forth in mitigation monitoring and reporting programs adopted in connection with the approvals of the Morgan Hill General Plan and Morgan Hill Downtown Specific Plan; and

WHEREAS, no information in the record of the proceedings pertaining to the proposed approval of the LRPMP has indicated the presence of any condition that would trigger the need or requirement for additional review or analysis under CEQA pursuant to Section 15162 of the State CEQA Guidelines, and, therefore, the CEQA determinations made and adopted by the City Council of City for the Morgan Hill General Plan and Morgan Hill Downtown Specific Plan fully address the environmental impacts that may result from the adoption of a resolution approving the LRPMP; and

WHEREAS, the consideration by the Oversight Board of the adoption of this Resolution has been duly noticed pursuant to applicable laws and has been placed upon the Oversight Board meeting agenda on the date set forth in the Staff Report, or to such date that the Oversight Board may have continued or deferred consideration of this Resolution, and on such date the Oversight Board conducted a duly noticed public hearing on the adoption of this Resolution at which hearing the Oversight Board provided members of the public an opportunity to comment and be heard and considered any and all testimony and other evidence provided in connection with the adoption of this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE FORMER MORGAN HILL REDEVELOPMENT AGENCY AS FOLLOWS:

Section 1. The Oversight Board does hereby find, determine and resolve that all of the foregoing recitals are true and correct.

Section 2. The Oversight Board, as a "responsible agency" under CEQA, does hereby independently confirm, make, approve and adopt those certain CEQA findings adopted by the City Council of City on July 25, 2001 for the Morgan Hill General Plan and the related environmental impact report prepared for the Morgan Hill General Plan and those certain CEQA findings adopted

by the City Council of the City of Morgan Hill on November 4, 2009 for the Morgan Hill Downtown Specific Plan and the related final master environmental impact report prepared for the Morgan Hill Downtown Specific Plan as its own findings as a responsible agency in connection with the adoption of this Resolution and the actions approved through the adoption of this Resolution, and those collective CEQA findings are hereby incorporated herein by this reference as though fully set forth in this section of this Resolution (collectively, the "CEQA Findings").

Section 3. The Oversight Board hereby finds that none of the conditions described in Section 15162 of the State CEQA Guidelines have occurred that would require the preparation of a subsequent or supplemental environmental impact report for the adoption of this Resolution and the actions approved through the adoption of this Resolution, such that the CEQA Findings serve as the CEQA analysis and documentation for consideration of the approval of this Resolution and the actions approved through the adoption of this Resolution.

Section 4. The Oversight Board, pursuant to the provisions of section 34191.5 of the Dissolution Act, does hereby approve the LRPMP in the substantive form set forth in Exhibit A attached hereto and incorporated herein by this reference.

Section 5. The Oversight Board hereby authorizes and directs the City Manager of City as Executive Director of Successor Agency to do all of the following:

- a. To make clerical, typographical or other non-substantive changes to the LRPMP prior to the submittal of the LRPMP to the DOF in order to fully and accurately reflect the approval actions taken by the Oversight Board on the LRPMP by this Resolution; and
- b. To submit or cause the submittal of the LRPMP as approved by the Oversight Board to the DOF; and
- c. To post or cause the posting of the approved LRPMP on the Successor Agency's internet website and to take any and all other ministerial or administrative actions as may be needed or required to comply with applicable state or local laws, policies or regulations in connection with the processing or approval of the LRPMP.

Section 6. Upon approval of the LRPMP by the DOF, the Oversight Board hereby authorizes and directs the City Manager as the Executive Director of Successor Agency to dispose of and/or use (or cause the disposition and/or use of) those real properties and to dispose of related proceeds only as described in, in the manner set forth in, or otherwise as fully contemplated and/or directed by the LRPMP and to take any action or execute any document necessary to implement the terms and provisions of the LRPMP; provided, however, that the following actions shall require Successor Agency, Oversight Board and, where otherwise legally required, DOF consideration and approval:

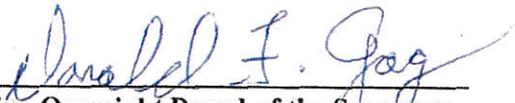
- a. Requests for Proposals for the disposition of real property to be disposed of by the Successor Agency; and
- b. Actions by the Successor Agency to dispose of real property; and
- c. Compensation Agreements pursuant to section 34180(f)(1) of the Dissolution Act; and

- d. Agreements with Santa Clara Valley Transportation Authority concerning the use or disposition of that certain Site 6 identified in the LRPMP.

Section 7. This Resolution shall take effect immediately upon adoption.

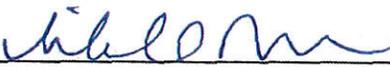
PASSED AND ADOPTED, by the Oversight Board of the Successor Agency to the former Morgan Hill Redevelopment Agency at its special meeting held this 20th day of November 2013 by the following vote:

AYES: BOARD MEMBERS(S): Gage, Kinsella, Chheng, Tate, Rivera, Putris, Williams
NOES: BOARD MEMBERS(S): None
ABSTAIN: BOARD MEMBERS(S): None
ABSENT: BOARD MEMBERS(S): None



Chair - Oversight Board of the Successor
Agency to the Morgan Hill Redevelopment Agency

Attest:



Michelle Wilson, Deputy Clerk of the Board

∞ CERTIFICATION ∞

I, Michelle Wilson, Deputy Clerk of the Oversight Board of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No. OB-040 adopted by the Oversight Board at the meeting held on November 20, 2013.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: 11/20/13



Michelle Wilson, Deputy Clerk of the Board



LONG-RANGE PROPERTY MANAGEMENT PLAN CHECKLIST

Instructions: Please use this checklist as a guide to ensure you have completed all the required components of your Long-Range Property Management Plan. Upon completion of your Long-Range Property Management Plan, email a PDF version of this document and your plan to:

Redevelopment_Administration@dof.ca.gov

The subject line should state "[Agency Name] Long-Range Property Management Plan". The Department of Finance (Finance) will contact the requesting agency for any additional information that may be necessary during our review of your Long-Range Property Management Plan. Questions related to the Long-Range Property Management Plan process should be directed to (916) 445-1546 or by email to Redevelopment_Administration@dof.ca.gov.

Pursuant to Health and Safety Code 34191.5, within six months after receiving a Finding of Completion from Finance, the Successor Agency is required to submit for approval to the Oversight Board and Finance a Long-Range Property Management Plan that addresses the disposition and use of the real properties of the former redevelopment agency.

GENERAL INFORMATION:

Agency Name: **Successor Agency of the Former Morgan Hill Redevelopment Agency**

Date Finding of Completion Received: June 4, 2013

Date Oversight Board Approved LRPMP: November 20, 2013

Long-Range Property Management Plan Requirements

For each property the plan includes the date of acquisition, value of property at time of acquisition, and an estimate of the current value.

Yes No

For each property the plan includes the purpose for which the property was acquired.

Yes No

For each property the plan includes the parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

Yes No

But

For each property the plan includes an estimate of the current value of the parcel including, if available, any appraisal information.

Yes No

For each property the plan includes an estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

Yes No

For each property the plan includes the history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

Yes No

For each property the plan includes a description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

Yes No

For each property the plan includes a brief history of previous development proposals and activity, including the rental or lease of the property.

Yes No

For each property the plan identifies the use or disposition of the property, which could include 1) the retention of the property for governmental use, 2) the retention of the property for future development, 3) the sale of the property, or 4) the use of the property to fulfill an enforceable obligation.

Yes No

The plan separately identifies and list properties dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation.

Yes No

ADDITIONAL INFORMATION

- If applicable, please provide any additional pertinent information that we should be aware of during our review of your Long-Range Property Management Plan.

Agency Contact Information

Name:	Kevin Riper	Name:	Tina Reza
Title:	Finance Director	Title:	Assistant Finance Director
Phone:	408-776-7382	Phone:	408-776-7379
Email:	Kevin.Riper@morganhill.ca.gov	Email:	Tina.Reza@morganhill.ca.gov
Date:	December 2, 2013	Date:	December 2, 2013

Department of Finance Local Government Unit Use Only

DETERMINATION ON LRPMP: APPROVED DENIED

APPROVED/DENIED BY: _____ DATE: _____

APPROVAL OR DENIAL LETTER PROVIDED: YES DATE AGENCY NOTIFIED: _____

EXHIBIT A

LONG RANGE PROPERTY
MANAGEMENT PLAN



CITY OF MORGAN HILL

SUCCESSOR AGENCY REPORT
December 2, 2013

Submitted to:

Successor Agency
Oversight Board
Department of Finance, State of California

Prepared and Submitted by:
City of Morgan Hill
as the Successor Agency
to the
Morgan Hill Redevelopment Agency

Table of Contents

- I. Legislation Background
- II. Introduction to Morgan Hill Long Range Property Management Plan
- III. Purpose and Effect of Long Range Property Management Plan
- IV. Organization of the Long Range Property Management Plan
- V. Summary of Successor Agency Properties/Parcels
 - a. Downtown Properties
 - b. El Capri/Gateway
 - c. All Sites Map
- VI. Downtown Properties
 - a. Site 1 and 1A – Downtown Mall
 - b. Site 2 – 2nd Street and Monterey Road
 - c. Site 3 – Depot Street
 - d. Site 4 and 4A – 3rd Street and Monterey Road
 - e. Site 5 – Fire Station
 - f. Site 6 – VTA
- VII. Site 7 – El Capri/Gateway
- VIII. Exhibit – Downtown Properties' Rent Roll
- IX. Attachments
 - a. Five Year Implementation Plan 2010-2014
 - b. Downtown Specific Plan - Vision
 - c. Downtown Specific Plan -Land Uses and Development Standards

I. LEGISLATION BACKGROUND

As part of the 2011 Budget Act, the California Legislature dissolved all redevelopment agencies throughout the State with the passage of AB1X 26. The Morgan Hill Redevelopment Agency (RDA) was officially dissolved, along with all other redevelopment agencies, as of February 1, 2012. AB1X 26 was further clarified by budget trailer bill AB 1484 and signed into law on June 27, 2012. As a result, property tax revenues that were previously collected by the Morgan Hill RDA are now used to pay existing obligations (such as bonds and other pre-existing contracts) with the remaining tax revenue allocated to the underlying taxing entities in the former RDA area. In addition, all property assets which belonged to the RDA were either transferred to the City for government purposes or are required to be used or disposed of pursuant to a Long Range Property Management Plan (LRPMP).

To facilitate the dissolution process, a Successor Agency to the RDA and an Oversight Board were established to wind down the affairs of the RDA. Morgan Hill's Successor Agency is a separate legal body that is comprised of the City's Mayor and four Council Members. The Oversight Board is comprised of representatives from the local taxing entities within the former redevelopment area. The Oversight Board has a "fiduciary responsibility to holders of enforceable obligations and the taxing entities that benefit from the distributions of property tax and other revenues." Morgan Hill's Oversight Board will remain intact until June 30, 2016, after which time Morgan Hill's Oversight Board will be consolidated with any other Oversight Boards in Santa Clara County.

AB 1484 requires that all Successor Agencies develop and submit a LRPMP within six months of receiving a Finding of Completion. Per AB 1484, the properties included in the LRPMP were once owned by the Morgan Hill RDA, but are now in the Community Redevelopment Property Trust Fund that serves as a repository. Furthermore, AB 1484 states that the LRPMP "addresses the disposition and use of the real properties of the former RDA." Morgan Hill received its Finding of Completion on June 4, 2013, and is required to submit its LRPMP to the California Department of Finance (DOF) no later than December 4, 2013. There is no statutory requirement for the DOF to complete its review of the LRPMP in a particular timeframe.

II. INTRODUCTION

The Morgan Hill Redevelopment Agency acquired several properties primarily within the Downtown in order to promote the redevelopment of those properties to support the ongoing revitalization of the Downtown area as a unique commercial destination and mixed-use residential neighborhood. As the successor to the Agency, the City of Morgan Hill has conducted significant analysis and a limited public process as part of the preparation of this LRPMP. The City has through this process concluded that the community's goals, as expressed within the City's General Plan, the Downtown Specific Plan and through recent community participation, closely align with the LRPMP goal of promoting a high value for the subject properties, and also align with regional planning goals as expressed through the Plan Bay Area Sustainable Community Strategy. The City has also concluded that, consistent with those goals, the disposition of those properties should be approached collectively as part of a comprehensive Downtown revitalization strategy.

From adoption of the Ojo De Agua Community Development Project Area in 1981 to its dissolution in 2012, the Morgan Hill Redevelopment Agency undertook and completed multiple projects that directly contributed to Morgan Hill's economic development and quality of life. Agency projects reduced blight and provided critically important infrastructure to support the City's ongoing growth and development. Notable successes of the Redevelopment Agency included the construction of highly used community facilities and an award winning affordable housing program. The Redevelopment Agency was also deeply involved in the revitalization of Morgan Hill's Downtown, which continues to be a primary focus of the City's work to support the community's goals for economic development, the production of a wide variety of housing types, environmental sustainability and quality of life.

Land use and development decisions are guided in Morgan Hill by the City's General Plan and Zoning Ordinance, by the recently adopted Bay Area Sustainable Community Strategy (Plan Bay Area) and notably by the City's Residential Development Control System (RDCS). The RDCS establishes an annual cap on new residential development and a competitive system for allocation of the residential units made available in each fiscal year. Projects are awarded points within the competition based upon various factors, including proximity to the Downtown, site design elements and the project's contribution toward achievement of the City's parkland and affordable housing programs. The RDCS Growth Management System was enacted by voter initiative in 1977 and has been periodically amended by Morgan Hill voters since then. Recognizing the value of intensifying the City's Downtown residential population, recent amendments have provided additional residential unit capacity/density reserved exclusively for the Downtown area.

Morgan Hill's Downtown provides unique opportunities within the City to achieve local and regional goals. While multiple bus lines serve the City, the Downtown is the only area with a passenger rail station that provides rail connection to Silicon Valley jobs and activities to the north and south.

Accordingly, the Plan Bay Area Sustainable Community Strategy identifies the Morgan Hill Downtown as a Priority Development Area (PDA) in which future development of significant density should be focused. Through its General Plan, the Morgan Hill Downtown Specific Plan, and aforementioned special RDCS Ballot Measure initiatives passed by the general electorate, the Morgan Hill community also acknowledges the unique value of focusing development within the Downtown area and actively promotes development through specific development standards and the “set aside” of residential development capacity in the Downtown. The latter is of particular significance given the City’s long-standing RDCS, which closely guides the amount and pace of residential development that may occur throughout the City. These policies were developed to support the environmental and fiscal efficiencies which result from promoting compact, mixed-use development within a Downtown setting and within proximity to transit and other public facilities.

The 2010-2014 Redevelopment Agency Five Year Implementation Plan (included as Attachment A) anticipated funding a variety of projects and programs for the Downtown with the goal of making the Downtown a more vibrant destination for residents and visitors alike. The strategy included significant public investment to attract and stimulate private investment, encourage the retention and restoration of older buildings and the redevelopment of vacant and underutilized properties, which both are often sources of blighting conditions. The Five Year Implementation Plan identified the need to publicly assemble parcels of multiple ownership and varying conditions in order to stimulate private development and to guide the type of development and public improvements. The Five Year Implementation Plan envisioned a Land Assembly Program comprised of key catalyst sites in the Downtown which required the Agency’s efforts to facilitate private investment by creating sites suitable for commercial and/or residential development and appropriate for transfer of property for private development. The Redevelopment Agency acquired ownership or an interest in several key properties within the Downtown area with the intent of leveraging ownership to promote the future commercial, residential, or mixed-use development of those parcels to implement the City’s General Plan and Downtown Specific Plan. These investments include three sites along Monterey Road, the primary commercial street within the Downtown, an option to purchase a property located within the area of the Downtown closest to the transit station (referred to as “Site 3 – Depot Street”), and a significant minority interest in the “Park and Ride” lot (“Site 6 – VTA” jointly owned with the Santa Clara Valley Transportation Authority) located on the eastern side of the Downtown. These investments were made with the intent of implementing specific commercial, residential, mixed-use or public facility projects. One site outside of the Downtown, “Site 7 – El Capri/Gateway”, was acquired in part because it is located along a key route leading into the Downtown and its redevelopment would support the ongoing revitalization of the Downtown.

The program and projects identified in the Redevelopment Plan and the Five Year Implementation Plan are consistent with the City's General Plan which promotes the Downtown as a commercial destination, encourages the City's highest density residential development be constructed downtown, promotes mixed-use development with residences above ground-floor commercial uses, and proposes accommodating unique, niche retail businesses in the Downtown. This vision is furthered by the Downtown Specific Plan which promotes a vision of creating an active Downtown village through intensifying residential, retail, restaurant, and entertainment uses, within an urban setting improved with unified landscaping and streetscape improvements. Downtown programs and projects included:

- Third Street Promenade Improvements
- Downtown Street Revitalization Improvements
- Parks and Pathways
- Downtown Parking
- Land Assembly Program
- Retail/Entertainment Recruitment Activities (including a movie theatre)

The City of Morgan Hill's, through both the City and the Successor Agency, community engagement process included close coordination with the Morgan Hill Economic Development Corporation, the Morgan Hill Downtown Association and the Morgan Hill Chamber of Commerce and involving several consultants to help with identifying the optimal use of the properties. Recent outreach activities build upon a wide variety of community driven land use planning processes, including the development of the Morgan Hill Specific Plan, past and current General Plan updates, Downtown Streetscape Design and Implementation Plans, and the Downtown park/trail visioning process. . This Report is thus informed by the Redevelopment Plan, the Five Year Implementation Plan and its long-term legacy of community-based planning and very recent community and professional input based on current social and market conditions.

Finally, it should be emphasized that while this Report discusses each of the former RDA owned properties individually, the planning for their eventual use should be closely coordinated to maximize their collective value and the advancement/achievement of community objectives. Specific sites may be best suited for different activities that in combination support each other and the overall value of the Downtown and which could differ from a recommendation based upon viewing each site in isolation. The City remains committed to its overall objective of promoting the ongoing revitalization of its Downtown and anticipates that this goal will best serve the interests of all of the stakeholders involved in the LRPMP planning process, approval and implementation. Assuming that the Successor Agency's LRPMP receives a timely approval, the preliminary sequencing of property disposition activities is as follows.

Upon approval of LRPMP by DOF: List for sale Site 7

Initiate the development of compensation agreements for Site 3, Site 4A, and Site 5

Spring 2014:

Issue a Request for Proposals (RFP) for Site 1, Site 2, and Site 4

Provide 180 day notice to exercise the Purchase Option for Site 3, utilizing Bond Proceeds approved in ROPS 13/14B and commence parking structure design and formal tenant relocation plan

Fall 2014:

List residential property designated as Site 1A for sale as a stand-alone residential property if property not previously purchased by Site 1 buyer

Enter into a Compensation Agreement with other taxing entities for Site 3, Site 4A, and Site 5

Purchase Site 3 pursuant to the terms of the Purchase Option

Winter/Spring 2015:

Issue a RFP for Site 6 jointly with majority owner, Valley Transportation Authority (VTA), conditional on sufficient progress on the parking structure construction on Site 3

Since many variables have the potential to impact the schedule, the actual timing of each step indicated above may vary. In saying that, it is the Successor Agency's intent to adhere to the preliminary schedule milestones indicated and accelerate the schedule if possible.

Section 34191.5(b) of AB 1484 specifies that the purpose of the LRPMP is to “address the disposition and use of real properties of the former Redevelopment Agency.” Upon approval of the LRPMP by the Department of Finance, “the plan shall govern and supersede all other provisions relating to the disposition and use of the real property assets of the former Redevelopment Agency.” AB1484 requires that the LRPMP include an inventory of properties that sorts the properties into the four categories:

- 1. Properties to be retained for Governmental Use purposes.**
- 2. Properties to be retained for purposes of fulfilling an Enforceable Obligation.**
- 3. Properties to be retained for Future Development.**
- 4. Properties for Sale.**

Morgan Hill’s inventory of properties required by AB 1484 includes 18 parcels, assembled into seven development sites and includes the following information on each:

1. Date of Acquisition
2. Value of Property at Time of Acquisition
3. Estimate of Current Value
4. Purpose of Acquisitions
5. Property Address
6. Assessor Parcel Number
7. Property/Lot Size
8. Current Zoning
9. Revenues Generated from the Property
10. History of Environmental Contamination
11. Potential for Transit-Oriented Development
12. Potential to Advance the Objectives of the Successor Agency
13. History of Previous Site Development

The LRPMP has been prepared and is submitted pursuant to the provisions of Section 34191.5. The LRPMP was approved by the Oversight Board on November 20, 2013. Upon approval by the Department of Finance, the Successor Agency will implement the Plan to dispose of properties in the method recommended in the LRPMP.

As previously stated, the intent of Morgan Hill’s LRPMP is to promote and advance the economic development goals of the former Redevelopment Agency’s Implementation Plan and Downtown Specific Plan as guiding documents. These goals include increasing residential density by incorporating and initiating smart growth principles; developing new standards for commercial space, coordinating a parking strategy with realistic growth projections, examining circulation

Page 13 of 139
patterns, improving pedestrian and bicycle access, and creating a plan for public investment in public infrastructure projects and activities in the City's regionally designated Priority Development Area. These economic revitalization sites are intended to enhance Morgan Hill's economic vitality by increasing the number of housing units in the downtown core, attracting new businesses, retaining existing businesses, encouraging business expansion, and stimulating private sector investment in Morgan Hill. Through strategic implementation the long-term effect of the LRPMP over time will result in a vibrant and economically thriving Downtown that connects residents and visitors to a wide variety of retail, commercial and entertainment venues.

IV. ORGANIZATION OF THE LONG RANGE PROPERTY MANAGEMENT PLAN

The LRPMP has been prepared in a manner that presents the details and unique characteristics of each property within the context of the Redevelopment Plan of the former RDA and the Downtown Specific Plan. The former RDA successfully assembled key sites within Morgan Hill's Downtown to promote and facilitate private development intended to transform that area into a community hub for retail, dining and entertainment uses. One parcel, outside the Downtown, purchased by the former RDA is located near the northwest boundary of the Project Area. The purchase of that property was intended as a first step to revitalize that area into a formal Gateway into Morgan Hill.

The 18 individual properties acquired by the former RDA and included in the Community Redevelopment Property Trust Fund are presented in the LRPMP as part of seven larger distinct sites assembled to further the goals and objectives of the Redevelopment Plan and Downtown Specific Plan. Site 1 and Site 4 also contain Site 1A and Site 4A because of the unique circumstances of an individual parcel in each site. This is further described in the LRPMP narrative.

Pursuant to Section 34191.5 each property is discussed individually with detailed information such as APN, lot size and acquisition costs. In addition to the required information, each property includes information to address why it was considered as a key site to prompt revitalization of Morgan Hill's Downtown.

V. SUMMARY OF SUCCESSOR AGENCY OWNED PROPERTIES

The former Morgan Hill Redevelopment Agency acquired properties in an effort to revitalize areas of Morgan Hill. There are a total of 18 properties or parcels that were previously owned and controlled by the RDA. They fall into two areas within the city: 17 properties are located in the Downtown and one property is located at Northern boundary to Morgan Hill along historic Monterey Road formerly known as El Camino Real.

Downtown Morgan Hill

The former Redevelopment Agency acquired 17 parcels in the Downtown to revitalize this area into a vibrant hub of the community. The revitalization efforts were guided by the Downtown Specific Plan approved by the former Redevelopment Agency in November 2009.

No.	Address	APN#	Lot Size	Permissible Use
1	17490 Monterey Road	726-14-030	16,800	Sale of Property
2	East First Street	726-14-031	11,200	Sale of Property
3	50 East First Street	726-14-032	5,663	Sale of Property
4	East Second Street	726-14-025	8,400	Sale of Property
5	East Second Street	726-14-026	5,600	Sale of Property
6	17420 - 17440 Monterey Road	726-14-028	11,326	Sale of Property
7	17450 Monterey Road	726-14-029	5,600	Sale of Property
8	17340 Monterey Road	726-14-013	5,663	Sale of Property
9	17380 - 17390 Monterey Road	726-14-014	11,200	Sale of Property
10	30 East Second Street	726-14-015	5,227	Sale of Property
11	95 East Third Street	726-14-001	46,609	Transfer to City for Future Development pursuant to a compensation agreement (34180(f))
12	17270 Monterey Road	726-13-039	5,600	Sale of Property
13	1 East Monterey Road	726-13-038	5,600	Sale of Property
14	17280 Monterey Road	726-13-040	7,200	Sale of Property
15	55 East Fourth Street	726-13-033	8,276	Transfer to City for Future Development pursuant to a compensation agreement (34180(f))
16	17295 Butterfield Boulevard	726-15-072	77,537	Transfer to City for Future Development pursuant to a compensation agreement (34180(f))
17	17295 Butterfield Boulevard	726-15-071	265,716	Sale of Property

Oversight Board of the
City of Morgan Hill
Resolution No. OB-040

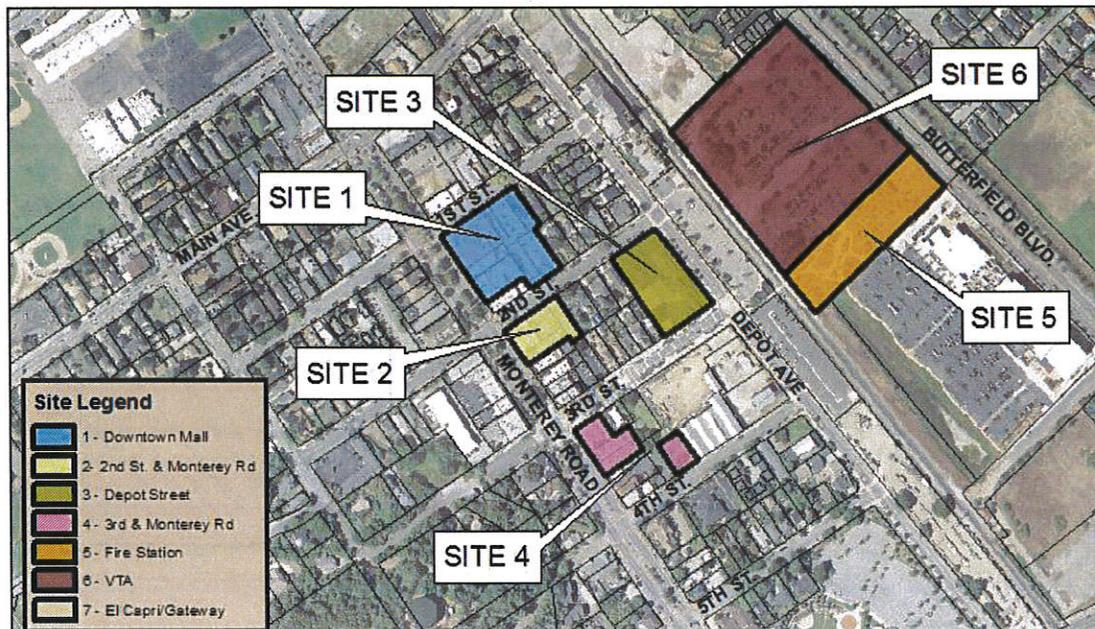
El Capitan Gateway

The former Redevelopment Agency acquired one (1) parcel at the northern boundary of Morgan Hill's city limits as a first step to revitalize the "Gateway to Morgan Hill" on historic Monterey Road.

The property in this area is listed below:

No.	Address	APN #	Lot Size	Permissible Use
18	Monterey Road/Cochrane Road	764-10-006	11,000	Sale of Property

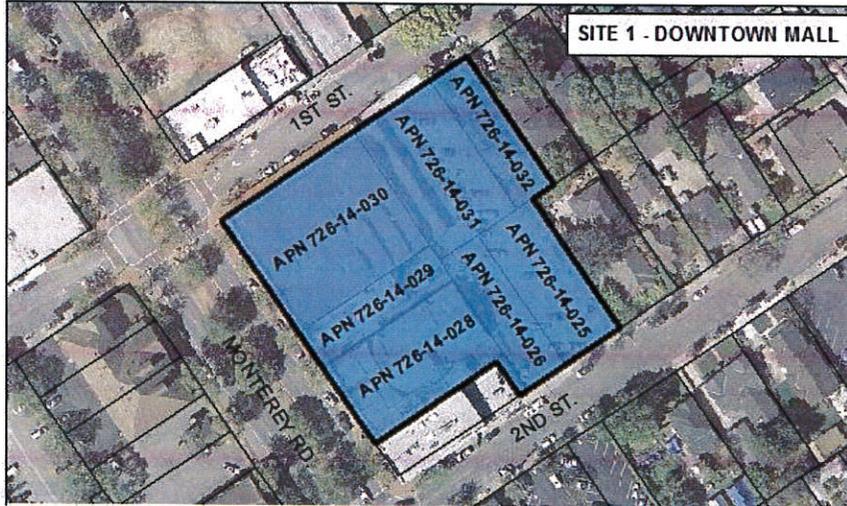
Morgan Hill Successor Agency Long Range Property Management Plan All Sites



VI.

DOWNTOWN PROPERTIES

SITE 1 and 1A- DOWNTOWN MALL



APN 726	14030	14031	Site 1A 14032	14025	14026	14028	14029
Address	17490 Monterey Rd	E 1st St	50 E. 1st St	E 2nd St	E 2nd St	17420 - 17440 Monterey Rd	17450 Monterey Rd
Acquisition Date	1/30/2008	1/30/2008	2/14/2008	1/30/2008	1/30/2008	1/30/2008	4/30/2008
Value at Purchase	\$4,493,095	\$766,320	\$743,746	\$561,968	\$374,645	\$2,403,624	\$1,705,233
Lot Size	16,800 sq ft	11,200 sq ft	5,663 sq ft	8,400 sq ft	5,600 sq ft	11,326 sq ft	5,600 sq ft
Purpose of Acquisition	Land Assembly of Key Sites to Facilitate Private Development	Land Assembly of Key Sites to Facilitate Private Development	Land Assembly of Key Sites to Facilitate Private Development	Land Assembly of Key Sites to Facilitate Private Development	Land Assembly of Key Sites to Facilitate Private Development	Land Assembly of Key Sites to Facilitate Private Development	Land Assembly of Key Sites to Facilitate Private Development
Current Zoning	CBD Mixed-Use, Ground Floor Retail/Residential Above						
Property Type	Commercial Building	Public Parking	Residential Rental	Public Parking	Public Parking	Commercial Building	Commercial Building

Purpose of Acquisition: The Five Year Implementation Plan envisioned a Land Assembly Program of key catalyst sites in downtown on which Agency's efforts were needed to facilitate private investment to create sites suitable for commercial and residential development and to transfer property for private development. On December 19, 2007, the Redevelopment Agency approved the purchase of the Granada Theatre, Downtown Mall and parking lot. The purchase of these properties was consistent with the Redevelopment Plan to transform Downtown into a vibrant commercial district by facilitating development opportunities in Downtown, while ensuring an adequate public parking supply.

Current Zoning: CBD, Mixed-Use. Two-story minimum is required for new development. Ground Floor Retail required along Monterey Road with Office / Residential Above.

Property Type: Three Commercial buildings, one residential duplex and three parcels used for public parking.

ESTIMATE OF CURRENT PROPERTY VALUE

Estimated Current Value: TBD. No current appraisals exist. The value of the 17420-17440 Monterey Road (Granada Theatre) and 17490 Monterey Road (Downtown Mall and parking lot) was appraised at \$7,650,000 and purchased for \$8,599,652 in 2007. In 2008, the Redevelopment Agency approved the purchase of 17450 Monterey Road (the Techcon Building) for \$1,705,233. The residential duplex located at 50 East First Street was appraised for \$760,000 and purchased for \$743,746.

Proposed Sale Value: "Site 1-Downtown Mall" parcels' sales value will be determined pursuant to the Request for Proposals process offering the properties for sale.

Site 1A (the existing adjoining duplex) will be reserved until such time as the buyer of the assemblage is determined, and offered to that buyer at its then appraised value. If the parcel is not purchased, it will then be offered for sale separately to the highest bidder.

Proposed Sale Data (if available): Unknown

ESTIMATE OF ANY LEASE, RENTAL, OR ANY OTHER REVENUES

Estimate of any lease, rental, or any other revenues generated by this property, and a description of the contractual requirements for the disposition of those funds.

Estimate of Lease/Rental/Other: \$15,104.25/Month (see Exhibit b—Rent Rolls)

Contractual Requirement for Use of Income/Revenue: Rents collected are used for basic maintenance and operations of the buildings, parking lots and common areas, taxes, insurance as well as to pay for property management services.

ENVIRONMENTAL CONTAMINATION HISTORY

A history of environmental contamination, including designation as a Brownfield site, any related environmental studies, and a history of any remediation efforts.

A Phase One was conducted in 2007 and no current environmental hazards or historical environmental hazards were detected on site. No further study such as a Phase II was recommended.

A Master Environmental Impact Report was prepared in 2009 prior to release of the Downtown RFQ that discussed environmental impacts of intensifying uses in Morgan Hill's downtown and all impacted agencies responded with no serious objections.

TRANSIT-ORIENTED DEVELOPMENT POTENTIAL

Description of the property's potential for transit-oriented development

With the exception of Site 7 El Capri/Gateway, all of the LRPMP sites are located within Morgan Hill's Downtown area and have very similar characteristics in terms of Transit-Oriented Development Potential. Transit-oriented development (TOD) is generally defined as construction planned and designed to support compact walkable communities centered in proximity to significant existing or planned transit infrastructure. Site 1—Downtown Mall is zoned CBD, Central Business District, and is located within the Morgan Hill Downtown Specific Plan area. The purpose of the CBD District includes the following: *"provide a variety and intermixture of residential, commercial, and public activities in the downtown core; and increase residential and commercial densities in the Downtown Core."* The subject property promotes TOD and the advancement of the planning objectives of the successor agency because it provides direct access to a high quality train system via the Caltrain stop and parking for train riders who would otherwise drive to their intended destinations. The subject property also promotes TOD because the train stop and aggregated parking allow for increased densities and mixture of residential, commercial and public activities within the downtown core consistent with the CBD zoning. The increased densities and mixture of activities result in a more compact walkable community.

The Downtown Specific Plan also includes a policy to promote Transit-Oriented Development along Third Street and Depot Streets to strengthen the relationship between the train station and residential uses. To facilitate Transit-Oriented Development in the Downtown, the City and the Redevelopment Agency have made significant public investments which to date total more than \$25 million. The City has completed street and infrastructure improvements, acquired land for public parking and new commercial and residential development sites and completed the Third Street Promenade and Depot Street projects.

PLANNING OBJECTIVES OF SUCCESSOR AGENCY

Description of the advancement of the planning objectives of the Successor Agency

As the largest site within the core Downtown area along Monterey Road, this property has been identified as providing a key opportunity to site a major commercial use which would act as a catalyst for the overall revitalization of the Downtown area. Promoting the site for dedicated commercial use would maximize its potential value to commercial developers and its ultimate contribution to economic activity within the larger Downtown, including other LRPMP sites. New development on the site should have a strong, pedestrian-friendly orientation to Monterey Road and dedicated to a large-scale commercial tenant which will draw people to the Downtown. Dedicated commercial use of this site also aligns with the goals of the Downtown Specific Plan and supports the growth of higher density housing in the Downtown. A multi-story mixed-use project, including a mix of commercial uses and/or residential use is also supported by the LRPMP provided that such a development includes an adequate amount of ground floor commercial space to support a large-scale retail user.

Publicly accessible surface parking lots are currently located on Site 1 (Downtown Mall) and Site 2 (2nd Street and Monterey Road) and Site 4 (3rd Street and Monterey Road). While some of the existing public parking spaces on these three sites may be replaced within the new public parking garage, new development on all three sites should seek to accommodate adequate parking on site or in close proximity to the site to support future development and continue to offer public parking opportunities throughout the Downtown. Parking adequacy will be reviewed as part of the land use entitlement process for these sites, as well as the other sites addressed within the LRPMP.

It is also important to note that pursuant to California Law, any existing Site 1 tenants who are displaced may be eligible for relocation expenses. Eligibility and expenses are determined on a case-by-case basis pursuant to an approved relocation plan.

HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES

A brief overview of previous development proposals and activity, including the rent or lease of the property

In 2009, the Redevelopment Agency approved a Request for Qualifications (RFQ) for the Downtown Implementation Plan, which included the development of Site 1- Downtown Mall and three other LRPMP sites (Site 2—2nd Street; and Monterey Road; Site 3—Depot Street; and Site 6—VTA).

The Agency received 17 responses and in April of 2010 short-listed three firms: Barry Swenson Builders, City Ventures, and the Olson Company. In June 23, 2010, the Agency approved an Exclusive Right to Negotiate Agreement with Barry Swenson Building for a mixed-use project for Site 1—Downtown Mall. The ENA expired in May 2011 after the Agency and Developer could not reach an agreement.

Oversight Board of the
City of Morgan Hill
Resolution No. OB-040

USE/DISPOSITION OF PROPERTY

Identification of use or disposition of property, which could include the retention of the property for future development

No.	Address	APN #	Lot Size	Permissible Use
1	17490 Monterey Road	726-14-030	16,800	Sale of Property
2	East First Street	726-14-031	11,200	Sale of Property
3	50 East First Street	726-14-032	5,663	Sale of Property
4	East Second Street	726-14-025	8,400	Sale of Property
5	East Second Street	726-14-026	5,600	Sale of Property
6	17420 - 17440 Monterey Road	726-14-028	11,326	Sale of Property
7	17450 Monterey Road	726-14-029	5,600	Sale of Property

SITE 2 – 2nd Street & Monterey Road



APN 726	14-013	14-014	14-015
Address	17340 Monterey	17380-17390 Monterey	30 E Second
Acquisition Date	4/30/2008	4/30/2008	7/1/1991
Value at Purchase	\$375,000	\$1,367,342	\$112,569
Lot Size	5,663 sq ft	11,200 sq ft	5,227 sq ft
Purpose of Acquisition	Land Assembly of Key Sites to Facilitate Private Development	Land Assembly of Key Sites to Facilitate Private Development	Land Assembly of Key Sites to Facilitate Private Development
Current Zoning	CBD Mixed-Use, Ground Floor Retail/Residential Above	CBD Mixed-Use, Ground Floor Retail/Residential Above	CBD Mixed-Use, Ground Floor Retail/Residential Above
Property Type	Park	Commercial	Public Parking

Purpose of Acquisition: The Five Year Implementation Plan envisioned a Land Assembly Program of key catalyst sites in downtown on which Agency’s efforts were needed to facilitate private investment to create sites suitable for commercial and residential development and to transfer property for private development. The purchase of these properties was consistent with the

Redevelopment Plan to transform Downtown into a vibrant commercial district and facilitating development opportunities in Downtown and securing parking resources in the Downtown.

Current Zoning: CBD, Mixed-Use. Two-story minimum is required for new development. Ground Floor Retail required along Monterey Road with Office / Residential Above.

Property Type: One commercial building, one public space and public parking.

ESTIMATE OF CURRENT PROPERTY VALUE

Estimated Current Value: TBD. No current appraisals exist. On December 19, 2007, the Redevelopment Agency approved the purchase of "Site 2—2nd Street and Monterey Road" located at 17380-17390 Monterey Road for \$1,367,342 and the adjacent pocket park for \$375,000. The value was based on estate planning appraisal of (\$1,820,000) obtained by the Hencken family, sales and comparables from other appraisals obtained by Agency staff and the asking price.

Proposed Sale Value: "Site 2—2nd Street and Monterey Road" parcels' sales value will be determined pursuant to the Request for Proposals process offering the properties for sale.

Proposed Sale Data (if available): Unknown.

ESTIMATE OF ANY LEASE, RENTAL, OR ANY OTHER REVENUES

Estimate of any lease, rental, or any other revenues generated by this property, and a description of the contractual requirements for the disposition of those funds.

Estimate of Lease/Rental/Other: \$2,800.00/Month (see Exhibit b—Rent Rolls)

Contractual Requirement for Use of Income/Revenue: Rents collected are used for basic maintenance and operations of the buildings, parking lots and common areas, taxes, insurance as well as to pay for property management services.

ENVIRONMENTAL CONTAMINATION HISTORY

A history of environmental contamination, including designation as a Brownfield site, any related environmental studies, and a history of any remediation efforts.

A Phase One was conducted in 2007 on the subject property and while the building was found to be in need of substantial need of repair, no evidence was discovered necessitating a need for a Phase 2. This building is not listed as a brownfield site and no remediation efforts are needed.

A Master Environmental Impact Report was prepared in 2009 prior to release of the Downtown RFQ that discussed environmental impacts of intensifying uses in Morgan Hill's downtown and all impacted agencies responded with no serious objections.

TRANSIT-ORIENTED DEVELOPMENT POTENTIAL

Description of the property's potential for transit-oriented development

With the exception of Site 7 El Capri/Gateway, all of the LRPMP sites are located within Morgan Hill's Downtown area and have very similar characteristics in terms of Transit-Oriented Development Potential. Transit-oriented development (TOD) is generally defined as construction planned and designed to support compact walkable communities centered in proximity to significant existing or planned transit infrastructure.

Site 2—Second Street and Monterey Road is zoned CBD, Central Business District, and is located within the Morgan Hill Downtown Specific Plan area. The purpose of the CBD District includes the following: *"provide a variety and intermixture of residential, commercial, and public activities in the downtown core; and increase residential and commercial densities in the Downtown Core."* The subject property promotes TOD and the advancement of the planning objectives of the successor agency because it provides direct access to a high quality train system via the Caltrain stop and parking for train riders who would otherwise drive to their intended destinations. The subject property also promotes TOD because the train stop and aggregated parking allow for increased densities and an intermixture of residential, commercial and public activities within the downtown core consistent with the CBD zoning. The increased densities and intermixture of activities result in a more compact walkable community.

The Downtown Specific Plan also includes a policy to promote Transit-Oriented Development along Third Street and Depot Streets to strengthen the relationship between the train station and residential uses. To facilitate Transit-Oriented Development in the Downtown, the City and the Redevelopment Agency have made significant public investments which to date total more than \$25 million. The City has completed street and infrastructure improvements, acquired land for public parking and new commercial and residential development sites and completed the Third Street Promenade and Depot Street projects.

PLANNING OBJECTIVES OF SUCCESSOR AGENCY

Description of the advancement of the planning objectives of the Successor Agency

Consistent with the Downtown Specific Plan, the site can be promoted for a vertical mixed-use development project with ground-floor retail and residential use above. Stand-alone commercial uses would also be consistent with the City's goals of promoting the ongoing revitalization of the Downtown. The project can incorporate pedestrian oriented design measures with active and attractive building facades placed along Monterey Road and the adjoining street frontages. To maximize the near-term residential capacity available to the Downtown, mixed-use residential development should make use of voter approved residential capacity which is exempt from the City's RDCS process.

Page 27 of 119
Publicly accessible surface parking lots are currently located on Site 1 (Downtown Mall) and Site 2 (2nd Street and Monterey Road) and Site 4-(3rd Street and Monterey Road). While some of the existing public parking spaces on these three sites may be replaced within the new public parking garage, new development on all three sites should seek to accommodate adequate parking on site or in close proximity to the site to support future development and continue to offer public parking opportunities throughout the Downtown. Parking adequacy will be reviewed as part of the land use entitlement process for these sites, as well as the other sites addressed within the LRPMP.

It is also important to note that pursuant to California Law, any existing Site 2 tenants who are displaced may be eligible for relocation expenses. Eligibility and expenses are determined on a case-by-case basis pursuant to an approved relocation plan.

HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES

A brief overview of previous development proposals and activity, including the rent or lease of the property

2009, the Redevelopment Agency approved a Request for Qualifications (RFQ) for the Downtown Implementation Plan, which included the development of Site 1, Site 2 and three other properties.

The Agency received 17 responses and in April of 2010 short-listed three firms: Barry Swenson Builders, City Ventures, and the Olson Company. In June 23, 2010, the Agency approved an Exclusive Right to Negotiate Agreement with Barry Swenson Building for a mixed-use project for Site 2—2nd Street and Monterey Road which included a cinema (at least 4 screens), retail (minimum of 17,500 SF), office (minimum of 4,000 SF), and residential (minimum of 60 units), the preservation of the Granada Theater upright sign and marquee. Given market conditions due to the economic recession and costs associated with the establishment of a cinema use. That ENA expired in May 2011 after the Agency and Developer could not reach an agreement. Subsequently, in July 2011, the Morgan Hill Economic Development Corporation (MHEDC), new owner of the former downtown redevelopment properties, approved an exclusive right to negotiate (ENA) with City Ventures for Site 2-2nd Street and Monterey for a three or four screen cinema/retail project of at least 10,000 square feet. The ENA expired after the MHEDC and Developer could not reach an agreement.

USE/DISPOSITION OF PROPERTY

Identification of use or disposition of property, which could include the retention of the property for future development.

No.	Address	APN #	Lot Size	Permissible Use
8	17340 Monterey Road	726-14-013	5,663	Sale of Property
9	17380 - 17390 Monterey Road	726-14-014	11,200	Sale of Property
10	30 East Second Street	726-14-015	5,227	Sale of Property

SITE 3 – DEPOT STREET



APN 726	14001
Address	95 E. Third St
Acquisition Date	6/18/2010
Value at Purchase	\$1,705,000
Lot Size	46,609 sq ft
Purpose of Acquisition	Land Assembly of Key Sites to Facilitate Private Development
Current Zoning	CBD Mixed-Use, Ground Floor Retail/Residential Above
Property Type	Commercial

Purpose of Acquisition: In May 2010 the Morgan Hill Redevelopment Agency paid \$1,705,000 for an Option Agreement on "Site 3-Depot Street" to purchase the property for an additional \$2,000,000. The envisioned use was for a mixed-use development. However, through the LRPMP process, it has been determined that its best use for overall success of Morgan Hill's Downtown is to be used for the construction of a parking structure to be funded with Bond Proceeds. This would assist in ensuring an adequate public parking supply to support new retail, as well as meet the requirements of the VTA in order to develop Site 6 of the LRPMP into high density housing.

Current Zoning: CBD, Mixed-Use. Two-story minimum is required for new development. Ground Floor Retail required along Third Street with Office / Residential Above.

Property Type: Commercial buildings/small shopping center layout.

ESTIMATE OF CURRENT PROPERTY VALUE

Estimated Current Value: The purchase Option Agreement set the purchase price of the property at \$2,000,000. In May 2010, the Morgan Hill Redevelopment Agency invested \$1,705,000 in order to secure "Site 3-Depot Street," which included acquiring the right to purchase the site at a fixed price of \$2,000,000, extending the option agreement from 2014 to 2016, waiving of rights by Master Lease holder, and limiting term of leases to 2011.

Proposed Sale Value: N/A – Will be retained for redevelopment as a public parking structure pursuant to a compensation agreement with the taxing agencies.

Proposed Sale Data (if available): N/A

ESTIMATE OF ANY LEASE, RENTAL, OR ANY OTHER REVENUES

Estimate of any lease, rental, or any other revenues generated by this property, and a description of the contractual requirements for the disposition of those funds.

Estimate of Lease/Rental/Other: \$0.00. The Successor Agency has an option to purchase this site. Currently there is no rental income collected by the Agency.

Contractual Requirement for Use of Income/Revenue: Not applicable.

ENVIRONMENTAL CONTAMINATION HISTORY

A history of environmental contamination, including designation as a Brownfield site, any related environmental studies, and a history of any remediation efforts.

There are no known issues with this site although environmental studies have not been performed recently. This is not designated as a brownfield site nor do any previous uses require remediation.

A Master Environmental Impact Report was prepared in 2009 prior to release of the Downtown RFQ that discussed environmental impacts of intensifying uses in Morgan Hill's downtown and all impacted agencies responded with no serious objections.

TRANSIT-ORIENTED DEVELOPMENT POTENTIAL

Description of the property's potential for transit-oriented development

With the exception of Site 7 El Capri/Gateway, all of the LRPMP sites are located within Morgan Hill's Downtown area and have very similar characteristics in terms of Transit-Oriented Development Potential. Transit-oriented development (TOD) is generally defined as construction planned and designed to support compact walkable communities centered in proximity to significant existing or planned transit infrastructure.

Site 3—Depot Street is zoned CBD, Central Business District, and is located within the Morgan Hill Downtown Specific Plan area. This site is located along the Southern Pacific railroad line and is the site for the Caltrain stop in Morgan Hill and envisioned to serve as a parking garage for the Caltrain stop. The purpose of the CBD District includes the following: *"provide a variety and intermixture of residential, commercial, and public activities in the downtown core; and increase residential and commercial densities in the Downtown Core."* The subject property promotes TOD and the advancement of the planning objectives of the successor agency because it provides direct access to a high quality train system via the Caltrain stop and parking for train riders who would otherwise drive to their intended destinations. The subject property also promotes TOD because the train stop and aggregated parking allow for increased densities and an intermixture of residential, commercial and public activities within the downtown core consistent with the CBD zoning. The increased densities and intermixture of activities result in a more compact walkable community.

The Downtown Specific Plan also includes a policy to promote Transit-Oriented Development along Third Street and Depot Streets to strengthen the relationship between the train station and residential uses.

PLANNING OBJECTIVES OF SUCCESSOR AGENCY

Description of the advancement of the planning objectives of the Successor Agency

The City (Successor Agency) has determined that this site is the preferred location for a new parking structure that would support both retail and activities within the Downtown and the nearby commuter train station. A dual use garage (with an attractive façade) at this location would allow for an efficient sharing of parking spaces between uses with generally different demand periods and also be in close enough proximity to both uses to satisfy user demand. To be consistent with the Downtown Specific Plan and the vision for the 3rd Street Promenade, the 3rd Street frontage of the site should be developed with commercial uses. Construction of a garage at this precise location, in

contrast to other potential sites, would best support existing and planned commercial uses within the Downtown by establishing a pedestrian-friendly environment and a close relationship between parking and the uses served by that parking. By using this site for a parking structure, LRPMP Site 6 can then be developed as a high density housing site. This will be integral to Downtown’s retail success. Without using this Site 3 for a parking structure, Site 6 will remain a parking lot that primarily serves the train and bus and the opportunity to add critical additional housing units will be lost.

It is also important to note that pursuant to California Law, any existing Site 3 tenants who are displaced may be eligible for relocation expenses. Eligibility and expenses are determined on a case-by-case basis pursuant to an approved relocation plan.

HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES

A brief overview of previous development proposals and activity, including the rent or lease of the property

In 2009, the Redevelopment Agency approved a Request for Qualifications (RFQ) for the Downtown Implementation Plan, which included the development of Site 3 and three others (Site 1 -Downtown Mall, Site 2—2nd Street and Site 6—VTA).

The Agency received 17 responses and in April of 2010 and eventually entered into an Exclusive Right to Negotiate Agreement with Barry Swenson Building for a mixed-use project which did not include this site. That ENA expired on May 2011 after the Agency and Developer could not reach an agreement. Subsequently, in July 2011, the Morgan Hill Economic Development Corporation (MHEDC), new owner of the former downtown redevelopment properties, approved an exclusive right to negotiate (ENA) with City Ventures for Site 3-Depot Street for a residential project of approximately 25 units and other improvements and another ENA for Site 2-2nd Street. The ENA expired after the MHEDC and Developer could not reach an agreement.

USE/DISPOSITION OF PROPERTY

Identification of use or disposition of property, which could include the retention of the property for future development.

No.	Address	APN #	Lot Size	Permissible Use
11	95 East Third Street	726-14-001	46,609	Transfer to City for Future Development pursuant to a compensation agreement (34180(f))

SITE 4 and 4A – 3RD STREET & MONTEREY ROAD



APN 726	13039	13038	13040	Site 4A 13033
Address	17270 Monterey	1 E Monterey	17280 Monterey	55 E 4th St
Acquisition Date	4/30/2009	4/30/2009	4/30/2009	9/30/1991
Value at Purchase	\$436,329	\$436,329	\$581,772	\$71,049
Lot Size	5,600 sq ft	5,600 sq ft	7,200 sq ft	8,276 sq ft
Purpose of Acquisition	Land Assembly of Key Sites to Facilitate Private Development	Land Assembly of Key Sites to Facilitate Private Development	Land Assembly of Key Sites to Facilitate Private Development	Land Assembly of Key Sites to Facilitate Private Development
Current Zoning	CBD Mixed-Use, Ground Floor Retail/Residential Above			
Property Type	Public Parking	Public Parking	Commercial	Vacant

Purpose of Acquisition: The Five Year Implementation Plan envisioned a Land Assembly Program of key catalyst sites in downtown on which Agency's efforts were needed to facilitate private investment to create sites suitable for commercial and residential development and to transfer property for private development.

Current Zoning: CBD, Mixed-Use. Two-story minimum is required for new development. Ground Floor Retail required along Third Street with Office / Residential Above.

Property Type: Vacant Commercial building and public parking. Parcel facing 4th Street is vacant and not currently in use.

ESTIMATE OF CURRENT PROPERTY VALUE

Estimated Current Value: TBD. No current appraisals exist. In April 2009, the Redevelopment Agency purchased the site for \$1,454,430 which includes \$71,049 for the 55 East 4th Street parcel (Site 4A).

Proposed Sale Value: "Site 4—3rd Street & Monterey Road" parcels' sales value will be determined pursuant to the Request for Proposals process offering the properties for sale.

Site 4A will be transferred to the City for redevelopment pursuant to a compensation agreement (34180(f)(1) with the taxing agencies.

Proposed Sale Data (if available): Unknown.

ESTIMATE OF ANY LEASE, RENTAL, OR ANY OTHER REVENUES

Estimate of Lease/Rental/Other: \$250/Month for building. The Site also includes public parking which is not leased.

Contractual Requirement for Use of Income/Revenue: Rents collected are used for basic maintenance and operations of the buildings, parking lots and common areas, taxes, insurance as well as to pay for property management services. If rental revenue is insufficient, non-admin RPTTF would be used per an approved ROPS.

Proposed Sale Data (if available): Unknown.

ENVIRONMENTAL CONTAMINATION HISTORY

A history of environmental contamination, including designation as a Brownfield site, any related environmental studies, and a history of any remediation efforts.

A Phase One was conducted in 2007 and no current environmental hazards or historical environmental hazards were detected on site. No further study such as a Phase II was recommended.

A Master Environmental Impact Report was prepared in 2009 prior to release of the Downtown RFQ that discussed environmental impacts of intensifying uses in Morgan Hill's downtown and all impacted agencies responded with no serious objections.

TRANSIT-ORIENTED DEVELOPMENT POTENTIAL

Description of the property's potential for transit-oriented development

With the exception of Site 7 El Capri/Gateway, all of the LRPMP sites are located within Morgan Hill's Downtown area and have very similar characteristics in terms of Transit-Oriented Development Potential. Transit-oriented development (TOD) is generally defined as construction planned and designed to support compact walkable communities centered in proximity to significant existing or planned transit infrastructure.

Site 4—Third Street and Monterey Road Mall is zoned CBD, Central Business District, and is located within the Morgan Hill Downtown Specific Plan area. The purpose of the CBD District includes the following: *"provide a variety and intermixture of residential, commercial, and public activities in the downtown core; and increase residential and commercial densities in the Downtown Core."* The subject property promotes TOD and the advancement of the planning objectives of the successor agency because it provides direct access to a high quality train system via the Caltrain stop and parking for train riders who would otherwise drive to their intended destinations. The subject property also promotes TOD because the train stop and aggregated parking allow for increased densities and an intermixture of residential, commercial and public activities within the downtown core consistent with the CBD zoning. The increased densities and intermixture of activities result in a more compact walkable community.

The Downtown Specific Plan also includes a policy to promote Transit-Oriented Development along Third Street and Depot Streets to strengthen the relationship between the train station and residential uses. To facilitate Transit-Oriented Development in the Downtown, the City and the Redevelopment Agency have made significant public investments which to date total more than \$25 million. The City has completed street and infrastructure improvements, acquired land for public parking and new commercial and residential development sites and completed the Third Street Promenade and Depot Street projects.

PLANNING OBJECTIVES OF SUCCESSOR AGENCY

Description of the advancement of the planning objectives of the Successor Agency

Consistent with the Downtown Specific Plan, Site 4 should be promoted for a vertical mixed-use development project with ground-floor retail and residential use above. Stand-alone commercial uses would also be consistent with the City's goals of promoting the ongoing revitalization of the Downtown. The project should incorporate pedestrian oriented design measures with active and attractive building facades placed along Monterey Road and the adjoining street frontages. To maximize the near-term residential capacity available to the Downtown, mixed-use residential development should make use of voter approved residential capacity which is exempt from the City's RDCS process.

To be consistent with the Downtown Specific Plan objectives, Site 4A may best be developed as part of a larger project in combination with adjoining properties. This could include assembling with Site 4 parcels or with the "Sunsweet" parcel to the east. It is proposed that Site 4A be transferred to the City for redevelopment pursuant to a compensation agreement.

Publicly accessible surface parking lots are currently located on Site 1 (Downtown Mall) and Site 2 (2nd Street and Monterey Road) and Site 4-(3rd Street and Monterey Road). While some of the existing public parking spaces on these three sites may be replaced within the new public parking garage, new development on all three sites should seek to accommodate adequate parking on site or in close proximity to the site to support future development and continue to offer public parking opportunities throughout the Downtown. Parking adequacy will be reviewed as part of the land use entitlement process for these sites, as well as the other sites addressed within the LRPMP.

HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES

A brief overview of previous development proposals and activity, including the rent or lease of the property

In 2011, the Morgan Hill Economic Development Corporation (MHEDC), owners at that time of the former Redevelopment Agency downtown properties, entered into a Exclusive Right to Negotiate Agreement (ENA) with Lonestar Development for a mixed-use, multi-story retail and office building on this site. The ENA expired after the Developer and the MHEDC could not reach an agreement.

USE/DISPOSITION OF PROPERTY

Identification of use or disposition of property, which could include the retention of the property for future development

No.	Address	APN #	Lot Size	Permissible Use
12	17270 Monterey Road	726-13-039	5,600	Sale of Property
13	1 East Monterey Road	726-13-038	5,600	Sale of Property
14	17280 Monterey Road	726-13-040	7,200	Sale of Property
15	55 East Fourth Street	726-13-033	8,276	Transfer to City for Future Development pursuant to a compensation agreement (34180(f))

SITE 5 – FIRE STATION



APN 726	15072
Address	17295 Butterfield
Acquisition Date	12/23/2003
Value at Purchase	\$882,882
Lot Size	77,537 sq ft
Purpose of Acquisition	Property acquired for a Fire Station and Public Plaza to connect to the Courthouse
Current Zoning	PF/Public Facility
Property Type	Park

Purpose of Acquisition: The property was acquired for the purposes of building a fire station and building a public space/community plaza and connecting the County Courthouse to Downtown.

Current Zoning: D-PF Public Facilities

Property Type: Public facilities including a Community Garden and public walkway.

ESTIMATE OF CURRENT PROPERTY VALUE

Estimated Current Value: TBD. No current appraisals exist.

Proposed Sale Value: Transfer to the City for redevelopment pursuant to a compensation agreement (34180(f)(1) with the taxing agencies.

Proposed Sale Data (if available): Not applicable.

ESTIMATE OF ANY LEASE, RENTAL, OR ANY OTHER REVENUES

Estimate of any lease, rental, or any other revenues generated by this property, and a description of the contractual requirements for the disposition of those funds.

Estimate of Lease/Rental/Other: The community garden has month-to-month lease agreements that collect a minimal rent of \$.50 per square foot per year. At full capacity rents from the community garden would generate \$4,050 per year. The rent of these plots is used to operate and maintain the Community Garden Program.

Contractual Requirement for Use of Income/Revenue: Currently, rental income from other Successor Agency properties contributes to pay for any required repairs and maintenance at this site. If rental revenue is insufficient, non-admin RPTTF would be used per an approved ROPS.

Once the property is transferred to the City pursuant to a Compensation Agreement, any rental income will be received by the City and all expenses will be paid with City funds.

ENVIRONMENTAL CONTAMINATION HISTORY

A history of environmental contamination, including designation as a Brownfield site, any related environmental studies, and a history of any remediation efforts.

No current environmental studies have been performed and a 2012 planning analysis of the development opportunities at the VTA Transit site did not mention any previous environmental concerns but recommended that further environmental reports would need to be conducted. This site is not listed as a brownfield and in fact currently is the location for a local community garden.

A Master Environmental Impact Report was prepared in 2009 prior to release of the Downtown RFQ that discussed environmental impacts of intensifying uses in Morgan Hill's downtown and all impacted agencies responded with no serious objections.

TRANSIT-ORIENTED DEVELOPMENT POTENTIAL

Description of the property's potential for transit-oriented development

With the exception of Site 7 El Capri/Gateway, all of the LRPMP sites are located within Morgan Hill's Downtown area and have very similar characteristics in terms of Transit-Oriented Development Potential. Transit-oriented development (TOD) is generally defined as construction planned and designed to support compact walkable communities centered in proximity to significant existing or planned transit infrastructure.

Site 5—Fire Station is zoned D-PF Public Facilities, and is located within the Morgan Hill Downtown Specific Plan area. This site is located along the Southern Pacific railroad line and is the site for the Caltrain stop in Morgan Hill and envisioned to serve as future Fire Station and pedestrian connection from the County Courthouse and Downtown. The purpose of the CBD District includes the following: *"provide a variety and intermixture of residential, commercial, and public activities in the downtown core; and increase residential and commercial densities in the Downtown Core."* The subject property promotes TOD and the advancement of the planning objectives of the successor agency because it provides direct access to a high quality train system via the Caltrain stop and parking for train riders who would otherwise drive to their intended destinations.

PLANNING OBJECTIVES OF SUCCESSOR AGENCY

Description of the advancement of the planning objectives of the Successor Agency

This site would best be used for public uses, such as a fire station, park or community open space. Preserving the site for public use would provide an opportunity for the development of future needed public facilities.

HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES

A brief overview of previous development proposals and activity, including the rent or lease of the property

There is no history of development proposals for this site. The former Morgan Hill Redevelopment Agency purchased this site to facilitate the development of a physical connection in the form of a walkway between the Courthouse and Downtown Morgan Hill. A demonstration garden was installed along with an attractive walkway leading from the Courthouse and the Downtown Area. The long-term development plan for this property was to add a third fire station on this site to serve

the industrial corridor and mid-section of the city. In 2001, Maximus consultants conducted a Fire Protection and Emergency Medical Master Plan for Morgan Hill which recommended the need for a third station to meet future growth and development.

USE/DISPOSITION OF PROPERTY

Identification of use or disposition of property, which could include retention of the property for future governmental use.

No.	Address	APN #	Lot Size	Permissible Use
16	17295 Butterfield Boulevard	726-15-072	77,537	Transfer to City for Future Development pursuant to a compensation agreement (34180(f))

SITE 6 – VTA



APN	
726	115074
Address	17295 Butterfield
Acquisition Date	10/20/1999
Value at Purchase	\$1,489,218 (Successor Agency's 41% interest in property)
Lot Size	265,716 sq ft
Purpose of Acquisition	To create transportation center and parking
Current Zoning	CBD Mixed-Use
Property Type	Public Parking

Purpose of Acquisition: The purpose of the acquisition and Joint Agreement with VTA was to construct the Morgan Hill Caltrain Station and park and ride lot in a location suitable for transit patronage including Caltrain and bus patronage, park and ride lot users, bike locker users, car poolers and other users typical with County Transit and Peninsula Corridor Joint Powers Board operations and railroad operations.

Current Zoning: CBD Mixed Use--Residential, office, and minor or ancillary commercial services allowed

Property Type: Public parking to serve Caltrain Station and VTA Bus Depot

ESTIMATE OF CURRENT PROPERTY VALUE

Estimated Current Value: TBD. No current appraisals exist. The Successor Agency purchased its 41% interest in the property for \$1,489,218.

Proposed Sale Value: "Site 6—VTA" sales value will be determined pursuant to the Request for Proposals process offering the properties for sale, issued jointly with the majority owner VTA. The Successor Agency has a minority interest in this property of 41%, with VTA as the majority owner, with 59% interest. Any future development agreement and potential sale revenue would be pursuant to an agreement with VTA.

Proposed Sale Data (if available): N/A

ESTIMATE OF ANY LEASE, RENTAL, OR ANY OTHER REVENUES

Estimate of any lease, rental, or any other revenues generated by this property, and a description of the contractual requirements for the disposition of those funds.

Estimate of Lease/Rental/Other: \$0. Property is managed by VTA as a free parking lot for Caltrain station and Bus Depot.

Contractual Requirement for Use of Income/Revenue: There is no revenue currently generated from the property. The Successor Agency has a minority interest in this property of 41%, with VTA as the majority owner, with 59% interest. Any future development agreement and potential revenue would be pursuant to an agreement with VTA.

ENVIRONMENTAL CONTAMINATION HISTORY

A history of environmental contamination, including designation as a Brownfield site, any related environmental studies, and a history of any remediation efforts.

No current environmental studies have been performed and a 2012 planning analysis of the development opportunities at the VTA Transit site did not mention any previous environmental concerns but recommended that further environmental reports would need to be conducted.

A Master Environmental Impact Report was prepared in 2009 prior to release of the Downtown RFQ that discussed environmental impacts of intensifying uses in Morgan Hill's downtown and all impacted agencies responded with no serious objections.

TRANSIT-ORIENTED DEVELOPMENT POTENTIAL

Description of the property's potential for transit-oriented development

With the exception of Site 7 El Capri/Gateway, all of the LRPMP sites are located within Morgan Hill's Downtown area and have very similar characteristics in terms of Transit-Oriented Development Potential. Transit-oriented development (TOD) is generally defined as construction planned and designed to support compact walkable communities centered in proximity to significant existing or planned transit infrastructure.

Site 6—VTA is zoned CBD, Central Business District, and is located within the Morgan Hill Downtown Specific Plan area. This site is located along the Southern Pacific railroad line on the east side of the Caltrain tracks and currently serves as public parking for the Caltrain parking lot and accommodates the VTA bus depot. The purpose of the CBD District includes the following: *"provide a variety and intermixture of residential, commercial, and public activities in the downtown core; and increase residential and commercial densities in the Downtown Core."* The subject property promotes TOD and the advancement of the planning objectives of the successor agency because it provides direct access to a high quality train system via the Caltrain stop and parking for train riders who would otherwise drive to their intended destinations. The subject property also promotes TOD because the train stop and aggregated parking allow for increased densities and an intermixture of residential, commercial and public activities within the downtown core consistent with the CBD zoning. The increased densities and intermixture of activities result in a more compact walkable community

The Downtown Specific Plan also includes a policy to promote Transit-Oriented Development along Third Street and Depot Streets to strengthen the relationship between the train station and residential uses. To facilitate Transit-Oriented Development in the Downtown, the City and the Redevelopment Agency have made significant public investments which to date total more than \$25 million. The City has completed street and infrastructure improvements, acquired land for public parking and new commercial and residential development sites and completed the Third Street Promenade and Depot Street projects.

PLANNING OBJECTIVES OF SUCCESSOR AGENCY

Description of the advancement of the planning objectives of the Successor Agency

Site 6 provides the best opportunity for a residential TOD project within the Morgan Hill Downtown. The site should be promoted for higher-density residential development (e.g., 40 or more dwelling units per acre) in order to maximize its contribution in terms of residential population to the Downtown, the Morgan Hill Priority Development Area and the Caltrain system. The project will need to be well designed and include significant amenities in order to gain community acceptance. The project design will also need to address the adjacent townhouse development to the north, its frontage along Butterfield Avenue and its proximity to the rail line. The project design may benefit

from the adjacent open space to the south. In order for this vision to become a reality, the existing parking supply must be relocated first. This is proposed to occur on Site 3 of the LRPMP.

It is important to understand that any development will need to consider the Caltrain Station and potentially integrate the existing VTA Bus Depot, which is accessed via Butterfield Boulevard. This site is eligible for residential allocations, which are exempt from RDCS competition process.

HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES

A brief overview of previous development proposals and activity, including the rent or lease of the property

2009, the Redevelopment Agency approved a Request for Qualifications (RFQ) for the Downtown Implementation Plan, which included the development of Site 1- Downtown Mall, Site 2—2nd Street and Monterey Road, Site 3—Depot Street, and Site 6—VTA.

The Agency received 17 responses and in April of 2010 and eventually entered into an Exclusive Right to Negotiate Agreement with Barry Swenson Building for a mixed-use project for Site 1—Downtown Mall and Site 2—2nd Street and Monterey Road only, which did not include this site.

USE/DISPOSITION OF PROPERTY

Identification of use or disposition of property, which could include the retention of the property for future development.

No.	Address	APN #	Lot Size	Permissible Use
17	17295 Butterfield Boulevard	726-15-071	265,716	Sale of Property

VII.

**NORTHERN BOUNDARY
GATEWAY PROPERTY**

SITE 7 – EL CAPRI/GATEWAY



APN 764	10006
Address	Monterey Road/Cochrane Road
Acquisition Date	4/30/2008
Value at Purchase	\$300,000
Lot Size	11,000 sq ft
Purpose of Acquisition	Property needed in order to acquire key downtown parcel
Current Zoning	CG/General Commercial
Property Type	Vacant

Purpose of Acquisition: The Redevelopment Agency approved the purchase of this site in April 2008 in order to acquire a key downtown parcel located at 17450 Monterey Rd.

Current Zoning: Commercial General

Property Typed: Vacant Commercial Lot

ESTIMATE OF CURRENT PROPERTY VALUE

Estimated Current Value: TBD. The RDA paid \$300,000 for the property in 2008 and no appraisals have been done since that time.

Proposed Sale Value: "Site 7—El Capri/Gateway" shall be offered for sale at market rate, immediately following the approval by DOF of the LRPMP.

Proposed Sale Data (if available): Unknown

ESTIMATE OF ANY LEASE, RENTAL, OR ANY OTHER REVENUES

Estimate of any lease, rental, or any other revenues generated by this property, and a description of the contractual requirements for the disposition of those funds.

Estimate of Lease/Rental/Other: There is no rental income generated from this property.

Contractual Requirement for Use of Income/Revenue: There are no contractual requirements for the use of income/revenue on this site.

ENVIRONMENTAL CONTAMINATION HISTORY

A history of environmental contamination, including designation as a Brownfield site, any related environmental studies, and a history of any remediation efforts.

No current environmental studies have been conducted but this site is not listed as a brownfield site and is adjacent to a former restaurant.

TRANSIT-ORIENTED DEVELOPMENT POTENTIAL

Description of the property's potential for transit-oriented development

With the exception of Site 7 El Capri/Gateway, all of the LRPMP sites are located within Morgan Hill's Downtown area and have very similar characteristics in terms of Transit-Oriented Development Potential. While this particular site is not located within the Downtown area, it currently has local bus service and over the long-term, it is likely that transit service will continue

and expand as the Monterey Road corridor intensifies. However, given the size of the site and the type of commercial uses that it could support in the near-term, this site has lesser Transit Oriented Development Potential and proposed uses should not be limited to TOD type development.

PLANNING OBJECTIVES OF SUCCESSOR AGENCY

Description of the advancement of the planning objectives of the Successor Agency

The City's goals are to develop the El Capri with commercial uses that make a positive visual contribution to the Monterey Road corridor, a primary connection to the City's Downtown.

HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES

A brief overview of previous development proposals and activity, including the rent or lease of the property

There have been no development proposals for this site. This vacant parcel is unlikely to yield any development unless combined with the adjacent building, known as El Capri which is a vacant commercial building

USE/DISPOSITION OF PROPERTY

Identification of use or disposition of property, which could include the sale of the property.

No.	Address	APN#	Lot Size	Permissible Use
18	Monterey Road/Cochrane Road	764-10-006	11,000	Sale of Property

CONCLUSION

As submitted, the Morgan Hill Successor Agency's LRPMP complies with the State of California's redevelopment dissolution law. Upon State Department of Finance approval, the Successor Agency will have the ability to advance Morgan Hill's long standing Redevelopment Plan and Downtown Specific Plan. As a result of both public and private investment, the City of Morgan Hill and all underlying taxing agencies will benefit as Morgan Hill's downtown vision is realized and it's position is strengthened as "a place where residents from all segments of the community can live, work, meet, shop, dine, participate in public celebrations, and share in the richness of Morgan Hill's community life." The effective repositioning of the assets held by the Successor Agency will have a long-lasting significant positive effect on the property tax assessments in the former Redevelopment Area. Those growing tax rolls will accrue to the benefit of not only the City, but the County, the State, the school districts and the other public agencies. In addition, the future success of the retailers Downtown will drive growth of sales tax revenue to significantly and directly benefit the State of California and County of Santa Clara, as well as Morgan Hill.

EXHIBIT

Rent Roll
 agency - City of Morgan Hill Successor Agency
 As of Date: 09/30/2013
 Select By: Lease From Date

Page 1
 10/15/2013
 05:28 PM

Unit	Unit Type	Code	Name	Sqft	Potential Rent	Actual Rent	Rent/Sqft	Deposit	Lease From	Lease To
10	multi	shear	Shear Heaven	383.0	300.00	500.00	1.27	400.00	09/24/08	
17280	pad	farmermk	Farmer's Mid/MH Downtown	2,080.0	100.00	100.00	0.05	0.00	05/01/13	10/31/13
17380	multi	trystish	Trysl Fashion Apparel	2,400.0	1,600.00	1,600.00	0.70	1,600.00	06/01/11	
17390	multi	royal	Royal Clothier's Fine Mens W	2,400.0	2,400.00	2,400.00	1.00	1,650.00	01/01/09	
17430	multi	mhcigar1	Morgan Hill Cigar Company	2,500.0	3,000.00	3,000.00	1.20	3,000.00	09/01/09	
17440	single		VACANT	7,600.0	0.00					
17450100	multi	popjash	The Poppy Jasper House	1,295.0	1,554.00	1,554.00	1.20	1,600.00	04/01/13	03/31/14
17450150	multi	mhedol	Morgan Hill Economic Dev. C	1,768.0	0.00	0.00	0.00	0.00	03/01/12	
17470	multi	music1	The Music Tree	6,402.0	3,243.25	3,243.25	0.51	0.00	04/01/10	
17490-4	multi	mhdta	Morgan Hill Downtown Assoc	1,198.0	350.00	350.00	0.29	350.00	08/05/08	
17490-5			VACANT	1,983.0	0.00					
17490-7	multi	music2	The Music Tree	1,236.0	659.00	659.00	0.53	735.00	07/01/11	
17490-8	multi	ecospar	Ecosparc	1,581.0	1,000.00	1,000.00	0.63	1,500.00	07/01/09	
20	multi	berriez1	Berriez	939.0	818.00	818.00	0.86	1,000.00	07/01/09	
50	resident	garbaut	Minerva Garcia & Luis Bautist	0.0	1,400.00	1,400.00	0.00	1,000.00	12/01/05	
82	resident	martinez	Veronica Martinez	0.0	1,400.00	1,400.00	0.00	1,000.00	04/13/06	
16			Total - Less Excluded Units	30,656.0	17,904.25	17,904.25	0.53	13,915.00		
14			Total Occupied	24,192.0	17,904.25	17,904.25	0.74			
87.50			% Occupied	71.88	100.00	100.00				
2			Total Vacant	9,463.0	0.00		0.00			
12.50			% Vacant	28.12	0.00					

ATTACHMENTS

ATTACHMENT A



REDEVELOPMENT AGENCY STAFF REPORT

MEETING DATE: January 20, 2010

FIVE YEAR IMPLEMENTATION PLAN (2010-2014)

RECOMMENDED ACTION(S):

- 1) Conduct a Public Hearing; and
- 2) Adopt a Resolution Which Adopts the Morgan Hill Redevelopment Agency's Five Year Implementation Plan (2010-2014) for the Ojo De Agua Project Area

Agenda Item # 13
Approved By: BAHS Director
Submitted By: Executive Director

EXECUTIVE SUMMARY:

Under California Community Redevelopment Law (CCRL), Health and Safety Code Section 33000, et seq., redevelopment agencies were required to adopt a five-year implementation plan on or before December 31, 1994 and subsequently, every five years after the adoption of the initial plan. In November 1994, the Morgan Hill Redevelopment Agency (Agency) adopted its first implementation plan. In December 1999 and 2004, the Agency approved its second and third implementation plans, respectively. This new Five Year Implementation Plan (Plan) for the 2010-2014 period will be the Agency's fourth.

Implementation plans must contain the following information: 1) specific goals and objectives of the Agency for the Project Area; 2) the specific programs, including potential projects, and estimated expenditures proposed to be made during the next five years; and 3) an explanation of how the goals and objectives, programs and expenditures will eliminate blight within the Projects Area and implement the Agency's housing requirements. The Plan is divided into sections to address these requirements.

The Agency has accomplished a lot in the last five years. Highlights listed in the Plan include:

- Completion of community facilities such as the Library, Centennial Recreation Center (CRC), Outdoor Sports Complex, and Friendly Inn;
- Construction of public infrastructure improvements such as the Third St. Promenade, Tennant Avenue widening, citywide directional signs;
- Funding the Project Area's share of the expansion of the sewer treatment plant;
- Acquisition of key properties in downtown for parking and to facilitate private development;
- Relocation and restoration of the Morgan Hill Historical Museum to the Villa Miramonte site;
- Affordable housing projects such as Viale (teacher's housing), Royal Court townhomes and apartments, and Madrone Plaza townhouses;
- Formation of the Morgan Hill Downtown Property Based Improvement District;
- Expansion or attraction of businesses to town such as Mission Bell and Pinnacle Manufacturing
- Approval of a 2006 Plan Amendment to increase the tax increment limit

Proposed project and program over the next five years include, but are not limited to, the following: completion of the expansion to the CRC; completion of the Tennant Avenue/Hwy 101 interchange and overpass widening project, extension of Butterfield Blvd south to Monterey, and widening of West Dunne Avenue; implementation of the Downtown Specific Plan including the development of key sites in downtown; and the construction of two affordable senior apartment projects and the acquisition/rehab of rental units such as the Crest Ave and Crossings apartment projects to maintain their affordability.

FISCAL IMPACT: Not applicable

Attachment- Five Year Implementation Plan (2010-2014)
U:\BAHS\STAFF\RP\2010 cc mtg\5yearimplementationplan2010-2014 1-20-10 docx

00000137

THIS PAGE LEFT BLANK INTENTIONALLY

RESOLUTION NO. MHRA-307

**A RESOLUTION OF THE MORGAN HILL REDEVELOPMENT AGENCY ADOPTING AN
IMPLEMENTATION PLAN FOR THE OJO DE AGUA COMMUNITY DEVELOPMENT PROJECT
(2010-2014)**

THE MORGAN HILL REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. Health and Safety Code Section 33490 requires that each redevelopment agency that has adopted a redevelopment plan prior to December 31, 1993, adopt, after a public hearing, an implementation plan on or before December 31, 1994 and each five years thereafter, containing the specific goals and objectives of the agency for the project area, the specific programs (including potential projects), and estimated expenditures proposed to be made during the next five years, and an explanation of how the goals and objectives, programs and expenditures will eliminate blight within the project area and implement the low and moderate income housing requirements of the Community Redevelopment Law (Health and Safety Code Section 33000, *et seq.*).

Section 2. The Agency adopted an initial implementation plan for the Ojo de Agua Community Development Project (the "Project Area") on December 22, 1994, as amended on October 2, 1996, which implementation plan is on file in the office of the Business Assistance and Housing Services Department.

Section 3. The Agency adopted its second implementation plan for the Project Area on December 15, 1999, which implementation plan is on file in the office of the Business Assistance and Housing Services Department.

Section 4. The Agency adopted its third implementation plan for the Project Area on December 15, 2004, which implementation plan is on file in the office of the Business Assistance and Housing Services Department.

Section 5. The Agency has prepared a new implementation plan for the Project Area, attached hereto as Exhibit A and incorporated herein by reference (the "Implementation Plan"), in accordance with the requirements of Health and Safety Code Section 33490.

Section 6. On January 20, 2010, the Agency held a duly noticed public hearing on the proposed adoption of the Implementation Plan at which time all persons desiring to comment on or ask questions concerning the Implementation Plan were given the opportunity to do so. Prior to the public hearing on the Implementation Plan, copies of the Implementation Plan were available for public inspection in the offices of the City Clerk and the Business Assistance and Housing Services Department.

Section 7. The Agency has reviewed and considered all written and oral comments, questions and concerns regarding the Implementation Plan received prior to and at the public hearing on the Implementation Plan.

Section 8. The Agency hereby adopts the Implementation Plan as the implementation plan for the Project Area pursuant to the requirements of Health and Safety Code Section 33490.

Section 9. The Implementation Plan may be amended from time to time after a public hearing on the proposed amendment.

Section 10. Adoption of the Implementation Plan does not constitute an approval of any specific program, project or expenditure and does not constitute a project within the meaning of Section 21000 of the Public Resources Code.

Section 11. The Agency hereby directs that the Implementation Plan remain on file in the offices of the Business Assistance and Housing Services and City Clerk's Departments be open to public inspection.

PASSED AND ADOPTED by the Morgan Hill Redevelopment Agency at a meeting held on the 20th day of January 2010 by the following vote:

AYES: AGENCY MEMBERS: Carr, Libbers, Sellers, Tate

NOES: AGENCY MEMBERS: None

ABSTAIN: AGENCY MEMBERS: None

ABSENT: AGENCY MEMBERS: Lee

Steve Tate, CHAIR

CERTIFICATION

I, **IRMA TORREZ, AGENCY SECRETARY**, do hereby certify that the foregoing is a true and correct copy of Resolution No. MHRA-307 adopted by the Morgan Hill Redevelopment Agency at a Meeting held on January 20, 2010.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

Irma Torrez, AGENCY SECRETARY

**MORGAN HILL REDEVELOPMENT AGENCY
IMPLEMENTATION PLAN**

January 1, 2010- December 31, 2014

Morgan Hill Redevelopment Agency

Department of Business Assistance and Housing Services Department

Approved January 20, 2010

MORGAN HILL REDEVELOPMENT AGENCY

IMPLEMENTATION PLAN

January 1, 2010- December 31, 2014

I. BACKGROUND

California Community Redevelopment Law requires redevelopment agencies to prepare and adopt five year Implementation Plans in order to ensure a higher level of public accountability. Implementation Plans must be adopted after a noticed public hearing, and must be reviewed and updated when they expire. California Community Redevelopment Law ("CCRL) specifically requires that Implementation Plans contain the following information:

- A description of an agency's goals and objectives for the redevelopment Project Area;
- A list and description of proposed programs, including potential projects, and estimated expenditures therefore, for the next five years;
- A description of the link between an agency's goals and objectives, programs and expenditures, and the elimination of blight within the Project Area, and
- A description of how a redevelopment agency will increase, preserve and/or improve the supply of affordable housing, and how it will meet its inclusionary and replacement housing requirements.

II. INTRODUCTION

On June 3, 1981, the Morgan Hill Redevelopment Agency (the "Agency") adopted the Community Development Plan of the Ojo De Agua Community Development Project (the "Redevelopment Plan"). Along with the Redevelopment Plan, the City Council approved the Report to the City Council on the Ojo De Agua Community Development Plan. This report substantiated the need for redevelopment in the community e.g., "to eliminate and reduce many aspects of visual, economic, physical and social blight" within the Redevelopment Project Area (the "Project Area").

The Agency prepared its first Implementation Plan in November 1994 (the "Plan"). The Plan was amended in October 1996. In November 1997, the Agency prepared a mid-term report to review the Agency's accomplishments during the first three years of the Plan. A second Implementation Plan was approved in December 1999. A mid-term review of that plan was prepared in December 2002.

In March 1999, the Agency adopted a Report to the City Council which supported amending the original 1981 Ojo de Agua Redevelopment Plan. The report concluded that there is still a need for redevelopment in Morgan Hill. In April 1999, the Agency amended its Redevelopment Plan to:

1. Raise the cap as to the amount of tax increment which can be collected by the Agency within the Project Area from \$100,000,000 to \$247,000,000, net of the required payment to affected taxing entities;
2. Modify the projects list included in the original Redevelopment Plan; and
3. Extend various time limits related to establishing and paying indebtedness, and receiving property taxes.

In November 2006, the Agency amended its Redevelopment Plan to continue its efforts in the Project Area by:

1. Repealing the debt incurrence limit;
2. Extending the tax increment receipt and Plan effectiveness dates to 2034 and 2024, respectively;
3. Re-establishing and increasing the bond limit;
4. Increasing the tax increment limit from \$247,000,000 to \$580,000,000 net of the required payment to affected taxing agencies;
5. Deleting area from the Project Area; and
6. Not reauthorizing the power of eminent domain.

The Agency's third Implementation Plan, which covers the period from January 2005 through the end of December 2009, was amended to reflect the 2006 Redevelopment Plan Amendment. The 5 Year Implementation Plan was also updated in June of 2007 and amended and restated in December 2007 to also include the Mid-Term Review.

This Five Year Implementation Plan encompasses the new five year period from January 1, 2010 through December 31, 2014 timeframe.

All proposed expenditures discussed in relation to specific projects or programs or implementation methods are intended to take full advantage of programs and funding allowed or made available by law, or through federal, state or local assistance. The Agency will adapt its programs and specific implementation projects and methods based upon economic conditions during the life of this Implementation Plan and the financial resources available to the Agency at any given time. Projects and programs are identified with budget estimates to support the Agency efforts within the Implementation Plan timeframe.

CCRL requires the Plan to address a variety of topics. The Plan is divided in sections to address the following required topics:

- Description of Existing Blighting Conditions Within the Project Area
- Non-Housing Accomplishments (2005-2009);
- Goal and Objectives for the Project Area (2010-2014);
- Proposed Non-Housing Programs, Projects and Expenditures (2010-2014);

- Available Funding for Non-Housing Projects and Programs (2010-2014);
- How the Goals and Objectives, Non-Housing Programs, Projects and Expenditures will eliminate Blight in the Project Area;
- Affordable Housing Requirements;
- Housing Production Accomplishments and Projections;
- Housing Set-Aside Accomplishments and Projections;
- How the Affordable Housing Goals and Objectives, Programs, Projects and Expenditures will Eliminate Blight in the Project Area;
- Project Area Housing Beyond 2014;
- Plans for Using Annual Deposits to the Housing Set-Aside Fund;
- Proposed Locations for the Replacement Housing the Agency will be required to Produce; and
- Compliance with the City's General Plan.

III. DESCRIPTION OF EXISTING BLIGHTING CONDITIONS WITHIN THE PROJECT AREA

The original Report to the City Council on the original Redevelopment Plan substantiated the existence of blighting conditions in the Project Area. Despite substantial accomplishments in the Project Area since 1981, not all of the objectives of the original Plan have been met and blight still exists throughout the Project Area. The continued existence of blight in the Project Area is documented in the March 1999 and November 2006 Reports to the City Council prepared for the 1999 and 2006 amendments to the Community Development Plan for the Ojo De Agua Community Development Project, which are incorporated herein by reference and available for review in the Department of Business Assistance and Housing Services.

IV. NON-HOUSING ACCOMPLISHMENTS (January 2005- December 2009)

The following is a list of the projects and programs funded, in whole or in part, by the Agency over the five years of the Implementation period (reporting period). If a project was started, but not completed during the reporting period, only cost for the period was included in the "Total Cost:" for that project. It should be also noted that the total cost for the project represents the Agency's share of the project cost and may not reflect other funding sources spent or committed to the project. Furthermore, it should be noted that since the reporting period splits the 2004-05 fiscal year, some expenditure estimates may include costs incurred in portions of FY04-05 outside of the reporting period (e.g., July-December 2004).

A. Community Facilities

1. Centennial Recreation Center (CRC): Completed construction of the Center on an 8 acre site. The 52,000 square foot (SF) multi-generational facility includes a gymnasium, natatorium, fitness room, aerobics room, locker room facilities, senior center, youth center, and multi-purpose room with a full commercial kitchen. In 2009, the Agency started construction of a 1,984 SF addition to the Fitness Center at the Centennial Recreation Center. This addition increases the Fitness Center to a total of 4,985 SF. The addition expanded the aerobic and strength training area as well as adding a warm-up/ stretching space. The addition is estimated to open May 1, 2010. Total cost: \$ 21,260,000
2. Friendly Inn Renovation: Completed demolition of the old senior center and renovation of the remaining 7,300 SF Friendly Inn to provide low-cost space for nonprofit social service agencies serving Morgan Hill residents. Total cost: \$1,905,000
3. New Morgan Hill Public Library: Completed construction of the Library at the Civic Center site. The 28,000 SF facility includes flex-service space, library stack areas, children's reading area, teen reading area, office area, and multi purpose room. Total cost: \$13,991,000
4. Outdoor Sports Center: Completed improvements to the Sports Center by converting two existing grass fields into synthetic turf fields with sports lighting and related work. The large field is a standard NCAA football size while the soccer field meets the CYSA/AYSA regulations. Both fields are considered multi-use. Related work consisted of improving the existing parking lot and off-site improvements including street widening, utility under-grounding, shaded permanent bleachers, and concessions / restroom building. Enhancements such as added data/fiber connections, added electrical and public address conduit, and concession stand upgrades were added after the OSC construction was completed. Total cost: \$6,870,000
5. Aquatics Center: Completed renovation of the concrete deck and installation of ultraviolet water treatment system for the spray ground. Started conversion of turf to drought resistance landscaping. The Agency also continues to pay the ground lease for the property. Expenses reflect final payments for construction of the facility. Total cost: \$1,700,000
6. Community and Cultural Center (CCC): Completed the exterior interactive fountain renovations consisting of the installation of an ultraviolet water treatment system. Also, started: 1) the replacement of the wooden exterior doors with metal doors throughout the CCC and Gavilan College and 2) modification of the marquee sign to include an electronic reader board. Total cost: \$65,000
7. Development Services Center (DSC): The City completed construction of a new facility for one-stop permitting in the old library building. The concept is to provide a more development friendly experience for persons or businesses needing to obtain permits from the City. The DSC is an integral part of the effort to encourage private investment in the Project Area by streamlining the permit process. The Agency has its operations in this building and paid its share for the furniture, fixtures, and equipment in the DSC. Total cost: \$290,000
8. Skateboard Park: Constructed a 15,000 SF in-ground concrete skateboard park at the CRC. Total cost: \$595,000

B. Public Infrastructure Improvement Projects

1. Pavement and Sidewalk Program: Replaced and upgraded existing street (e.g., Butterfield Boulevard) and sidewalk segments including ADA ramps at various locations within the Project Area. Total cost: \$75,000.
2. Downtown Parking Improvements: Acquired property and constructed surface parking lots to expand the supply of off-street public parking in downtown by 146 spaces. Specifically, the Agency: 1) constructed the Depot St. lot (92 spaces), 3rd and Monterey Rd. lot (26 spaces), West 3rd St. lot (8 spaces), and 1st and Monterey Rd lot (20 spaces), 2) extended its lease to preserve one parking lot, and 3) expanded the Depot Street Train Station parking lot by 10 spaces. Total cost: \$2,706,000
3. Third Street Promenade: Substantially completed construction of the Third Street Promenade project on Third St. between Depot St. and Monterey Road as a pedestrian friendly street/outdoor plaza in downtown. The project also received a matching grant from the MTC for construction. Total cost : \$3,129,000
4. Third Street Utility Improvements: Completed the construction of new water, sewer, and storm drain on 3rd Street between Depot St. and Monterey to accommodate the Third Street Promenade Project. The Agency also undergrounded the utilities on 3rd Street. Total cost: \$670,000.
5. Downtown Street Revitalization Improvements: Completed the full reconstruction of Depot Street between Main Avenue and Fifth Street including sewer replacement, utility undergrounding, and landscaping improvements. The Agency also installed some traffic calming measures and increased lighting at specific locations in downtown. Total cost during this reporting period: \$953,000. The Agency funds only represent a portion of the total costs as the Agency received a matching grant from Metropolitan Transportation Commission (MTC) for the Depot Street improvements.
6. Sewer Improvements: Installed a sewer line at Butterfield and San Pedro to provide for increased wastewater capacity in accordance with City's sewer master plan. Total cost during this reporting period: \$360,000
7. Courthouse Plaza improvements: Completed the construction of a plaza connecting the Morgan Hill Courthouse to the pedestrian railroad crossing and downtown. Total cost: \$394,000
8. Pavement Reconstruction Program: Replaced and/or upgraded existing street surfaces at various locations such as portions of Peak Ave., Cochrane Rd., Monterey Rd., and Diana Avenue. Total cost: \$2,600,000
9. Butterfield Boulevard Extension: Began design of the extension of Butterfield Blvd. from Tennant Avenue to Watsonville and Monterey Road intersection. The Agency also incurred some acquisition costs of the needed right of way. Total cost: \$2,415,000
10. Tennant Avenue Widening: Completed the widening of Tennant Avenue from two to four lanes from Vineyard Boulevard to Monterey Road. Total cost: \$1,132,000

11. Santa Teresa Road Improvements: Started design of Santa Teresa from Main Ave. to Spring St. including the installation of sidewalk, curb, gutter and streetlights. The Agency also acquired some right-of-way. Total cost: \$1,612,000

12. West Dunne Avenue Widening Improvements: Started design of the widening of West Dunne Ave. from Monterey Road to Santa Teresa including the installation of sidewalk, curb, gutter and streetlights. The Agency also incurred some acquisition costs related to right-of-way. Total cost: \$710,000

13. Undergrounding Monterey Rd. Utilities: Created the undergrounding district needed to access PG&E's Rule 20A funds for undergrounding utilities along Monterey Rd. from Dunne Ave. to Tennant Ave. Total cost during this Plan period: \$22,000

14. Highway 101/Tennant Ave. Interchange: Completed the design and awarded a bid to construct the Tennant Ave./Hwy 101 overpass widening and construction of a loop ramp for northbound Hwy 101. Total cost: \$1,339,000

15. Sewer Plant Improvements: The Agency committed \$14,000,000 to fund the Project Area's share of the expansion of the sewer treatment plant to accommodate and stimulate future commercial and residential development in the Project Area. Total cost: \$14,000,000

16. Citywide directional signs: The Agency designed and installed directional signs citywide as well as business directory kiosks in the downtown, to direct visitors to community facilities, downtown, and other points of interest in the Project Area. Total cost: \$256,000

17. Flood Control projects: The Agency expended funds for technical studies needed for the environmental work for flood control improvements to mitigate flooding in the Project Area. Total cost: \$129,000

C. Economic Revitalization Projects and Programs

From January 2005 to December 2009, the Agency spent or committed about \$30,464,000 for the activities listed below including the assembly of parcels for projects in downtown and various economic development activities¹.

1. General Economic Revitalization Programs: These are programs and activities to increase private investments, create jobs, and increase tax revenue in the Project Area.
 - a) Worked with regional, state, and local economic development agencies to foster and promote economic revitalization such as Joint Venture Silicon Valley Economic Development Alliance and Central Coast Marketing Team.

¹ To estimate costs for the period January to June 2005, the Implementation Plan uses 50% of the actual expenses in FY04-05. For FY09-10, the Plan uses 50% of the budgeted amounts for the July- December 2009 reporting period.

- b) Assist the Sister Cities Committee with its activities.
 - c) Promoted Morgan Hill through the preparation of marketing materials, advertisements, press releases, participation in trade shows, and contract with the Morgan Hill Chamber of Commerce's Economic Development Partnership (EDP) to provide supplemental economic development services.
 - d) Continued to promote and implement the Sewer/Traffic Fee Deferral Program, the Small Business Fee Deferral Program and the Utility Under-grounding Fee Deferral Program for businesses locating in the Project Area.
 - e) Provided business assistance including general information, site selection assistance, development processing assistance, and ombudsman services to businesses, brokers, and developers to encourage development in the Project Area.
 - f) Prepared a list of Economic Development Inhibitors and adopted actions to mitigate the inhibitors such as paying for traffic and sewer improvements to facilitate private investment in the Project Area.
 - g) Engaged outside consultant to prepare study of Best Practices in Economic Development and adopted key recommendations that included additional assistance to small business, participation in business forums for targeted industries or commercial areas, and monitoring of customer service related to the permitting process.
 - h) Implemented new business assistance program for Special Tenant Improvements and Capital Equipment Purchase that offers low interest loans to targeted industries that locate in the Project Area.
 - i) Developed and adopted a Shopping Center Strategy with information gained from outreach to existing centers. Provided assistance in the areas of signage, access, and expansion of the Commercial Rehab Loan Program to include all shopping centers in the Project Area.
 - j) Provided ombudsman services to encourage commercial/industrial businesses to locate, expand, or remain in the Project Area. Businesses assisted include Mission Bell Manufacturing, Pinnacle Manufacturing, and M & L Precision Machining. In addition, staff responded to numerous inquiries for site or demographic information in the Project Area.
 - k) Implemented a Special Supplemental Police Services Program in the Project Area. This program is aimed at eliminating particular criminal activities by adding two police officers and support staff to focus on crime suppression and gang activities in the Project Area. This program is an effort by the Agency to stimulate new private development and help preserve existing development in the Project Area by eliminating physical blighting influences in the Project Area related to criminal activities.
2. Encourage and facilitate retail development: These are programs and activities to attract desired retailers to invest in the Project Area.
- a) Provided ombudsman services to retail businesses that located or expanded in the Project Area such as Happi House, El Toro Brew Pub/Restaurant, Wal-Mart, Ross, Fuzia, Rigatoni, Ross, EcoSparc, and Le Baby

Spa.

- b) Continue to work to encourage the development of retail sites in the Project Area.
 - c) Monitored the development agreements with Johnson Lumber
3. Promote small business development, expansion, and retention: These programs bring new small businesses into the Project Area and help existing small businesses expand.
- a) Entered into a fee deferral agreement with the Kiddie Academy and Cochrane Animal Hospital
 - b) Entered into a utility undergrounding fee financing agreement with Advent Lutheran Church.
 - c) Provided Commercial Rehabilitation Loan with the owners of BookSmart.
 - d) Created a "Tools for Small Business Success" section to the City/Agency website containing information to help people start or improve their small businesses. Small businesses are primarily located within the Project Area.
 - e) Provided 26 Façade Improvement grants for such businesses/properties as the Skeel's Building, Morgan Hill Times Building, Fuzia Restaurant, Sinaloa Restaurant, and the Budget Inn. Grants committed total about \$800,000.
4. Foster attraction of service commercial and light industrial uses: These are programs and activities to attract service commercial and light industrial uses to the Project Area.
- a) Provided ombudsman services to encourage commercial/industrial businesses to locate, expand, or remain in the Project Area. In addition, staff responded to numerous inquiries for site or demographic information in the Project Area.
 - b) In conjunction with the Chamber of Commerce, staff began implementing the business retention initiative by conducting site visits of companies in the Project Area to learn about their future plans.
 - c) The Agency committed about \$60,000,000 towards traffic and sewer improvements to reduce impact fees in the Project Area in an effort to facilitate private investment in the Project Area.
5. Enhance and improve the Downtown: Undertake projects and develop programs to enhance and improve the Downtown, including:
- a) Implemented communications and marketing activities designed to increase awareness that merchants located on 3rd Street were open and accessible during construction of Third Street Promenade. Activities included weekly construction updates on Agency website and email blasts, custom slides promoting each business on channel 17, biweekly combo ad featuring each business in Morgan Hill Times, directional signs guiding traffic to alternative parking and temporary entrances, television ad featuring each business on KSBW (NBC affiliate), customized banners and signs for each business, and customized ad on Public WiFi Project banner for each business.

- b) Assisted with the formation of the Morgan Hill Downtown Property Based Improvement District (MHDPBID).
- c) Continued funding the Morgan Hill Downtown Association (MHDA) to operate a Main Street program in downtown.
- d) Funded the "Waiting for the Train" bronze statue located at the Train Depot and mural on the fence along the southside of the 3rd Street Promenade. The Agency spent \$80,000 during the reporting period.
- e) Worked with Santa Clara County to develop the new Morgan Hill Courthouse located on Butterfield Blvd. The County opened the facility in 2009. The Agency ground leases the property to the County. During the reporting period, the Agency contributed \$3,500,000 to the County for the project.
- f) Entered into a Disposition and Development Agreement (DDA) for the rehabilitation and conversion of the former police station on Monterey into the El Toro brewpub/restaurant which opened November 2006. Amended the DDA to provide the developer with a \$400,000 "bridge" financing loan.
- g) Entered into an Owner's Participation Agreement (OPA) for the redevelopment of the Gunter Brother's Feed Store into a mixed use development project. The Agency approved a \$350,000 loan and \$112,000 façade grant to this project.
- h) Approximately 90% of the Façade Improvement Grants were provided to Downtown properties.
- i) Assisted with development and adoption of the Downtown Specific Plan
- j) Installed downtown directional signs and business directory kiosks.
- k) The Agency provided financing to assist a developer (EAH) acquire property to develop an affordable housing project. The project has since changed to be a 50% market rate for-sale townhomes and 50% affordable senior apartments in the downtown area.
- l) The Agency assembled key parcels to facilitate commercial and residential development in downtown. Towards this end, the Agency issued a Request For Qualifications (RFQ) for developers interested in developing the Agency's properties. The RFQ process will be completed as part of the next reporting period. In the interim, the Agency has been managing the acquired properties.
- m) Created a commercial rehabilitation loan for downtown businesses. Issued one loan of \$53,000 to Booksmart for tenant improvements.
- n) Funded the Downtown Parking Management Plan and adopted a parking strategy to implement the parking plan.
- o) Retained a muralist to paint a mural depicting Morgan Hill past, present, future on the plywood fence along the 3rd St. promenade.

6. Preservation of historic buildings: Utilize low interest loans and grants to assist community historic preservation efforts.

The Agency Provided the Morgan Hill Historical Society with a \$350,000 loan/grant from the Agency for the completion of the relocation and rehabilitation of the Morgan Hill Historical Museum to the Villa Miramonte site

D. Administration

From January 2005 to December 2009, the Agency spent about \$9,500,000 for administrative activities, \$6,678,000 in debt service payments, \$13,048,000 in statutory pass-thru payments to taxing agencies, \$1,311,000 in county administrative fees for the Project Area, and \$2,877,000 in ERAF payments. The following are the significant administrative activities:

1. Completed a Plan Amendment in 2006 which, among other things, increased the tax increment limit.
2. Celebrated the 25 year anniversary of the Agency via a direct mailer, website, and newsletter to inform the community of the Agency's accomplishments over the past 25 years. Continued communication efforts in subsequent years using the "Making it Happen" Theme
3. Issued \$110,000,000 in tax allocation bonds to expedite infrastructure improvements and facilitate private development in downtown as well as in the Project Area. The Agency started making debt service payments in FY07-08.
4. Amended the 5 year Implementation Plan and prepared the mid-term report on the 5 year plan.

V. GOALS AND OBJECTIVES FOR THE PROJECT AREA (2010-2014)

The general purpose and objectives of the Agency's Redevelopment Plan are to prevent the recurrence of and to eliminate the remaining conditions of blight in the Project Area. The Agency proposes to eliminate such conditions (including, without limitation, flooding and poor traffic circulation) and prevent their recurrence by providing the following:

- Providing for the continued planning, development, re-planning, redesign, clearance, redevelopment, reconstruction and rehabilitation of the Project Area for such structures and spaces as may be appropriate or necessary in the interest of the general welfare, including, without limitation, recreational and other facilities incidental or appurtenant to them;
- Providing for the alteration, improvement, modernization, reconstruction or rehabilitation of existing structures in the Project Area;
- Providing for open space uses;
- Providing for the development of public and private buildings, structures, facilities, and improvements; and,

- Providing for the replanning or redesign or development of undeveloped areas.

More specifically, the Agency proposes to:

- Promote and facilitate expansion and development of new and the retention of existing commerce and businesses to, among other benefits, improve employment opportunities and economic growth within the Project Area;
- Encourage the redevelopment of the Project Area through the cooperation of private enterprise and public agencies;
- Provide public infrastructure improvements such as the installation, construction and/or reconstruction of streets, utilities, facilities, structures, flood control facilities and projects, street lighting, undergrounding of overhead utility lines, sewer systems, and other improvements and actions which are necessary for the effective redevelopment of the Project Area;
- Provide for the development of community buildings and facilities which are necessary for the effective redevelopment of the Project Area;
- Continue to upgrade and improve the Downtown so that it will continue to serve as the social and commercial center of the community;
- When feasible, provide owner participation opportunities in conformance with the Redevelopment Plan;
- Provide for the rehabilitation of buildings and other structures, especially those buildings, structures, and sites that are of architectural and/or historic value to the City, where determined financially feasible and where the structures can and will serve a significant purpose;
- Substantially balance the housing stock and economic base of the community;
- Encourage the enhancement of the residential neighborhoods in the City, especially in terms of basic livability for the residents of the Project Area;
- Increase, improve and preserve the community's supply of affordable housing, encourage housing improvement and rehabilitation, and encourage public and/or private initiatives, within the parameters of the City's Growth Management System, that preserve and enhance the supply of affordable housing throughout the Project Area;
- Provide for the minimum displacement of residential homeowners and provide relocation assistance where Agency activities result in displacement; and
- Preserve and enhance the "rural, small town" environment of Morgan Hill.

Additionally, the Agency will observe and work to fulfill the goals of the City's General Plan, the goals of the updated Downtown Plan, and goals & objectives of the City's Economic Development Strategy, which are incorporated herein by reference.

VI. PROPOSED NON-HOUSING PROGRAMS, POTENTIAL PROJECTS AND ESTIMATED EXPENDITURES (2010-2014)

This section identifies a list of programs and projects that are proposed for the five year Implementation Plan period. Program/project categories are highlighted in bold type. Underneath each category heading is a list of possible projects. While these programs and projects reflect the objectives of the Redevelopment Agency at this time, both internal and external factors such as Agency/City policy and priority changes, reallocation of funds to other activities, financial resources available to the Agency at any given time, and the state of the economy, could impact which programs and projects are actually undertaken and the order in which they are undertaken. Just because a project is identified in this Plan, it does not imply the project is approved and/or authorized by the Agency.

To the extent possible, the Plan identifies the amount of Agency funds allocated to the project and anticipated to be spent during the Plan period. For capital projects, this Plan uses the City's 5 Year Capital Improvement Program for project estimates. If the project or program is also listed in the Non-Housing Accomplishments section, the description will be brief in this section. In some instances, there are not specific budget amounts associated with programs/projects because the scope of work and costs are unknown or the programs/projects are not funded at this time. However, these estimates are subject to change due to a variety of factors such as inflation, design, change of Agency priorities, available funding, and timing.

A. Community Facilities

Community facilities focus on new or enhanced existing facilities such as buildings, parks, open space, and public art. Projects are anticipated for development using Agency and/or other funds from the City and other public, State, and Federal agencies. These projects are intended to encourage further investment in the Project Area by making the area a more desirable place to live and visit. Some of these projects were described in the Accomplishments section so only a brief description is in this section. The cost estimates represents the Agency's best guess, but are subject change depending on the bid environment and level of improvements required. Below is a list which includes, but is not limited to, the following:

1. Community Center Improvements: Miscellaneous improvements to enhance the center such as a new marquee sign, door replacement and replacement of turf with drought resistance landscaping. The door replacement project is in the construction phase and is projected to be completed in February 2010. The estimated budget for the door replacement project is \$62,000. Total estimate : \$152,000
2. Centennial Recreation Center: Construction of the fitness room expansion. Total cost during this Plan period: \$1,190,000.

3. Aquatics Center: Miscellaneous improvements such as turf conversion to reduce irrigation costs, and ground lease of the property. The Agency anticipates exercising its option to purchase the property during this Plan period. Total cost during this Plan: \$2,400,000
4. Cultural Arts programs: These Art programs include public art in the downtown or at community facilities. Public Art and Cultural Art programs contribute to and enhance the vibrancy of community facilities and the downtown which in turn attracts more visitors and patrons to the area, thus, encouraging more private investment in the Project Area. Total estimate: While no funds are currently allocated, the Agency may consider allocating funds depending on the type of project and availability of funds.
5. Community Park Improvements: Implement the masterplan for Community Park. Total estimate: While no funds are currently allocated, the Agency may consider allocating funds depending on the type of project and availability of funds.
6. Miscellaneous Community Facility Improvements: Design and construction of miscellaneous improvements to community facilities to upgrade and/or enhance the facility. Total estimate: While no funds are currently allocated beyond the specific improvements detailed in this Plan, the Agency may consider allocating funds depending on the type of project and availability of funds.

B. Public Improvements

The Agency has allocated funds for public improvements to encourage private investment in the Project Area. Public Improvements include, but are not limited to, replacement and for construction of street, sidewalks, curb, gutters and other elements of the public right of way; landscaping, street lights, fencing, flood control measures, and, sewer, water, and storm drain capital improvements. The street improvements in the right of way will improve vehicular and pedestrian circulation. The financing and construction of public improvements will provide improved public health, safety, and welfare due to better pedestrian and traffic circulation and access, improved night visibility and street lighting, and enhance aesthetics through streetscape design and construction. Public improvements also provide an incentive for private reinvestment. The ability of an area to attract new investors and to encourage existing businesses and property owners to maintain and reinvest in their properties depend not just on the quality of surrounding buildings but on the quality of the amenities serving the building stock. Many of these improvements will be funded from bond proceeds. Below is the list of proposed projects and programs:

1. Pavement Reconstruction Program: Replace, reconstruct, and/or upgrade existing street surfaces at various locations within the Project Area. Total estimate: \$3,000,000, the Agency plans to budget \$750,000 per year thru FY2012/13 for this activity.
2. Butterfield Boulevard Extension South: This project would extend Butterfield Blvd. from Tennant Avenue to Watsonville Rd and Monterey and includes the design, acquisition of the needed right of way and construction of the street including a grade separation at the RR tracks. Total estimate: \$11,470,000

3. Butterfield Blvd. Extension North: This project would extend Butterfield Boulevard to the north from Cochrane Road to Madrone Parkway. Total estimate: This project was indefinitely delayed due to the impacts of ERAF on Agency resources, but the 5 Year CIP budgeted an amount of 1,005,000. As funding priorities change, the Agency may choose to allocate funding to this project in the future.
4. Local/Collector Street Construction/Reconstruction: Design, construction, and installation of such improvements as street reconstructions, medians, ADA ramps, sidewalk, curb, gutter, traffic signals, lighting and landscaping in various locations. Funds are only currently budgeted for ADA ramp improvements, but additional funds may be allocated as Agency priorities change. Total estimate: \$126,000
5. Cochrane Road Traffic Signal Timing/Coordination and /Striping Improvements: Interconnect traffic signals and striping to improve traffic movement and safety on one of the three key entryways into the Project Area. Total estimate: This project was indefinitely delayed due to the impacts of ERAF on Agency resources, but the 5 Year CIP budgeted an amount of \$805,000. As funding priorities change, the Agency may choose to allocate funding to this project in the future.
6. Monterey Road Improvements: Design and construct median improvements with landscaping on Monterey Rd. from Tilton Ave. to Maple Ave. Improvements may also include sidewalk, curb, and gutter along the shoulder of Monterey Rd. depending on the location. Total estimate: This project was indefinitely delayed due to the impacts of ERAF on Agency resources, but the 5 Year CIP budgeted an amount of \$2,400,000. As funding priorities change, the Agency may choose to allocate funding to this project in the future.
7. Santa Teresa Road Improvements: Design and construct Santa Teresa from Main Ave. to Spring St. including the installation of sidewalk, curb, gutter and streetlights. This project is identified in the City's General Plan, but requires authorization by the Agency/City to proceed. The cost also includes acquiring the necessary right-of-way for the project. Total estimate: \$17,260,000
8. West Dunne Avenue Widening Improvements: Widen West Dunne Ave. from Monterey Road to Santa Teresa including the installation of sidewalk, curb, gutter and streetlights. During the Plan period, the Agency anticipates acquiring the necessary right-of-way and beginning design of the project. Total estimate: \$9,265,000
9. Undergrounding Monterey Rd. Utilities: This project will underground utilities along Monterey Rd. from Dunne Ave. to Tennant Ave. The majority of the funding comes from P&GE's Rule 20 A funds. The Agency funds cover a portion of construction and administrative oversight costs. Total estimate: \$190,000
10. Highway 101/Tennant Ave. Interchange: Construction of the Tennant Ave./Hwy 101 overpass widening and construction of a loop ramp for northbound Hwy 101 will improve access to the Project Area, thus, facilitating private development in the Project Area. Total estimate: \$8,939,000
11. Flood Control projects: Design and construct flood control improvements to mitigate flooding in the Project Area, including the acquisition of needed right of way for flood control projects. Specifically, the Agency has partnered with the Santa Clara Valley Water District (SCVWD) to fund the design and environmental review of the Llagas Creek Flood Protection Project (PL566). This will hopefully facilitate the federal funding of PL 566 which would significantly alleviate flooding in the Project Area. Total estimate: \$3,000,000
12. LED Street Light Conversion: Convert existing high sodium vapor street lights in Project Area to LED lights. Total estimate: \$1,500,000

13. Project Area infrastructure improvements: Design and construction of various water, sewer, and storm drain and/or utility undergrounding projects which benefit the project area. Total estimate: No funds have been budgeted at this time, but based on changing priorities, the Agency may allocate or reallocate funds to these projects in the future.

C. Downtown Projects and Programs

The Agency anticipates funding a variety of projects and programs for downtown with the goal of making downtown a vibrant destination for residents and visitors alike. The strategy to implement this key goal as well as the other goals of the Agency is to use public investment to attract and stimulate private investment. The Agency used agreements, such as Development and Disposition Agreements (DDA) and Owner Participation Agreements (OPA) to form public and private partnerships. These agreements lead to the development of office buildings, retail spaces, mixed use development, and housing. Through agreements, the Agency also encourages the retention and restoration of older buildings and the redevelopment of vacant and underutilized properties which both are often sources of blighting conditions. The Agency may also need to assemble additional parcels or write down land costs of previously acquired parcels in order to stimulate private development in the downtown area. The Downtown Specific Plan will be the guide for the type of development and public improvements the Agency will develop and/or pursue. With the 2006 Plan Amendment, the Agency anticipates allocating upwards of \$40,000,000 for the various downtown programs and projects. When possible, the Agency has estimated expenditures for each program and/or project. However, it is difficult to predict how much of the \$40,000,000 will be spent during the Plan period given project delays and changes in Agency priorities.

These projects and programs proposed for the downtown area over the next five years include, but are not limited to:

1. Third Street Promenade Improvements: Complete the construction of the pedestrian friendly Third Street Promenade, which is meant to be the outdoor plaza and central hub for downtown activity. Total cost: \$2,432,000
2. Downtown Street Revitalization Improvements: Revitalization of various streets and areas in downtown including traffic calming improvements, entry feature and/or directional signage, street furniture, median improvements, replacement of streets including curb, gutter and sidewalks, lighting and landscaping enhancements and improvements, and/or utility undergrounding. Total estimate: \$10,470,000
3. Parks and Pathways: The design and construction of small parks or paths in or to the downtown area per the Downtown Specific Plan including lighting and landscaping. The Agency will also commit about \$1,000,000 to fund the downtown area's share of city park improvements to accommodate and stimulate future residential development in the downtown area. Total estimate: \$2,200,000
4. Downtown Parking: The Agency will take actions per the Downtown Parking Management Plan to develop an adequate supply of accessible and affordable public parking. These actions may include the acquisition/lease of parcels to preserve or expand existing parking, converting private lots to public parking, and/or the design and construction of surface or structured parking to provide the needed spaces including the possible construction of a parking structure. Total cost estimate: \$5,030,000. Additional funds could be allocated depending on the opportunities and need to develop certain parking improvements to facilitate private investment in downtown.

5. Downtown Business Improvement and Assistance programs: The Agency will continue to fund existing programs such as the Façade Improvement Grant and the Commercial Rehabilitation Loan programs. The Agency will also continue to fund its programs to assist businesses during the construction of public improvements. These programs include such tasks as signage, advertising, TV ads, and direct mailings to inform the community that downtown is open during construction. The Agency may also provide assistance to those businesses deemed to be incompatible uses in downtown. The Agency's assistance would be to facilitate the businesses' relocation so that the properties could be redeveloped to its highest and best use. Total estimate: \$200,000 per year for the façade grant and commercial loan program. The Agency allocates funds depending on need and the opportunities that present itself.

6. Downtown Development program: To facilitate residential and commercial development in downtown, the Agency issued a Request For Qualifications (RFQ) for developers interested in developing key catalyst sites in downtown. This program may require the Agency to transfer its assembled parcels of property to a private development and/or provide additional assistance to facilitate private investment. The Agency may also acquire additional properties for infrastructure or private development purposes in order to facilitate development in downtown. The Agency's efforts would be applied in very selective cases. Furthermore, all acquisitions would be voluntary as the Agency does not have the power of eminent domain. Land assembly would likely take place for those blighted properties in which Agency involvement is needed to facilitate private investment. The program may include site preparation activities such as demolition and environmental remediation. The Agency would be responsible for any relocation assistance triggered by its acquisition of property. Total estimate: upwards of \$5,000,000 has been allocated for this activity, but this amount will vary depending on the specific transaction and how it best meets the Agency's goals.

7. Retail/Entertainment Recruitment Activities: The Agency will consider the creation of new programs to stimulate private investment and to create and resurrect retail entertainment space including the possible reopening of a movie theater in the downtown area. The supply of ground floor retail space is an important way for the Agency to bring new retailers to the downtown. The supply of ground floor space adequate for retail uses must continue to increase in order to attract more tenants. The Agency may provide limited loans and grants to encourage the development and/or rehabilitation of such retail space. The Agency may also need to acquire, masterlease, and/or assemble properties to facilitate mixed use developments to create or resurrect the required retail/commercial space. Total estimate: Any funding for this activity would come from the funding allocated to the Downtown Development Program.

8. Historic Preservation: Provide loans/grants to preserve historic resources such as the Grange Hall. Total cost during this Plan period: No funds are committed at this time.

9. Other programs and activities: The Agency will continue its financial support of downtown organizations such as the MHDA and MHDPBID. The Agency will also continue to fund studies such as the update to the Downtown Plan. Total cost during this Plan period: \$600,000

D. Economic Revitalization

The Agency will sponsor a variety of business programs and activities that promote or support economic revitalization in the Project Area. These programs and activities will foster maintenance of and improvements to buildings and neighborhoods as well as encourage private investment in the Project Area. These programs and activities include, but are not limited to, the following:

- Property Management/Special Studies
- Marketing/Advertising/Communication activities and materials
- Business Attraction/Retention Programs

- Special Studies
- Facade Improvement Program
- Business Assistance/Recruitment Loans/Grants
- Commercial Rehabilitation Loan Program
- Special Tenant Improvement and Equipment Loan Program
- Impact and In-Lieu Fee Financing Programs
- Historic Preservation (outside of downtown)
- Graffiti abatement program
- Special Supplemental Police Services Program
- Land Assembly Program
- Blight Busters Program
- Transit Oriented Development
- Economic Development Partnerships (e.g., Morgan Hill Chamber of Commerce)
- Morgan Hill Courthouse

Some activities of note listed above are the following:

- Special Supplemental Police Services Program: Continue funding this program which is aimed at eliminating particular criminal activities by funding up to three police officers and one support staff to focus on crime suppression and gang activities in the Project Area. This program is an effort by the Agency to stimulate new private development and help preserve existing development in the Project Area by eliminating physical blighting influences in the Project Area related to criminal activities. In addition, these services will also assist economic revitalization efforts by alleviating crime in the Project Area. Existing businesses may close or potential new businesses may choose not to locate to an area if crime or the perception of crime is prevalent within certain areas. This program will stimulate economic revitalization by filling or avoiding the creation of new business vacancies in the Project Area.
- Land Assembly program: Similar to the downtown program, the Agency may assemble parcels of property into sites suitable for commercial and residential development, and to transfer property for private development. The Agency's efforts would be applied in very selective cases. Furthermore, all acquisitions would be voluntary as the Agency does not have the power of eminent domain. Land assembly would likely take place for those blighted properties in which Agency involvement is needed to facilitate private investment. The Agency may also acquire property for infrastructure or public facility purposes. The program may include site preparation activities such as demolition and environmental remediation. The Agency would be responsible for any relocation assistance triggered by its acquisition of property.
- Blight Busters program: This program targets specific properties/buildings and neighborhoods that exhibit physical or economic blight characteristics and/or influences in the Project Area. The purpose of the program is to encourage owners to repair/rehab their residential or commercial properties. The Agency will develop new or use existing programs to encourage owners to eliminate the blighting characteristic or influence of their properties in the targeted area. (e.g., housing rehab loan, paint or clean up grant).

The activities in this section are typically included in the annual budget, but change from year to year to reflect revisions in Agency priorities and development opportunities. As a result, the amount spent and budgeted per year will vary. The Agency anticipates budgeting about \$6,340,000 during the Plan period for Economic Revitalization activities.

E. Administration/Debt Service/ERAF

This section covers the Agency's administrative expenses, debt service for paying for outstanding bonded indebtedness, statutory pass-through payments, and SERAF payments to the state. Agency Administration includes employee salaries and benefits, supplies and materials, capital outlays, county administrative fee for the project area, and prorated share of related general fund expenses (i.e., internal services). The Agency issued bonds with variable interest rates which have been favorable to the Agency. While the repayments have been lower than anticipated, for budgetary purposes, we use a conservative estimate to account for any large increases in the bond interest rate. With regard to State ERAF payments, the Agency will be paying the State \$10,900,000 over the Plan period. For FY09-10, the Agency will pay for SERAF by borrowing from its 20% Affordable Housing Setaside funds to pay a portion of the SERAF payment (\$4.3M) and funding the balance by delaying or eliminating future Agency projects. The Agency will fund its SERAF payment for FY10-11 by borrowing the entire amount of \$2,100,000 from the Housing Setaside fund. The repayment of the borrowed housing funds will occur in the next 5 year plan period (2015-2019).

Total estimate: Administrative costs are estimated to average about \$2,700,000 per year. Debt service payments are estimated at an average of \$6,800,000 per year plus \$8,000,000 total for early bond pay-offs. Statutory pass-through payments will average about \$3,800,000 per year. The total SERAF payment is \$10,900,000 for the Plan period.

VII. AVAILABLE FUNDING FOR NON-HOUSING PROJECTS AND PROGRAMS (2010-2014)

The following table shows the Agency funds that are projected to be available to implement the proposed programs and projects.

Projected Annual Available Non-Housing Funds (2010-2014)

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Total</u>
\$98,700,000	\$51,500,000	\$22,500,000	\$21,400,000	\$24,600,000	\$218,700,000

In 1999, the Agency increased the amount of Tax Increment (TI) which could be collected by the Agency from \$100,000,000 to \$247,000,000, net of pass-through payments. In November 2006, the Agency approved a Plan Amendment to increase its fiscal cap from \$247,000,000 to \$580,000,000, net of payments to affected tax agencies.

In the 2006 Plan Amendment, the Agency reauthorized its ability to incur bonded indebtedness. Under this authority, the Agency issued \$110,000,000 in tax allocation bonds in February 2008. The Agency did not issue bonds for affordable housing activities. The bond proceeds are being used to fund Agency projects and programs improvements that benefit the Project Area which include the acquisition and assembly of parcels to stimulate the private investment in the Project Area. The total estimate of \$218,700,000 in available funds over the Plan period includes bond proceeds, tax increment, investment earnings, and other revenues (e.g., loan repayments). Bond

proceeds are projected to be spent primarily in 2010 and 2011 for capital improvement projects. For 5 year Plan period, the Plan uses the projected revenue for the fiscal year and not calendar years. We used this approach because projects are budgeted for on a fiscal year basis and not calendar year. Agency non –housing funds not used to secure the bonded indebtedness starting in 2008 will be used to pay for administration, economic revitalization activities, and capital improvements not funded with bond proceeds.

VII. HOW THE GOALS AND OBJECTIVES, NON-HOUSING PROGRAMS, PROJECTS AND EXPENDITURES WILL ELIMINATE BLIGHT IN THE PROJECT AREA

The goals and objectives of the Agency together with the proposed programs, projects, and expenditures over the next five years, will continue to eliminate blight in the Project Area. The provision of Community Facilities, Public Improvements, Downtown programs and projects, and Economic Revitalization will assist in eliminating health and safety hazards and, in addition, will assist in eliminating factors which prevent or substantially hinder the economic viability or capacity of buildings or lots. The Economic Revitalization activities will also help to ensure a strong and healthy local economy. All of these programs, projects, and activities will encourage private sector investment in the Project Area. The following illustrates how this will be accomplished:

A. Community Facilities

The Agency has constructed community facilities and will continue to construct new and improve existing facilities because these facilities have a very positive impact on the quality of life for residents, particularly for children. Involvement in social activities such as youth sports and clubs provides a positive outlet for young people, reduces the amount of idle time available, and refocuses youthful energies and activities. Juvenile crime is anticipated to decline with the completion of the many community facilities identified in the Accomplishments section of the Plan. Additionally, the creation of a physically attractive environment, rich in activities for all ages, results in community pride which spurs home and community investment, and ultimately, raises the standard of living for everyone. The appreciation of property values is the likely outcome. In addition, the development of the many community facilities improves the quality of life in the Project Area which in turns attracts private investment because the quality of life is a key factor in a company's decision to locate in the Project Area. In addition, these community facilities act as catalyst projects for economic revitalization as many of the visitors to these facilities are from places other than Morgan Hill. They spend money at local businesses, restaurants and motels, thus encouraging more private investment to accommodate the need.

B. Public Improvements

The blighting influences in the Project Area include land uses incompatible with industrial, commercial, and residential development; properties of inadequate size and shape; the absence of sidewalks and appropriate street lighting; and inadequate sanitary sewers and storm drainage systems. Additionally, many of the buildings in the older industrial areas of Morgan Hill have structural and infrastructure deficiencies that make them economically

infeasible to meet modern industrial needs. Inadequate internal traffic circulation continues in some instances to be a deterrent to effective development in the Project Area, as portions remain difficult to access or the road structure is in need of upgrading. There are also industrial sites with hazardous materials or contaminated soils. The presence of these conditions seriously inhibits development potential within the Project Area.

The Redevelopment Agency continues to respond to the general and specific infrastructure needs in the Project Area, in order to sustain the existing industrial/commercial base and allow future projects to proceed without any impediments.

Tracts of undeveloped and/or underutilized land remain in the Project Area. These sites remain undeveloped because the cost of the public infrastructure improvements is a significant hurdle to private development. The Redevelopment Agency, therefore, will continue to assist with the construction of infrastructure, such as street improvements, as necessary and appropriate. Additionally, the Redevelopment Agency, participates in projects that help eliminate the visual blight in the Project Area, including median landscaping and gateway enhancements. These Redevelopment Agency funded projects and programs assist in the elimination of blight conditions by addressing the problems associated with the lack of adequate infrastructure, the inability of the private sector to develop vacant and/or underutilized land in a manner appropriate and conducive to industrial development and the adverse impacts of traffic congestion and environmental impacts.

Redevelopment Agency support through its program and activities will encourage and provide incentives for existing owners and the private sector to develop underutilized and blighted properties.

Improvements to the public infrastructure system will also provide an environment to stimulate revitalization and growth in the Project Area. The construction and upgrade of necessary public improvements and facilities will provide improved public health, safety and welfare due to better pedestrian and vehicular traffic circulation and access as well as enhanced aesthetics through streetscape design and construction. Installation of needed public improvements is imperative to the redevelopment of the Project Area and the attraction of private investment to the area.

Specifically, street improvements are necessary for several reasons. First, reconstructing dilapidated streets, providing sidewalks and bike paths, adding signalization, constructing medians, and modifying streets to accommodate changing traffic demands helps eliminate safety concerns. Second, new and expanded roadways are necessary to safely and efficiently handle and attract new residential, industrial, and commercial growth. Third, the new roadways provide safe and convenient access to different parts of the City, which makes the Project Area a more desirable place to live, work, and establish a business.

The work envisioned over the next five years is intended to start and/or complete ongoing programs and projects that will significantly upgrade the Project Area. Through the programs and projects that encourage new companies to locate, or existing companies to expand in the Project Area, the Agency is continuing to address both the physical and economic blight that still remains in the Project Area

C. Downtown Programs and Projects

Within the Project Area, the following physical blighting conditions continue to be significant: poor site conditions, poor building conditions, site contamination and parcels of irregular shape and form. Furthermore, economic blighting conditions such as large vacant parcels and underutilization of other parcels continue to inhibit the ability of this area to survive and improve without continuing assistance from the Redevelopment Agency.

Redevelopment activities may include acquisition and assembly of small, underutilized and/or poorly configured parcels of land, which would otherwise be inadequate for modern development. The proposed redevelopment program would provide an incentive for existing owners and the private sector to reinvest in their underutilized and blighted properties. New development will encourage further development, generated demand for Project Area properties and increase property values. Improvements to the public infrastructure system will provide an environment to stimulate revitalization and growth in the Project Area. The ability of an area to attract new investors and to encourage existing businesses and property owners to maintain and reinvest in their properties depends not just on the quality of the surrounding buildings, but on the quality of the amenities serving the building stock.

The provision of adequate and easily accessible parking will assist in the retention and attraction of businesses within the Project Area. The construction and upgrade of necessary public improvements and facilities will provide improved public health, safety, and welfare due to better pedestrian and vehicular traffic circulation and access, better night visibility and enhanced aesthetics through streetscape and design construction. The proposed parking projects will not only meet the demand generated by the new development, but will also ameliorate the parking deficiency.

Street landscaping improvements will substantially enhance the appearance of the Project Area, making the Downtown attractive to new commercial and residential development. Installation of needed public improvements is important to the redevelopment of the Project Area and the attraction of private investment to the area.

The Redevelopment Agency's programs are designed to bring new visitors in to the Downtown to continue the demand for services and growth. These programs will create greater opportunity for housing at all affordability levels within the Downtown core. Housing supports the existing and future retail/commercial establishments. By supporting a range of community facilities such as the Community and Cultural Center and the Morgan Hill Courthouse, the Redevelopment Agency helps introduce thousands of visitors to the Downtown. The creation of a critical mass of users, both day and night, continuously brings new energy to the Downtown to aid in its renewal.

The work envisioned over the next five years is intended to continue ongoing programs that have visually and physically improved the streets and helped create an environment supportive of Downtown office and retail development. Through programs that encourage building owners and merchants to rehabilitate their properties, the Redevelopment Agency is directly addressing the remaining physical and economic blight in the Downtown.

D. Economic Revitalization

Leap frog and piece meal development, over the years, has resulted in incidences of inappropriately mixed-use development and areas of marginal economic viability. Combined with the physical factors of blight found in the Project Area, government intervention is necessary to spur private investment in the community. Economic Revitalization projects and programs are intended to promote the economic vitality by attracting new businesses, retaining existing businesses, encouraging business expansion, creating and retaining jobs for residents, and bringing private sector support to the community. Providing economic revitalization services helps to create a diverse economic base and stimulate revenues for needed City services

IX. AFFORDABLE HOUSING REQUIREMENTS

Under California Community Redevelopment Law (CCRL), redevelopment agencies are required by law to “set-aside” not less than 20% of their tax increment revenues to increase, improve, and preserve the community’s supply of affordable housing. In addition, redevelopment agencies are accountable for spending their “20% Set-Aside Funds” in a timely manner (the “Housing Set-Aside Requirement”) and also for producing affordable housing within the project area (the “Housing Production Requirement”). This affordable housing production requirement is an “inclusionary” requirement because it applies to all units developed within the Project Area whether assisted by the Agency or developed by the private sector. Section X of this Plan describes in more detail how the Agency will ensure the inclusionary requirement is met in the Project Area.

A. Housing Set-Aside Requirement

CCRL requires that not less than 20% of all tax increment income generated by the Project Area is used for the purpose of increasing, preserving or improving the community’s supply of affordable housing.

B. Housing Production Requirement

CCRL also requires that at least 30% of all new and substantially rehabilitated housing units developed by an agency be available at affordable housing cost to, and occupied by persons and families of low or moderate income households. Specifically, not less than one-half of the 30% must be available at affordable housing cost to, and occupied by, very low-income households. Housing units that are “developed by an agency” are those units where the agency serves in the capacity of developer. To date, the Agency has not acted in this capacity, nor does it anticipate doing so in the future.

Redevelopment law further requires that at a minimum, 15% of all new and “substantially” rehabilitated housing units developed within a project area by entities or persons other than a redevelopment agency, be available at affordable housing costs to, and occupied by persons or families of low or moderate income. Specifically, at least 40% of the 15% must be available at affordable housing costs to and occupied by very low-income households. Since the Agency has actively assisted affordable housing production, but has not served as developer, the Morgan Hill Redevelopment Agency is required to comply with this 15% affordable housing production requirement.

C. Housing Production Accomplishments (2005-2009)

Under CCRL, the Agency must report on its housing production for the last Implementation Plan period (January 2005-December 2009). The Agency entered the last reporting period commencing January 1, 2005, with a 677 housing unit credit balance. In the very low income (VLI) category, the Agency had a credit of 338 units, and 339 units in the low/moderate income (LMI) category. This credit balance alone would have been sufficient to meet the Agency’s Housing Production requirement for the last reporting period (2005-2009).

X. HOUSING PRODUCTION ACCOMPLISHMENTS AND PROJECTIONS

This section contains the Accomplishments of the Agency (January 2005 thru December 2009), Housing Production Projections for the Plan Period, and how the Agency meets it’s the Proportionality Requirements and Compliance Plan required under CCRL

A. Housing Production Accomplishments

Since 384 housing units were produced and substantially rehabilitated in the Project Area from 2005-2009, the Agency was required to assure that 58 affordable units were produced: 23 VLI and 35 LMI. During this time period, 177 new affordable housing units were produced within the Project Area. The Table below shows that 140 of the total 177 affordable housing units were produced with Agency assistance and 37 units were produced without Agency assistance.

Project Area Housing Production (2005 - 2009)

Total # of Units Produced ²	% Required	Number Required	Number of Affordable Units Produced			Units Lost ³	Previous Credit	New Credit Balance
			Assisted	Unassisted	Total			
384	VLI 6%	23	74	0	74	19	338	340
	L/MI 9%	35	63	37	100	0	339	404

The unassisted units were produced as a direct result of the voter-initiated “managed growth” system, called the Residential Development Control System (“RDSCS”). Under the RDSCS, new housing production is limited annually to ensure the population ceiling of 48,000 in the year 2020. Competitions are held annually to award building allotments. Developers are encouraged to develop between 8%-12% of their units as income-restricted, affordable housing in order to maximize their points in the competition. These units are known as Below Market-Rate Housing (BMR).

The Agency’s new housing credit balance at the end of the last reporting period, December 31, 2009, will be 777 units consisting of 362 VLI and 415 LMI units.

² The Agency estimates up to 20 units substantially rehabilitated in the Project Area.

³ This number indicates homes lost as a result of an Agency funded affordable housing project (13) or BMR units lost via foreclosure (6).

The following table shows the specific affordable housing projects completed within the Project Area annually for the 2005-2009 reporting period. It shows both unassisted (e.g., BMR units) as well as Agency-assisted units produced in the Project Area, by income category. With the exception of the BMR units, all of the following projects are either family ownership or rental projects developed by non-profit agencies. The assisted rental units are income restricted for 55 years and the ownership units are resale restricted for 45 years.

Housing Production By Income Category (2005-2009)

	2005		2006		2007		2008		2009	
	VLI	L/M	VLI	L/M	VLI	L/M	VLI	L/M	VLI	L/M
Unassisted										
BMR	0	8	0	11	0	7	0	3	0	0
Morgan Station				8						
Assisted										
Madrone Plaza							1	18	3	10
Viale			1	8						
Royal Court Townhomes Apartments				8	46	6				
Murphy Ranch	15	23								
Total	15	31	1	36	46	13	1	21	3	10

Totals by income category are: 66 VLI and 111 LMI for a total of 177 affordable units produced 2005-2009. These numbers correspond with the "Project Area Housing Production (2005-2009)" table listed above.

The following is a brief description of the projects listed in the above table:

BMRs

These are single-family homes or townhouses provided by for-profit developers to the City as a requirement of their housing allocations pursuant to the City's Residential Development Control System (RDSCS) for their market rate units. There are no Agency funds provided to the developer to construct these units. These for sale units are available to lower and median income households and the units are resale restricted for 45 years. The 41 BMR units located outside the Project Area, but within the city limits, were counted on a 2 for 1 basis, thus, adding 20 BMR units to the above chart. In order to preserve BMR units, the Agency will from time to time purchase BMR units at Trustee sales or via short sales. This program will not add to the affordable housing stock, but rather preserve the BMR unit since the Agency will sell the unit to another income qualified household. The unit will have a 45 year resale restriction.

Murphy Ranch

The Agency provided First Community Housing with a \$5,290,000 loan for a 100-unit rental complex built in two phases. The townhouse style apartments, located at Butterfield Blvd. and Dunne Avenue, have 2, 3 and 4 bedroom units. The first phase, built in 2003, consisted of 62 units, 42 of which are affordable to families with very low-incomes and 20 units affordable to low-income households. The second phase of 38 units, built in 2005, has 15 apartments affordable to very low income households and 23 low income households.

Viale

The Agency provided \$875,000 to South County Housing to develop 10 single family ownership homes at the corner of Watsonville Rd. and Calle Sueno. The homes were targeted to public school teachers and their families: 1 unit sold to very low income, 3 units sold to low income, 2 sold to median income, and 3 sold to moderate income households.

Royal Court

The Agency provided \$3,750,000 to South County Housing to develop 12 for-sale homes and 55 family apartments at the corner of Wright Ave. and Monterey Rd. The 55 apartments contained 1, 2 and 3-bedroom units: 20 units are for extremely low, 26 for very low, and 6 for low income families. Of the 12 for-sale homes, 9 were townhomes and 3 were open market single family detached units. The townhomes were sold to 8 low income families and 1 median income household.

Madrone Plaza

Madrone Plaza is a 95 unit single family home and townhome development located at Butterfield Boulevard and Jarvis Drive. This innovative development is mixed income consisting of 71 affordable townhomes and 24 market rate detached homes. The developer, South County Housing (SCH), has received the following assistance from the Agency: a) \$1,900,000 in Agency funds for downpayment assistance loans to the buyers of the affordable units, b) \$2,000,000 in State RDLP funds to help acquire the property, and c) \$2,100,000 in BEGIN funds for downpayment assistance loans. SCH has sold 32 units: 4 to very low income, 21 to low income, 5 to median, and 2 to moderate income families.

Other Activities

The above Table does not include the 250 grants made to senior, mobile home, and disabled households. These grants totaled almost \$950,000. In addition, the Agency made 6 loans totaling about \$300,000 to rehabilitate single family homes. While monies spent in these programs go only to VLI and L/MI households, the units do not meet the definition of “substantially rehabilitated” and/or the rents are not restricted long enough to count the units under CCRL.

Also, not included in this housing count is the Agency’s \$265,000 contribution to the Housing Trust of Santa Clara County (HTSCC). These funds are used by the HTSCC to assist affordable housing projects and/or provide closing costs for first-time home buyers in Morgan Hill. During the reporting period, HTSCC assisted 49 households with loans totaling about \$317,000 and committed a \$500,000 loan to SCH for the Crest Avenue acquisition/rehab project.

B. Housing Production Projections By Project Type (2010-2014)

The following table shows the Agency’s estimated housing production for the Plan Period.

Anticipated Affordable Housing Production by Income Category (2010–2014)

	2010		2011		2012		2013		2014	
	VLI	L/MI								
Unassisted										
BMR		5		5		5		5		5
Assisted										
Casa Diana Senior Apt.			40							
Crossings Acquisition & Rehab	24									
Crest Ave. Apartments			40							
Downpayment Assistance loans		10		10		10		10		10
Habitat/Villa Nova	6									
Madrone Plaza		20		19						

Horizons Senior Apt	23	25								
New project (new construction or acquisition/rehab)									40	
TOTAL	53	60	80	34	0	15	0	15	40	15

Totals by income category are: 173 VLI and 139 LMI for a grand total of 312 affordable units estimated to be produced 2010-2014.

The "Anticipated Production" table (AP Table) shows the specific affordable housing projects estimated to be completed within the Project Area, annually for the next five years. It shows both Agency-assisted and unassisted (e.g., BMR units) units produced in the Project Area, by income category.

It should be noted that the AP Table does not include any units assisted with housing rehabilitation loans or grants. While all the participating households are income eligible per CCRL, the programs have limited affordability restrictions which would not allow the units to be counted toward production goals.

In the above Table, the "Unassisted" units designation refers to those units provided by private developers without any assistance from the Agency. Below is a description of the anticipated projects/programs. It should be noted that additional funds may be allocated to projects/programs depending on the need and/or Agency's priorities at that time.

BMRs (see Housing Production Accomplishments for description)

Madrone Plaza (see Housing Production Accomplishments for description)

Crest Avenue Rehabilitation II

The Agency provided a \$4,400,000 loan to South County Housing (SCH) for pre-development and acquisition costs to acquire 40 units in six properties along Crest Avenue. These 40 units would be added to the 12 units South County Housing had previously acquired on Crest Ave. Acquiring the other properties on Crest Ave. (one 16 unit complex and 6 fourplexes) will allow SCH to complete a substantial renovation of the entire block. Renovation of the 52 units includes new windows, exterior paint, parking areas, heating systems, cabinets, plumbing fixtures in addition to installation of energy efficient appliances and other "green" features to ensure that the apartments are cost effective for residents to live in for the long term. The fifty-two (52) affordable rental units are for extremely low and very low income eligible families (25% and 50% of AMI).

The Crossings Rehabilitation

The Agency loaned Urban Housing Communities (UHC) \$2,600,000 to acquire and substantially rehabilitate a 24 unit apartment complex located at the corner of Wright Ave. and Hale Ave. The property includes 5 two-story wood frame garden-style buildings that contain 24, three bedroom units.

Horizons

The Agency will loan UHC \$5,200,000 to develop and construct a 49-unit senior apartment project at the corner of Central Ave. and McLaughlin Rd. Of the 49 units, 25 are for low income, 18 are for very low, 5 are for extremely low income households, and one manager's units.

Bella Terra (formerly Casa Diana)

The Agency has provided a \$3,700,000 loan to EAH to develop a 40 unit senior apartment project located on Dunne Ave and along the railroad tracks. The units will be available to extremely low and very low income senior households.

Downpayment Assistance Program

During the Plan period, the Agency will implement a downpayment assistance/equity share program for lower and moderate income, first time home buyers wanting to purchase a home in Morgan Hill. The home will be resale restricted for 45 years as a condition of the funding unless the loan/equity is repaid/shared. The repaid funds will be recycled into the program to help the next home buyer. The Agency anticipates assisting an average of 10 households a year with a budget ranging between \$500,000 to 1,000,000 per year for this program.

Habitat for Humanity (Villanova)

The Agency granted Silicon Valley Habitat For Humanity \$760,000 to develop six homes for sale to extremely low income families on the vacant parcel located on Cory Drive.

Other Programs and Projects:

During the Plan period, the Agency will be working to identify locations for new projects. Towards this end, the Agency works with non-profits to identify blighted and/or underutilized properties in need of redevelopment or rehabilitation. The projects would be affordable rental and/or ownership developments with the possibility of some commercial uses depending on the location. The Agency will also continue to landbank properties or assist non-profits to acquire these blighted properties for future development. The AP Table anticipates the Agency will assist 40 very low income units over the Plan period by funding one new affordable housing project, whether new construction or acquisition/rehab.

In addition, the Agency plans to proactively target homes for rehabilitation and to continue operating its Senior/Disabled and Mobile Home Repair Programs. The Agency will be reaching out to property owners to encourage them to rehabilitate their single family homes or rental properties in need of repair. We anticipate spending about \$2,000,000 on the housing rehabilitation and grants programs during the Plan period.

C. Project Area Housing Production Projections (2010-2014)

The Agency anticipates that it will continue to exceed all of its Housing Production requirements through its housing rehabilitation programs, the creation of new affordable housing programs and projects, and through new BMR units.

Since the RDCS dictates the total number of units that can be developed each year, the total number of units to be built citywide over the next five years can be estimated. The average annual housing allotments allowed under the RDCS is 250 per year. However, the depressed housing market has resulted in allocations being carried over from the 2005-2009 Plan period to the 2010-2014 Plan period as developers have not been building units in 2008 and 2009 at the same rate as prior years. It is estimated that about 2000 units will be produced from January 1, 2010 to December 31, 2014. In the prior Implementation Plan (2005-2009), it was projected that 70% of the housing units produced city-wide would be in the Project Area. The actual percentage was closer to 45% because many developments were not built in the Project Area. Now, because of significant changes to the RDCS allocation system and pent up supply, up to 80% of the housing units could be built in the Project Area for the following reasons:

- The RDCS was modified via voter approval of Measure A to exempt 500 units for development in downtown. These 500 units are in addition to the passage of Measure F which allowed development of 100 units in downtown without competing in the RDCS process.
- Many of housing projects that were placed on hold because of the depressed housing market were located in the Project Area; and
- The City adopted a Downtown Specific Plan which significantly increased the densities in the Downtown.

These changes will result in more units being built in the Project Area than ever before.

The chart below estimates that 1,600 units (80% of 2,000) will be built⁴ in the Project Area from 2010-2014. Therefore, the Agency will be required to insure that 240 affordable units are produced in the Project Area: 96 VLI and 144 LMI. However, it is projected that 312 affordable units will be developed over the next five years:

⁴ The 1,600 units include substantially rehabilitated units.

173 VLI and 139 LMI. The projected credit balance by December 31, 2014 is estimated to be 843 units (439 VLI and 404 LMI).

Summary of Affordable Housing to be Produced (2010-2014)

Total Anticipated	% Required	Number Required	Number Anticipated			Restricted Units Lost ⁵	Existing Credit	Projected Credit Balance
			Assisted	Unassisted	Total			
1,600	VLI 6%	96	173	0	173	0	340	417
	L/MI 9%	144	114	25	139	6	404	393

D. Proportionality Requirements and Compliance Plan

The purpose of this section of the Implementation Plan is to satisfy the requirements of Health and Safety Code Section 33334.4 regarding the proportionality of 20% funds used and planned for the ten-year compliance period.

Pursuant to Section 33334.4 (a) and (b), the Redevelopment Agency must adopt a plan for the use of 20% Funds to comply with the proportionality requirements as specified in Section 33334.4. This section of the Implementation Plan will serve as the required "compliance plan" which shall ensure that these requirements, as specified, are met every ten years. This Implementation Plan includes a report on compliance for the initial ten-year period, January 1, 2005 to December 30, 2014.

In preparation for this analysis, the following assumptions were made:

- Affordable housing projects that received funding prior to January 1, 2005 are excluded. Any additional expenditure made for these projects during the specified time period are not included in the compliance report.
- Expenditures made from the 20% Fund used on administration and for any debt service are also excluded from this analysis. However, bond proceeds would be included in this section, but the Agency's 20% Housing Setaside fund currently does not have any outstanding bonded indebtedness.

⁵ Anticipates losing some BMR units in foreclosure.

1. Proportionality Compliance for Targeted Income Levels

Section 33334.4 specifies that the goals for compliance with this section be taken from the Association of Bay Area Governments (ABAG) need figures for 2007-2014 for Santa Clara County, as included in the Morgan Hill Housing Element. The following table summarizes this information from ABAG:

	VLI	LI	MOD	ABOVE MOD	Total Units
Number	317	249	246	500	1,312
Percentage	24%	19%	19%	38%	100%

It should be noted that the Agency cannot assist above moderate income units with 20% funds. The percentage for each category is based on the total number of units allocated by ABAG.

Compliance for January 1, 2005 to December 31, 2014

The Redevelopment Agency has met and will continue to meet its proportionality requirements for targeted income levels. The 20% funds have been expended and are estimated to be spent in the following proportions over the ten year period: 20% moderate-income, 30% low-income and 50% very low-income. These goals result in the targeting of funds to deeper affordability levels than reflected by the ABAG needs assessment.

2. Proportionality Compliance for Age-Restricted Housing Units

The senior population in Morgan Hill is 8%. Based on this information, the Agency must spend no more than 8% of the funds from the 20% Funds on age-restricted affordable housing units.

Compliance for January 1, 2005 to December 31, 2014

The Redevelopment Agency will meet its proportionality requirements for expenditures on age-restricted affordable housing units. The Agency can commit up to 8% (\$5,200,000) of its total funds over the ten year period (estimated at \$64,500,000) on age-restricted affordable housing units.

XI. HOUSING SET-ASIDE FUND ACCOMPLISHMENTS AND PROJECTIONS

As mentioned above, CCRL requires that not less than 20% of all tax increment generated by a Project Area is used for the purpose of increasing, preserving or improving the community's supply of affordable housing. The Agency's obligations to assist in the development of affordable housing differ from its Housing Production obligations.

This Section provides information on the amount of Housing Set-Aside funds anticipated to be collected and spent on affordable housing activities during the Plan period.

A. Housing Set Aside Funds Received (2005-2009)

From 2005-2009, the Agency collected a total of \$34,600,000 for its Housing Set Aside Fund. This amount includes interest, loan proceeds from repayments, and grant/loans received from state and federal resources (e.g., CALHelp funds).The following Table shows the funding received annually from 2005 to 2009.

Annual Available Housing Set-Aside Funds (2005-2009)

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Total</u>
\$5,300,000	\$6,200,000	\$5,400,000	\$9,100,000	\$9,600,000	\$34,600,000

Of the \$34,600,000 the Agency spent about \$35,600,000 over the five year period. The difference was covered by spending down housing fund reserves.

B. Housing Set Aside Projections (2010-2014)

The following table shows the Housing Set Aside funds the Agency anticipates collecting for each of the five years from 2010-2014.

Annual Anticipated Housing Set-Aside Funds (2010-2014)

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Total</u>
\$5,500,000	\$4,740,000	\$5,190,000	\$5,840,000	\$8,630,000	\$29,900,000

The following table estimates the annual expenditures over the next five years:

Projected Annual 20% Housing Set-Aside Expenditures (2010-2014)

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Total</u>
\$9,120,000	\$5,060,000	\$5,050,000	\$5,990,000	\$8,700,000	\$33,920,000

It should be noted that the 2006 Plan Amendment deleted a portion of the Project Area which has resulted in less TI being generated for affordable housing activities during this Plan period. The difference between projected revenues and expenses would be funded from available housing reserves accumulated over time. As of August 2009, the Housing Set Aside fund has \$7,200,000 in its fund balance. The projected expenditures include the \$6,600,000 the Agency will borrow from the Housing Setaside fund to pay for a portion of the \$10,900,000 the Agency must pay the State for ERAF in FY09-10 and FY10-11. The Agency will repay the funds during the next five year period (2015-2019).

In addition to funding programs and projects, the above estimates also include administrative costs for Agency housing programs and projects including the BMR program, contracts with non-profit agencies for such services as landlord/tenant assistance and shelters for battered women (and their children), and administration of the City's Senior Housing Trust Fund, Housing Mitigation Funds and the Community Development Block Grant Program.

C. Projected Units to be Assisted (2010-2014)

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Total</u>
113 units	114 units	15 units	15 units	55 units	312 units

As shown in the AP table in Section X B. The Agency anticipates it will assist 312 households. Of the 312 units, 173 are VLI households and 139 are LMI households.

XII. HOW THE AFFORDABLE HOUSING GOALS AND OBJECTIVES,

PROGRAMS, PROJECTS AND EXPENDITURES WILL ELIMINATE BLIGHT IN THE PROJECT AREA

The Agency's Affordable Housing goals and objectives together with the proposed programs, projects, and expenditures over the next five years, will help eliminate blight in the Project Area. Blight includes residential deterioration, impaired investment, and physical constraints to economic viability resulting in an inadequate housing stock.

XIII. PROJECT AREA HOUSING BEYOND 2014

CCRL requires Agencies to address the Project Area's housing needs beyond the next five year period, beginning January 1, 2015. Specifically, comments regarding the next ten years (2015-2025) and the life of the Redevelopment Plan are requested.

The 2006 Plan Amendment extended the Plan's effectiveness date to 2024. Assuming that the existing residential development control system remains in place thru FY23-24, per Section XI of this Plan, we can assume about 250 units per year would be developed within the City. Of the 250 units per year, about 50% can be reasonably expected to be constructed within the Project Area. From 2015-2024, about 1,250 units (2,500 total units x 50%) would be produced in the Project Area. Of the 1,250 units, 188 units would need to be affordable, restricted units: 75 VLI units and 113 LMI units. However, the Plan projects a housing credit balance of 439 VLI and 404 LMI by December 31, 2014. As a result, the Agency's existing credit balance far exceeds the projected production requirements for the estimated life of the redevelopment plan.

With respect to funding, the Agency anticipates that no surplus housing funds will be available when the Agency reaches the end of its effective life.

XIV. PLANS FOR USING ANNUAL DEPOSITS TO THE HOUSING SET-ASIDE FUND

CCRL stipulates that redevelopment agencies cannot accumulate monies in their Housing Set Aside Fund beyond certain legally specified amounts. A condition of "excess/surplus" cannot be created whereby unexpended or unencumbered funds greater than \$1,000,000 or an amount exceeding the last four years of Housing Set-Aside deposits exists. Based on current programs, expenditures and projections, the Agency will NOT have an "excess/surplus" in the next five years.

XV. PROPOSED LOCATIONS FOR THE REPLACEMENT HOUSING THE AGENCY WILL BE REQUIRED TO PRODUCE

Within the next five years, 2010-2014, the Morgan Hill Redevelopment Agency has no plans to remove any units from the existing housing stock except as a component of a replacement housing project or public improvement project such as a street.

In the event that the Agency does remove any housing units, they will be replaced on at least a 1:1 basis as required under redevelopment law, with either new or rehabilitated units within four years of removal. The replacement units will be made available to persons of the same income level as those who occupied the original units before they were destroyed. The Agency will also impose recorded covenants on the replacement units regarding their long-term affordability in accordance with redevelopment law.

XVI. COMPLIANCE WITH THE CITY'S GENERAL PLAN HOUSING ELEMENT

The goals and projections outlined in this Implementation Plan conform to the City of Morgan Hill's General Plan Housing Element.

ATTACHMENT B

CHAPTER 1: VISION

Chapter 1: Vision

Overview

The City of Morgan Hill is located approximately 12 miles south of San Jose, 10 miles north of Gilroy and 15 miles inland from the Pacific Coast. The City is centered on U.S. Highway 101, which is the major north-south transportation corridor in the region. The City is located approximately 25 miles south of the San Jose International Airport. The Morgan Hill Downtown Specific Plan boundary covers 18 blocks and approximately 110 acres. Downtown Morgan Hill is centered on Monterey Road and is bound by Main Avenue, Butterfield Boulevard, Dunne Avenue, and Del Monte Avenue (see Figures 1 and 2). The Downtown Core is generally defined by Main Avenue, the railroad tracks, Dunne Avenue, and Del Monte Avenue. This area has smaller lots and is closer to a traditional Main Street downtown atmosphere than the area east of the railroad, which is more downtown serving in nature.

This 2009 Downtown Specific Plan has its roots in a downtown plan created almost thirty years ago. In 1980, the community held a series of public workshops to address issues of Downtown revitalization, which was necessary due to changes stemming from completion of Highway 101, and subsequent shift of traffic from Monterey Road through the Downtown area over to the freeway. From these workshops, a bold 1981 Downtown Plan emerged that has created a unique Downtown image for Morgan Hill along with the modest attraction of new uses and the construction of additional buildings. That 1981 Plan established a series of recommendations for the Downtown area, many of which have since been implemented, with the key change being the Monterey Road streetscape with its large median and wide sidewalks.



Residences converted to interesting shops and offices



Restaurants with windows on the street

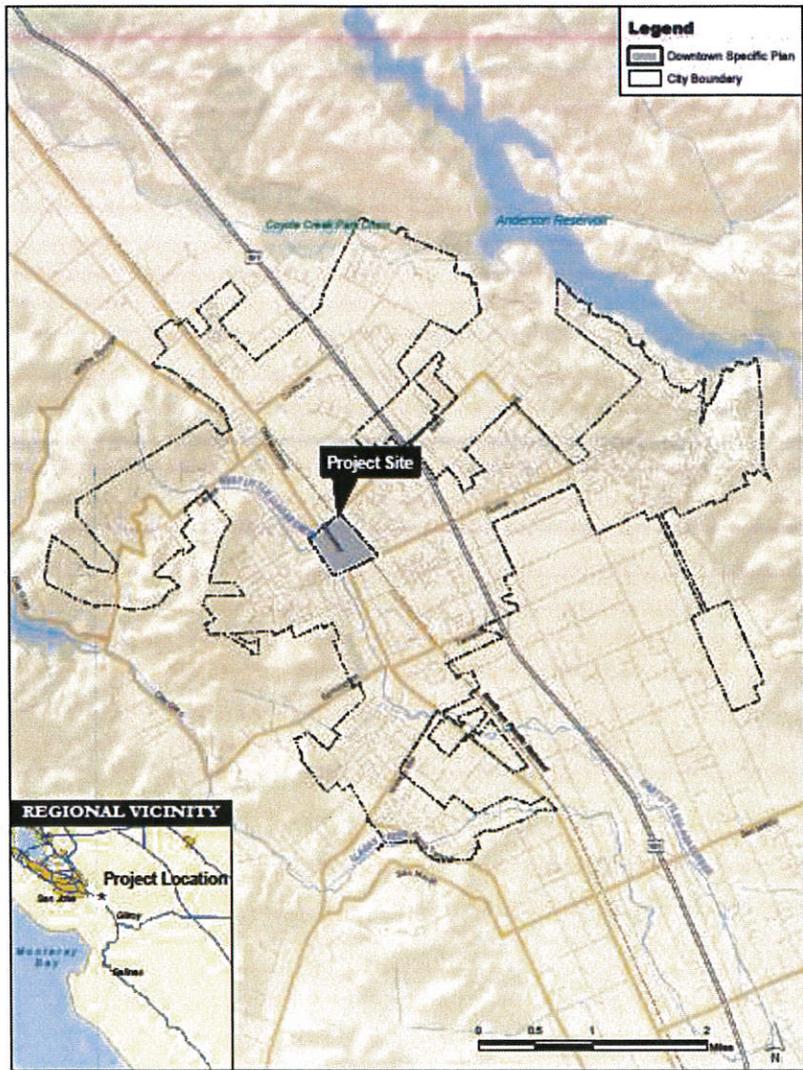


Attractive storefronts



Continuity of interesting shops

Examples from other communities



Local Vicinity

Figure 1



Project Boundary

Figure 2

Morgan Hill Downtown Specific Plan

In 2003, a task force worked with the community and a consulting firm to prepare an update to the 1981 Plan. The 2003 update built on the success of the original Plan and proposed many recommendations and guidelines for Downtown improvements. Because full implementation of the Plan required preparation of an Environmental Impact Report (EIR), it was decided that the City Council would accept, rather than adopt the 2003 Plan. A Mitigated Negative Declaration was adopted and was used in conjunction with approval and implementation of certain aspects of the Plan, such as ordinances to increase density on certain opportunity sites and to modify certain parking requirements.

Following acceptance of the 2003 Downtown Plan, the City's Residential Density Control System (RDCS) was amended to make it easier for higher density residential and vertical mixed-use Downtown projects to compete for residential building allocations against the detached single-family residential projects. In 2005, the City held a competition for projects in the area in and around Downtown (see Figure 2 for the Downtown RDCS boundary), resulting in 363 residential building allocations awarded into fiscal year '09/'10. Of the 363 units, 255 were located within the 18-block boundary of this Specific Plan.

In November 2006, voters approved a ballot measure (which modified the RDCS) to allocate 100 additional units for projects of 25 units or less within the Specific Plan "Downtown Core" area. The measure also allows projects with Downtown RDCS allocations spread out over multiple years to advance the timing of construction.

In May 2009, voters approved another ballot measure which provides an exemption from the RDCS for 500 housing units located in the 20-block area of the Downtown.

In 2007, another update to the Plan was initiated to refine land use and public improvement objectives for Downtown, and to add the necessary information to so that it would become a "specific plan", which is a legal document that supplements the Morgan Hill General Plan and Zoning Ordinance for the Downtown area. The intent of the Downtown Specific Plan update is to focus on:

- increased residential density within the Specific Plan boundary, as well as on opportunity sites outside the Specific Plan boundary;
- development standards for new commercial space;
- coordination of a parking strategy with realistic growth projections;
- examination of circulation patterns; and
- creating a plan for public investment, given that the Redevelopment Plan Amendment was approved in 2005, which provides a substantial amount of funding for downtown and public infrastructure projects and activities.

Appendix A (Background) contains a more detailed history of the City and the Plan, as well as major topics from the previous plans. Appendix B (Workshop Results) provides a summary from the joint Planning Commission/City Council special meeting from June 19, 2007, the Downtown Plan Update Process Workshop from October 16, 2007, and the Downtown Specific Plan Stakeholder Workshop from February 19, 2008.

This chapter presents urban design goals and a vision statement for the Morgan Hill Downtown Specific Plan. The Downtown Task Force created this vision statement during the 2003 Morgan Hill Downtown Plan update process. It addresses the following key elements: land use, parking, Downtown access, Downtown focal point, landscaping and lighting, and signage.

Urban Design Goals

The primary urban design goals and objectives addressed by this Specific Plan include:

- * creating an active Downtown village through intensifying residential, retail, restaurant, and entertainment uses, within an urban setting improved with unified landscaping and streetscape improvements;
- * making Monterey Road and Third Street more pedestrian and retail friendly, and improve other roads with better street lighting and streetscape improvements;
- * strengthening Downtown's identity and scale with new design related to a traditional character; and
- * creating visual and physical linkages to Downtown with landscaping, bike paths and entry area features, and with linking downtown commercial uses to common parking areas available to the general public.

Vision Statement

Strengthening Downtown as the gathering place, a connecting force, the social and activity heart of Morgan Hill, is the overriding aspiration of this Plan – a place where residents from all segments of the community can live, work, meet, shop, dine and participate in public celebrations, and share in the richness of Morgan Hill's community life. It will be a place like nowhere else – a place with its own scale, character and uses.

Land Use

Downtown will encourage and accommodate a wide diversity of uses serving the community. It will offer needed goods and services as well as provide a congenial home for new and unique businesses. It will be a village where each use has its own distinct character, and where walking from use to use is an interesting and stimulating experience.

A diversity of restaurant and entertainment uses will draw office workers to Downtown during the day, and provide a destination for individuals and families at night and on the weekend.

Specialty retail and food stores (i.e. bakeries, wine shops, and take-home gourmet meal delis) will serve commuters as well as provide residents with a greater range of shopping choices.

New and existing homes and apartments, in and around downtown will provide support for Downtown businesses.

A variety of office and small businesses uses such as gift shops, bookstore, copy service, financial services, and law offices will provide a worker population in the downtown and offer needed supplies and services.

Morgan Hill Downtown Specific Plan

Parking

Existing Downtown parking lots will be improved with landscaping and lighting to provide convenient and attractive one-stop locations to leave the car while walking to several destinations along well-landscaped sidewalks. Additional pedestrian and vehicular linkages between Downtown parking lots will be created. On-street parking spaces will serve as convenient spaces for quick in-and-out stops while additional parking lots will be added over time to accommodate longer term parking needs. Shared parking will be encouraged.



Downtown Access

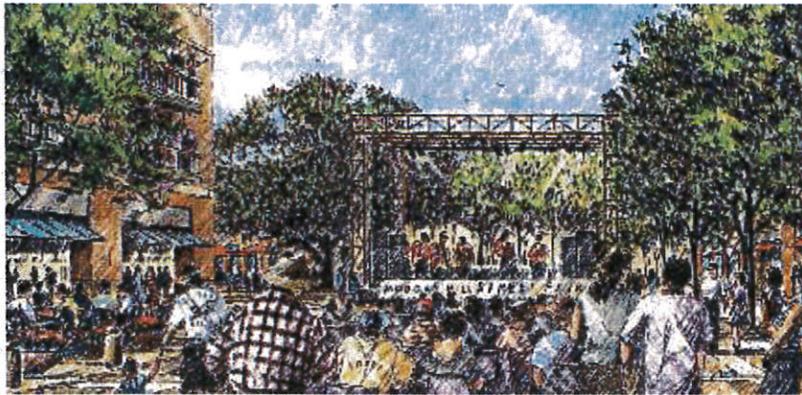
Pedestrian and bicycle access to Downtown will become more common in the future as bicycle lanes are added to Monterey Road north and south of Downtown, with links along Depot Street to the rail station. As streets are beautified with landscaping and street furniture, walking in Downtown will be a more pleasant experience. A trail along Upper Llagas Creek has been proposed as part of flood control improvements. This trail would provide pedestrians and bicyclists access from Downtown to areas north and south along the creeks. Due to right-of-way limitations, an off-street trail along the entire length of Upper Llagas Creek may not be feasible and Downtown sidewalks and bike lanes may be used as necessary. This trail is discussed further in Chapter 2 (Land Uses and Development Standards) and Chapter 8 (Implementation and Plan for Investment).

Key Downtown Streets and Focal Point

Along with Monterey Road, Third Street will become a focus of activity and outdoor dining in downtown. Widened sidewalks with landscaping and tree plantings on each side of Third Street will accommodate outdoor dining and specialty shops such as art galleries. Portions of the street, designed more as a plaza than a street, will be closed for special events including activities such as music and art shows. A focal point, possibly with public art, near the Monterey Road end of Third Street will provide a gathering place for activities and lighting will add a festive quality to the street.



Third Street



Third Street Plaza

Morgan Hill Downtown Specific Plan

Landscaping and Lighting

Downtown will have the feel of a well landscaped neighborhood with side streets lined with trees and street lights of a character related to the quality of landscaping and paving along Monterey Road and Third Street. Streetscape improvements along side streets (i.e. First, Second, Fourth, and Fifth Streets; and Main Avenue) will add to the quality of Downtown and provide a positive image of place and pride to those visiting from other areas. Attention to paving will bring additional scale and interest to pedestrian areas. Individual shops will have flower boxes and pots in front of their storefronts and entries to add color and an individual personality to each business. Side streets east of Monterey Road will be more urban, while side streets west of Monterey Road will transition from "Main Street" to a more "downtown residential" character.



Example of a side street west of Monterey Road in Downtown

Examples from Downtown Morgan Hill and other communities



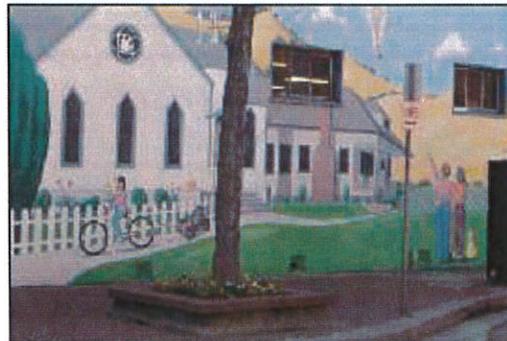
Attractive second floor uses



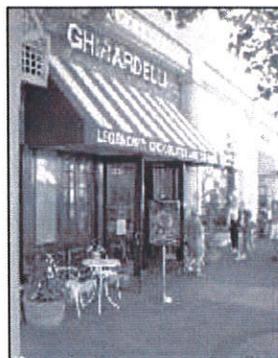
Indoor/outdoor businesses



Variety of restaurants and menus



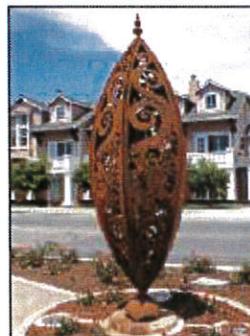
Public art



Diversity of shops



Sculptures



Morgan Hill Downtown Specific Plan

Signage

New public signage will assist in finding public parking lots and other destinations, while directional signage near Highway 101 and throughout Morgan Hill will assist visitors in finding their way to Downtown. Identity signs or gateway features marking the Downtown entries will have a character unique to Morgan Hill, and will assist in announcing to motorists that they are entering a pedestrian-oriented zone where speeds are slower and pedestrian crossings are frequent.

Private signs will be well designed to provide visual interest and express the individuality of each business.

Examples from other communities

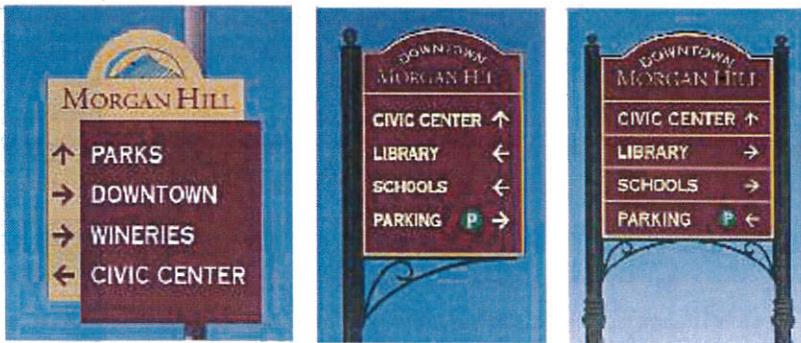


Signage with unique personality



Distinctive storefronts and signage

Examples from the Draft Citywide Directional Sign Program



Creative and user-friendly directional signage

Chapter 2: Land Uses and Development Standards

Overview

Downtown Morgan Hill is unique in that it has a commuter rail station within easy walking distance to a variety of retail, office, and residential uses. Figure 3 shows the existing land uses and highlights special uses, such as the Morgan Hill Community and Cultural Center.

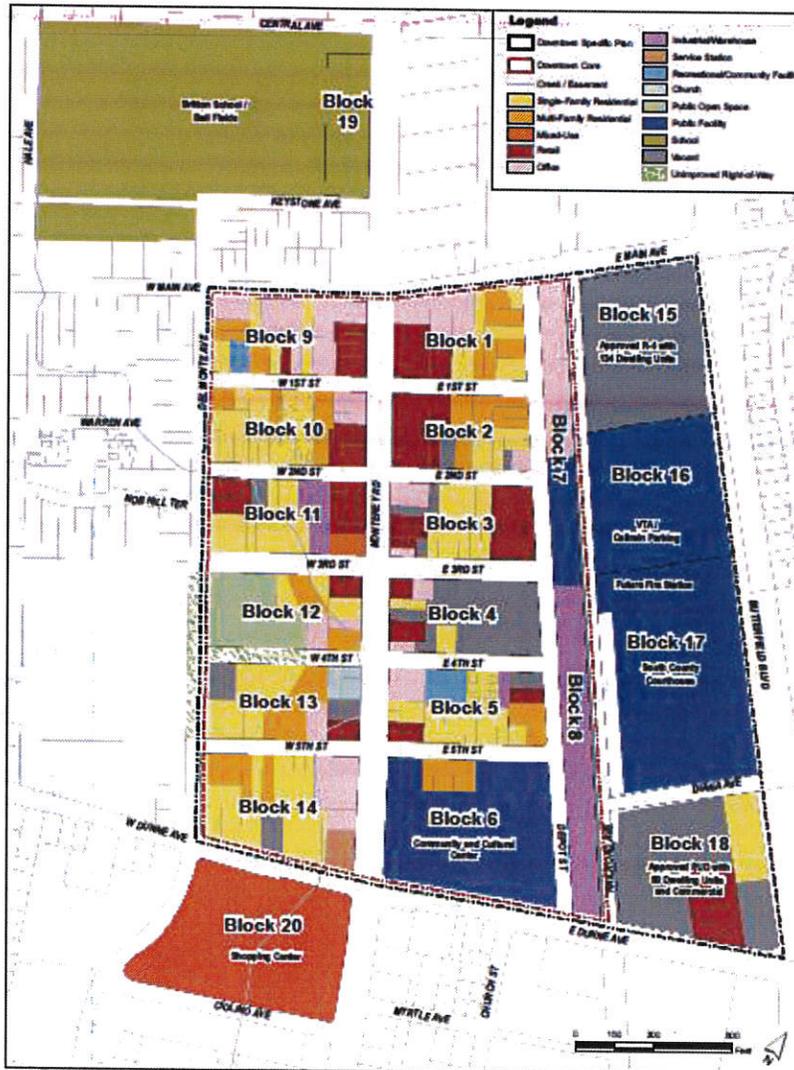
Future development should focus on promoting pedestrian activity, increasing the Downtown residential population, and increasing shopping and employment opportunities with appropriately designed spaces throughout Downtown. The proposed General Plan land use designations and Zoning Ordinance classifications reflect the development needs of Downtown Morgan Hill. Figures 4 and 5 show the proposed General Plan land use designations and Zoning Ordinance classifications, respectively.

Mixed Use land use designation and the CBD zoning district make up the majority of the area along Monterey Road and between Monterey Road and the railroad tracks. A variety of residential densities are proposed for a majority of the area west of Monterey Road and at the north and south ends of Butterfield Boulevard. Public Facilities exist at the Morgan Hill Community and Cultural Center, along Monterey Road and Dunne Avenue, as well as the future fire station and County Courthouse along Butterfield Boulevard. The Ground Floor Overlay (GFO) covers certain properties along Monterey Road and Third Street. The intent of this overlay is to provide ground-floor retail, as well as restaurant and entertainment uses to encourage pedestrian activity.

Morgan Hill voters approved a ballot measure in May 2009 modifying the Residential Development Control System (RDCS) to better accommodate Downtown development, by providing an exemption for 500 housing units located in the 20-block Downtown area. The RDCS is an ordinance approved by City voters aimed at controlling residential growth in the City. The current RDCS extends through the year 2020, and is focused on a City population of 48,000 in 2020. The RDCS has helped to assure that residential development pays for itself and that the rate of development does not outstrip the availability of public services and infrastructure to serve the City's residents. The RDCS has also encouraged more efficient patterns of development by directing growth to areas that are contiguous to existing development and served by adequate infrastructure. Proposed residential projects are rated on a point-based system to determine which projects would best serve the City. Several Downtown property and business owners have expressed concern that this system favors development outside of Downtown. The RDCS is an obstacle for mixed use and attached housing projects, which are key types of developments desired in the Downtown Specific Plan area. Downtown residential development encourages walking and transit use, utilizes previously developed land, and supports local businesses. Since this Specific Plan guarantees infrastructure keeps pace with development (see Chapter 7: Infrastructure and Chapter 8: Implementation and Plan for Investment) and since development included in this Specific Plan is City-centered growth, the approved modification of the RDCS to allow for 500 Downtown housing units to the year 2020 to be exempt from the RDCS and its competition requirement, will assist with attaining the community's vision for Downtown.

This Specific Plan assigns block numbers to Downtown blocks for ease of discussion (see Figure 3). Blocks 1-14 are within the Downtown Core and Blocks 1-18 are within the Specific Plan boundary. This Specific Plan also makes recommendations for Blocks 19 and 20, which are outside the Specific Plan boundary.

Morgan Hill Downtown Specific Plan



Existing and Approved Land Uses

Figure 3



Proposed Zoning Designations
Figure 5

CHAPTER 2: LAND USES AND DEVELOPMENT STANDARDS

Goals, Policies, and Actions

The Morgan Hill General Plan identifies a goal of the Downtown to be "a vibrant, identifiable downtown". The following land use goals and objectives will guide public planning and implementation activities.

Land Use Goals and Objectives

- * Encourage a diverse mix of uses emphasizing specialty retail, restaurant, entertainment, residential and commuter-serving uses.
- * Emphasize Monterey Road and Third Street as the main commercial spines in Downtown.
- * Emphasize transit-oriented uses which do not require large amounts of on-site parking.
- * Rehabilitate existing Downtown residential units within residential areas; encourage redevelopment of key opportunity sites currently occupied with low-intensity residential uses to more intense mixed use projects.
- * Add a substantial number of residential units in and near Downtown with densities ranging from 18 to 40 or more dwelling units per acre.
- * Strengthen downtown through emphasis on the infill development of vacant lots along Monterey Road and Third Street.
- * Encourage the conversion of residential uses on side streets between Monterey Road and Depot Street to mixed-use projects consistent with CRD zoning.
- * Increase allowable density in the residential neighborhood west of Monterey Road and along Dunne Avenue, Fifth Street, and part of Fourth Street (Blocks 13 and 14).
- * Allow for visitor-serving lodging and "bed and breakfast" uses in the Downtown Area.

The following policies and actions support and will help implement these goals and objectives.

Policies

- * Encourage new development to expand pedestrian-oriented uses and amenities, especially along Monterey Road and Third Street.
- * Encourage land uses that have weekend and evening peak demands to better accommodate shared parking.
- * Promote high- and medium-density residential units in mixed-use development to increase the Downtown residential population. Adoption of this Specific Plan includes land use and zoning changes resulting in higher density near Dunne Avenue and Fifth Street (Block 14 and portions of Block 13) and on the VTA/Caltrain parking lot (Block 16).
- * Encourage mixed-use development that accommodates both the retail and residential land uses.
- * Promote Transit-Oriented Development along Third and Depot Streets, as well as on Block 16, to strengthen the relationship between the train station and residential uses. While Block 16 is designated for Mixed Use-CBD, desired development is for high-density residential use, Caltrain/VTA parking, with perhaps some office uses. Any commercial service use should be minor or ancillary, and retail uses are prohibited under this Specific Plan, as the goal is that retail uses be concentrated in the Downtown Core.
- * Encourage the preservation of the small-scale residential neighborhoods west of Monterey Road and north of Fourth Street.
- * Encourage development surrounding Downtown to promote transit-oriented, pedestrian-friendly development that would complement Downtown.
- * Allow residential-to-commercial conversions for uses such as offices, gift shops, beauty salons, health spas, restaurants, art galleries and studios, bed and breakfast hotels, or other similar uses.

Morgan Hill Downtown Specific Plan

Actions

- Provide funding assistance using redevelopment funds for programs such as facade improvement grants, commercial rehabilitation loans, and housing rehabilitation loans.
- Implement the Third Street Plaza/Promenade streetscape reconstruction and beautification project.
- Work with and encourage the Downtown Association and Chamber of Commerce to attract new businesses and to provide educational sessions for Downtown property and business owners.
- Review plans for new developments to ensure they provide sufficient retail building space, where appropriate.
- Enhance lighting by installing streetlights throughout Downtown, including along side streets and in parking areas to create a safe environment.
- Work with the Downtown Association and Downtown businesses to encourage more consistent operating hours and days.
- Work with the Downtown Association and other relevant organizations to provide assistance for Downtown activities, such as farmers markets, art shows, concerts, and other similar events.
- Provide Redevelopment Agency assistance to ensure that an operating theater use is retained Downtown. This could involve redevelopment of the Grubbs Theatre site or in another suitable location.
- Concurrent with adoption of this Specific Plan, amend the General Plan and Zoning Ordinance to extend the Mixed Use land use and CC-R (Central Commercial Residential) zoning designation north to Block 19.
- Concurrent with the adoption of this Specific Plan, amend the General Plan and Zoning Ordinance to increase the maximum density for Mixed Use land use designation and CC-R zoning district from 18 dwelling units per acre to 20 dwelling units per acre.
- Review plans for new development or remodels within the R2 and D-R3 zoning districts throughout Downtown to ensure compatibility with the existing residential development.
- This Specific Plan assumes that the shopping center at the intersection of Del Monte Avenue and West Second Street is retained. This site could be rezoned as CBD or R2 for redevelopment as a mixed-use or residential project if determined to be feasible and desirable.
- Concurrent with this Specific Plan, change land use designation and zoning, and support redevelopment of the existing shopping center located at the southwest corner of Dunne Avenue and Monterey Road (Block 20) to CC-R east of the SCVWD Upper Llagas Creek easement and D-R3 use west of the SCVWD easement.
- Use Redevelopment Agency resources to facilitate mixed-used development along Third Street.

CHAPTER 2: LAND USES AND DEVELOPMENT STANDARDS

Land Use Targets

While the vision for Downtown Morgan Hill is one welcoming a diversity of uses, it is important to work toward a mix of uses that are mutually supportive and consistent with the vision of a pedestrian-oriented downtown. Emphasis is placed on retaining and attracting the following uses:

1. Restaurants

A wide range of eating establishments is desired from simple grilles to white tablecloth restaurants. However, in the context of Morgan Hill, franchise fast food restaurants are felt to be appropriately located in places other than Downtown. Restaurants with outside dining or with openable window walls adjacent to the sidewalk will be especially promoted.

2. Entertainment Uses

Entertainment uses are desired. Cinema venues and music provided in conjunction with restaurant dining are most desirable.

3. Food Shops

Bakeries, natural food and local produce markets, wine, cheese and olive shops, and other special food businesses will add richness to the Downtown environment and provide convenient services near the commuter rail station.

4. Home Furnishings

The income levels of Morgan Hill residents offer a market for art and interior decorating items and services. Art galleries and decorative arts shops will increase the visual appeal of storefront windows and add to the pedestrian experience in Downtown.

5. Specialty Retail Uses

Niche markets will continue to allow for diverse and interesting additions to Downtown - especially those small businesses started by local residents with an interest in and passion for unique goods and a willingness to become active retailers. The feasibility of an "international walk of shops" that offers imported items from countries around the world should be analyzed. Such a use could develop in Downtown if determined to be feasible and desirable.

6. Professional Offices

Offices will provide additional life and vitality to Downtown as office workers provide activity on the sidewalks, and support retail shops and restaurants. Careful location of these uses, however, will be important to avoid gaps in retail and active frontages. Locations on upper floors above retail and restaurant uses, on side streets away from the Monterey Road and East Third frontages, and near Butterfield Boulevard will be most appropriate.

7. Commercial Services

Uses that serve Downtown visitors, residents, businesses, and commuters will increase the diversity of Downtown and increase the amount of time spent on each individual trip to the area. Beauty and nail salons, real estate and insurance offices, and businesses providing services to other businesses will be included. These uses are encouraged on streets other than Monterey Road and East Third Street to maximize the amount of retail along these corridors. Conversion of existing homes or new construction of small buildings on the side streets offer opportunities for these uses.

Morgan Hill Downtown Specific Plan

8. Residential Apartments and For-Sale Housing

Residents in and adjacent to Downtown will assist in extending the hours of activity in the area while providing important support for Downtown businesses and restaurants. Housing types that are appropriate to a location near a commuter rail station will be emphasized while low density housing projects that are similar to those in other areas of the community will not be allowed Downtown.

9. Grocery Market

A grocery store should be developed in or near Downtown to serve residents of Downtown and the surrounding neighborhoods. Smaller specialty food, wine, produce, bakery and deli goods are desired and anticipated to locate throughout Downtown. The grocery store and specialty shops are not expected to be in direct competition with one another.

10. Non-Retail Uses (e.g., Banks)

The Redevelopment Agency and Morgan Hill Downtown Association should work with banks and other non-retail uses on key sites within the Downtown Core along Monterey Road and Third Street, to either relocate to areas not zoned CBD, or to temporarily relocate the uses until the sites are intensified with more intensive mixed-use projects, when the uses would return to the sites.

In particular, the property owners, business owners and Morgan Hill Redevelopment Agency are strongly encouraged to pursue as priority projects the redevelopment of the two existing banks at the southwest and southeast corners of Main Avenue and Monterey Road, in a manner that

would accommodate desirable road improvements and widening to address traffic congestion of the Main Avenue road segment.

11. Mixed Use Opportunities outside Specific Plan Area

- The Britton School field south of the auditorium, located west of Monterey Road and between West Central and Keystone Avenues (Block 19), is currently designated as Public Facilities. This area should be reclassified to Mixed Use / CC-R to accommodate mixed-use development with a mix of office and residential uses (Block 19).
- Concurrent with adoption of this Specific Plan, the site of the existing shopping center at the southwest corner of Monterey Road and Dunne Avenue (Block 20), should be reclassified to Mixed Use/CC-R east of the creek easement and Medium Density Residential/D-R3 west of the easement. This area should include a mix of residential and commercial uses with mixed-use or commercial uses on the east portion of site and residential uses on the west portion on the site. This site may offer an opportunity for a larger "national retailer" type of tenant, with from 15,000 to 20,000 square feet of ground floor space.

Note: For the purpose of this Specific Plan, the term "retail use" includes restaurants, entertainment uses, food and grocery stores, retail uses, home furnishings, and other uses determined to be "retail" in nature, as opposed to offices, personal services and the like.

Retail Real Estate Overview

Downtown offers a quaint, pedestrian-friendly environment, and acts as the central hub of activity in Morgan Hill. Its close proximity to the train station and bus transit facilities provide direct access for residents and visitors. There is significant interest among municipal and local property owners to transform Downtown into a more successful vibrant environment. In addition, there is interest in increasing Downtown residential, commercial and retail densities. Historically, Downtown has had a successful schedule of annual events including the Mushroom Mundi Graz, Taste of Morgan Hill, Fourth of July celebration, and Summer Music Series. Additionally, the new courthouse is anticipated to increase the daytime business population, generating employees and visitors to the area.

Types of Retail

The amount of "supportable" retail is directly proportional to the size of the trade area and the amount of other retail in the trade area. Supportable retail can also vary based on geography, competition, success of existing retail, proximity to customer traffic generators, and it can expand or contract based on the combination of these factors.

The size of a retail facility determines whether it is a destination or convenience use. Larger format stores present depth and breadth of a wider range of merchandise, which allows them to be more destination uses. Smaller format stores are limited in what products or services they can offer, thus they are more convenience uses. Typically, destination uses are anchor business, which attract people to an area. Convenience uses are supported by customers of the destination uses and by nearby business and residents.

Types of Customers

There are three groups of retail customers, each having distinct hours for shopping and dining:

- **Local Residents:** If employed outside the area, local residents will shop or dine in the late afternoon through the evening, and on weekends. Others will shop or dine from 11:00 a.m. to 5:00 p.m. or later.
- **Daytime Business Population Employees:** This group of people will dine from 11:00 a.m. to 2:00 p.m., and shop and/or dine after 5:00 p.m. on weekdays. Most will not return on weekends.
- **Visitors:** Visitors will shop and/or dine from 11:00 a.m. to 8:00 or 9:00 p.m. every day, but because they have time to invest in shopping, they are more willing to travel to other competing shopping destinations.

Site Selection

The key factor for a retailer's assessment of a location is the sales potential. In the retail business, location is directly linked to sales and profitability. Sales potential determines whether to invest money and "people capital" in that particular location relative to other opportunities.

Selecting a potentially profitable location is dependent on several factors, including:

- complementary retail uses;
- pedestrian access;
- easy parking access;
- demographics of the trade area;
- cost of the leasable space; and
- historical sales performance.

Transitional/Temporary Uses

Until there is a strong market demand for retail in Downtown, property owners might find it difficult to find retail tenants. Property owners should design ground-floor spaces to accommodate retail uses (i.e. building depth, outdoor eating areas, and ground-floor ceiling height) and should actively search for retail tenants. Once there is a stronger demand for retail, interim uses such as office uses can transition out while retail uses take over the spaces.

Challenges to Retail

The most significant challenge with improving Downtown is attracting a strong retail and entertainment base. Currently, there is not enough residential critical mass in and around Downtown to support a dramatic increase in retail and service uses. Regional retail competition also poses challenges. Many residents shop at regional competition retail centers including Valley Fair, Oakridge, Gilroy Premium Outlets, Gilroy Crossing and Cochrane Commons. Currently, there is limited regional draw to downtown, mostly due to the lack of retail critical mass of destination uses.

Additionally, as the Downtown Core increases its retail square footage, creation of enough parking becomes necessary. Other challenges include the lack of a daytime business population and the lack of consistent hours of operation by retail and restaurant owners. It is a combination of factors that will attract a retail base, residential uses, entertainment destination uses, and additional office space. This plan seeks to create a critical mass by increasing residential densities, working with or modifying the RDCS to ensure accommodation of Downtown development, and ensuring construction of appropriately designed commercial space.

2015 and 2030 Development Projections

Redevelopment within Downtown Morgan Hill is expected to occur gradually over time. Major factors affecting the pace of development include:

- how RDCS applies to Downtown;
- the amount and type of public investment in Downtown;
- the success of initial Downtown redevelopment projects; and
- the risk levels Downtown property owners are willing to accept.

Overall, Downtown is expected to be a vibrant, mixed-use and pedestrian-friendly environment with an average of three story heights especially along Monterey Road and East Third Street. Larger sites of about one-half acre in size will be able to develop with up to four stories.

The City's Redevelopment Agency has completed various improvements throughout the Downtown area, including the construction of bulbouts at several intersections and infrastructure improvements along Depot Street, including street trees, lighting, and wide sidewalks. The Redevelopment Agency is investing up to \$40 million on additional improvements and projects throughout Downtown. These improvements will greatly affect the timing of future private development projects.

Properties such as the Sunswet site and the Downtown Mall site have received residential allotments for mixed-use projects. Other property owners may look to the success of these projects before moving forward with projects of their own. These property owners will need to closely evaluate the risk associated with redevelopment. If this risk is beyond their comfort level, they may choose not to redevelop or the Redevelopment Agency will have to provide assistance as a public/private partnership project.

ATTACHMENT C

CHAPTER 2: LAND USES AND DEVELOPMENT STANDARDS

With these and other factors in mind, City Staff, RBF Consulting, Johnston Real Estate Services, and DKS Associates projected the sites most likely to redevelop by 2015 and 2030. The purpose of the projection was to guide development and phasing assumptions in the Master Environmental Impact Report (EIR) and traffic analysis, and to guide development of the Parking Resources Management Strategy (see Chapter 4 for a summary). The sites projected to redevelop by 2015 were selected based on communications with property owners and an assessment of the existing built conditions. Likewise, the development projected to occur between 2015 and 2030 is based on present and expected market conditions and an understanding of parking and retail needs in the Downtown area.

The sites selected for the 2015 Development Projection generally have residential allotments through the Residential Development Control System (RDCS) and have property owners or developers who are actively evaluating and preparing development plans. For the purpose of defining a first phase, this Specific Plan assumes that Blocks 1, 2, 3, 4, 7, portions of 13 and 14, 15, 17, and 18 would redevelop by 2015 (see Figure 3 or 6 for block numbers). Block 20 (outside of the Specific Plan boundary) was initially projected to redevelop by 2015, but due to 2008/2009 Recession conditions, it was determined that the Master EIR Traffic Study would assume continued commercial use of the block, in order to present “worst case” traffic conditions. The previously projected 82 new residential units for this block were shifted for the purpose of the Traffic Study to Block 16, the Caltrain parking lot site. However, redevelopment of Block 20 in the manner proposed by the Specific Plan, to Multi-family Medium/R-3 west of the SCVWD ROW and Mixed Use/CC-R east of the ROW remains a land use goal for Block 20. A “Commercial Use Overlay” is therefore proposed to be added to the Multi-Family Medium parcels, to allow for use of a Commercial Administrative Use Permit

Process for Block 20, so that commercial use could continue to occur in the interim before redevelopment of the block is feasible. Property owners are encouraged to work with the City/Redevelopment Agency to develop and carry out a strategy for redevelopment of the west portion to residential use.

It must be emphasized that the phasing assumptions are not intended to and will not be interpreted to act as a geographic or numeric constraint to the location, level and/or timing of development. Under this adopted Specific Plan, other blocks, or portions of blocks, may redevelop first. The overall level and location of actual development will be monitored by the City to ensure that land use regulations, parking management activities, and environmental (CEQA) compliance is appropriate to actual conditions over time.

Also, the projections do not represent the maximum buildout potential of all sites or of all of Downtown, which is determined by the maximum development permitted by the Zoning Ordinance, and future development applications submitted by property owners may propose different types or densities of development. Again, actual development will be monitored, with future actions taken as necessary, for consistency and appropriate regulatory and CEQA compliance.

The projections intend to present a reality-based “likely redevelopment scenario” for 2015 and 2030, for the purpose of focusing policies, programs and activities. The Master EIR and Parking Resources Management Strategy will use these projections instead of the “maximum buildout” in order to realistically assess the future of Downtown. Using the maximum potential development approach would likely result in providing excessive parking or requiring unnecessary mitigations. It is intended that the Master EIR provide environmental clearance to the projected realistic 2030 level of development, and if future projects exceed that level, a future

Morgan Hill Downtown Specific Plan

CEQA document will be needed.

Figure 6 shows the Ground Floor Overlay (GFO), which requires ground-floor retail uses along portions of Monterey Road and Third Street. See the Ground Floor Overlay (GFO) discussion in the Zoning Districts section below for minimum ground-floor retail building depths and floor to ceiling heights required by the GFO.

Figure 7 shows areas encouraged to include ground-floor retail uses and the recommended ground-floor retail building depths for these locations. These recommendations are based on an analysis prepared by Johnston Real Estate Services and discussions with City Staff, RBF Consulting, and Downtown business and property owners.

Overall Assumptions

Currently the Downtown Core (Blocks 1-14) has approximately 123,000 square feet of retail, 122,000 square feet of office, 1,500 square feet of industrial, 53,000 square feet of public facilities, and 190 residential units (City of Morgan Hill data, 2007).

Future projections for Downtown are described below and are shown in the tables on the following pages.

Future projections were calculated based on total development by 2015 and total development by 2030 (which includes the development included in the 2015 projections).

These projections are then classified as "net new" and "total" development. Net new development represents the amount of new development less any existing development that will be replaced. For example, if a site with a 1,000 square foot building is to be redeveloped with a project with a 5,000 square foot building, this would represent a net new development of 4,000 square feet (5,000 new square feet minus 1,000 existing square feet to be redeveloped). Total development represents the net new development plus additional existing

development. For example, if the above 4,000 net new square feet is developed in an area with 10,000 additional existing square feet, the total development would be 14,000 total square feet (4,000 net new square feet plus 10,000 additional existing square feet).

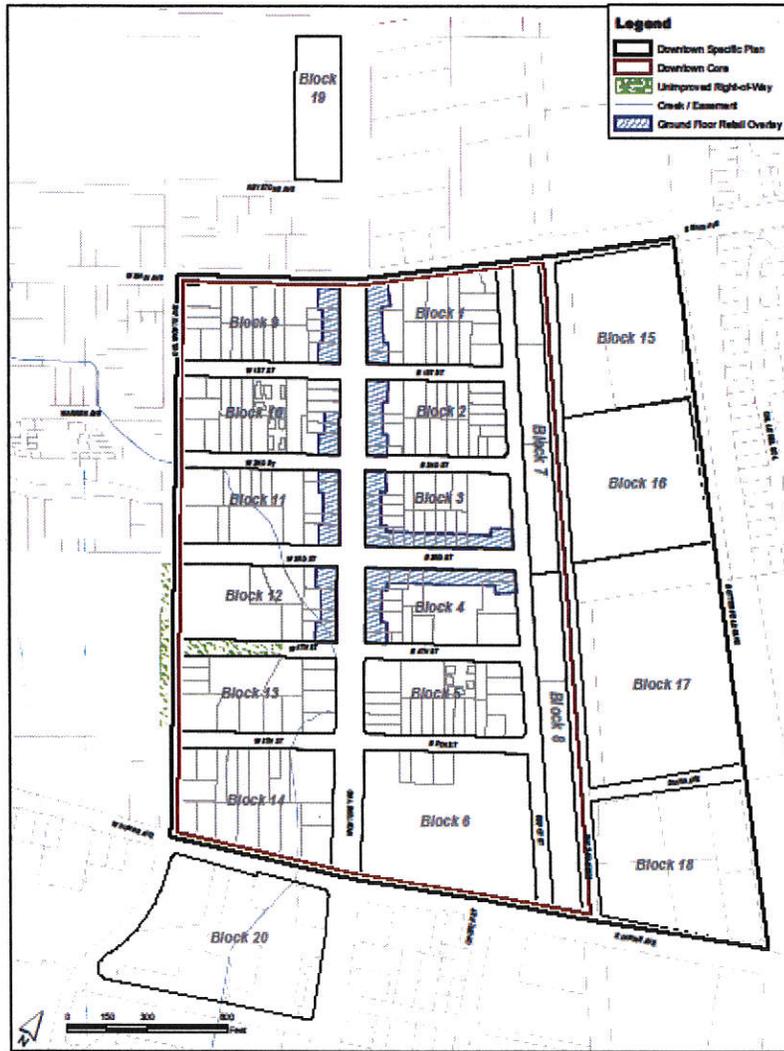
The future projections were further classified into three boundaries to better assess the future of Downtown development and to provide more specific information for related reports, such as the Parking Resources Management Strategy and the Master Environmental Impact Report (EIR). These three boundaries are the Downtown Core boundary (Blocks 1-14), the Specific Plan boundary (Blocks 1-18), and the Specific Plan boundary with Blocks 19 and 20 (Blocks 1-20).

The 2015 residential development projections assume the existing residential development control system (RDCS) of 255 units within Blocks 1-20 (allocations awarded by March 2006), an additional 100 residential units provided by Measure F (November 2006 ballot measure), and 495 of the 500 exempt housing units provided by the May 2009 ballot measure approved by the voters, for a total of 850 units.

These projections serve to identify the potential change in development for the CEQA analysis, Parking Resources Management Strategy, traffic analysis, and other relevant studies and analyses.

Refer to Appendix C (Development Projections by Block) for a more detailed table summarizing the development projections and assumptions by block.

CHAPTER 2: LAND USES AND DEVELOPMENT STANDARDS



Ground Floor Retail Overlay

Figure 6



Retail Building Depth Recommendations

Figure 7

CHAPTER 2: LAND USES AND DEVELOPMENT STANDARDS

**City of Morgan Hill
Downtown Specific Plan
2030 Development Summary - Blocks 1-14 (Downtown Core)**

Land Use	Existing Development ¹	Development by 2015		Development by 2030	
		Net New	Total	Net New	Total
Retail	123,385 Sq Ft	94,221 Sq Ft	217,586 Sq Ft	166,400 Sq Ft	280,855 Sq Ft
Residential	193 DU	548 DU	739 DU	661 DU	874 DU
Office/Service	122,248 Sq Ft	30,157 Sq Ft	152,405 Sq Ft	60,591 Sq Ft	182,839 Sq Ft

¹ Blocks 1-14 excluding public facilities (including schools, Community and Cultural Center, churches, social halls) and industrial

Assumptions	
Existing Retail Development to be Replaced by Projected Redevelopment	
16,800 sq ft	from the existing Downtown Mall at Monterey Road and First Street (Block 2)
20,050 sq ft	from the existing bookstore building along Depot Street (Block 3)
2,050 sq ft	from the existing liquor store at Monterey Road and Third Street (Block 4)
total	38,900 sq ft

**City of Morgan Hill
Downtown Specific Plan
2030 Development Summary - Blocks 1-18 (Downtown Specific Plan Boundary)**

Land Use	Existing Development ¹	Development by 2015		Development by 2030	
		Net New	Total	Net New	Total
Retail	123,385 Sq Ft	94,221 Sq Ft	217,586 Sq Ft	166,400 Sq Ft	280,855 Sq Ft
Residential	193 DU	760 DU	953 DU	1,081 DU	1,274 DU
Office/Service	122,248 Sq Ft	30,157 Sq Ft	152,405 Sq Ft	60,591 Sq Ft	182,839 Sq Ft

¹ Blocks 1-18 excluding public facilities (including schools, Community and Cultural Center, churches, social halls) and industrial

Assumptions	
Existing Retail Development to be Replaced by Projected Redevelopment	
16,800 sq ft	from the existing Downtown Mall at Monterey Road and First Street (Block 2)
20,050 sq ft	from the existing bookstore building along Depot Street (Block 3)
2,050 sq ft	from the existing liquor store at Monterey Road and Third Street (Block 4)
total	38,900 sq ft

**City of Morgan Hill
Downtown Specific Plan
2030 Development Summary - Blocks 1-20 (Downtown Specific Plan Boundary and Blocks 18-20)**

Land Use	Existing Development ¹	Development by 2015		Development by 2030	
		Net New	Total	Net New	Total
Retail	213,385 Sq Ft	21,221 Sq Ft	234,586 Sq Ft	95,490 Sq Ft	306,855 Sq Ft
Residential	201 DU	650 DU	1,051 DU	1,190 DU	1,393 DU ²
Office/Service	122,248 Sq Ft	30,157 Sq Ft	152,405 Sq Ft	65,591 Sq Ft	207,839 Sq Ft

¹ Blocks 1-20 excluding public facilities (including schools, Community and Cultural Center, churches, social halls) and industrial

² includes an additional 10 dwelling units to account for the increase in density for the CC-R zoning district

Assumptions	
Existing Retail Development to be Replaced by Projected Redevelopment	
16,800 sq ft	from the existing Downtown Mall at Monterey Road and First Street (Block 2)
20,050 sq ft	from the existing bookstore building along Depot Street (Block 3)
2,050 sq ft	from the existing liquor store at Monterey Road and Third Street (Block 4)
60,000 sq ft	from the existing shopping center at Monterey Road and Duane Avenue (Block 20)
total	128,900 sq ft

Assumptions by Block

Each block in Downtown has a distinct character and potential for redevelopment based on the land use, zoning, and proximity to Monterey Road and East Third Street. Refer to Figure 6 for the required minimum retail depths for properties within the Ground Floor Overlay (GFO) district and Figure 7 for encouraged ground-floor retail locations and recommended building depths.

Development assumptions by block include:

- **Block 1:** This block has a CBD Mixed Use (General Plan) and CBD (Zoning Ordinance) designation. The projected redevelopment occurs primarily along Monterey Road and includes ground-floor retail uses with offices or residential on the upper floor(s). The required minimum depth of ground-floor retail is 60 feet along Monterey Road and 80 feet at each intersection with Monterey Road (therefore a minimum of 80 feet by 80 feet and a minimum of 6,400 square feet). This block contains an existing bank located at the southeast corner of Main Avenue and Monterey Road. The property owner and the Redevelopment Agency are encouraged to work together to redevelop the site in a manner that would accommodate desirable road improvements and widening to address traffic congestion of the Main Avenue road segment, better accommodate left turns from Monterey, and improve the Main/Monterey intersection.
- **Block 2:** This block has a CBD Mixed Use (General Plan) and CBD (Zoning Ordinance) designation. The projected redevelopment occurs primarily along Monterey Road and includes ground-floor retail uses with offices or residential on the upper floor(s). Redevelopment of this block may incorporate a remodeled or new Granada Theater for a cinema or entertainment use, however the Specific Plan does not require this, and a cinema on an alternate downtown site is acceptable. Under any scenario,

however, it is a goal of the Specific Plan that the existing Granada upright sign and marquee be retained in the downtown, associated with a cinema or entertainment use. The projected redevelopment offers the potential for a parking structure internal to the block or underground parking. The required minimum depth of ground-floor retail is 60 feet along Monterey Road and 80 feet at each intersection with Monterey Road (therefore a minimum of 80 feet by 80 feet and a minimum of 6,400 square feet). Retail spaces along East First and Second Streets are strongly encouraged with depths between 80 and 120 feet.

- **Block 3:** This block has a CBD Mixed Use (General Plan) and CBD (Zoning Ordinance) designation. The projected redevelopment occurs primarily along Third Street and includes ground-floor retail uses with offices or condominiums/apartments on the upper floor(s). Restaurants with outdoor dining areas and specialty shops are encouraged along Third Street. Property owners of smaller parcels are encouraged to combine lots and take advantage of the higher floor-area ratio (2.25 FAR for sites of 22,000 square feet or more, rather than the base 2.0 FAR for sites less than 22,000 square feet). Four story heights may be proposed on this block on sites of 22,000 square feet or more, but four story heights are not allowed on parcels fronting Monterey Road. Development on this block should act as a landmark for Downtown and should be more intense than development along adjacent streets. Large projected redevelopment sites offer the potential for underground parking. The required minimum depth of ground-floor retail is 60 feet along Monterey Road and Third Street, and 80 feet at each intersection with Monterey Road and Depot Street (therefore a minimum of 80 feet by 80 feet and a minimum of 6,400 square feet). Retail spaces along East Second Street are strongly encouraged

CHAPTER 2: LAND USES AND DEVELOPMENT STANDARDS

with depths between 80 and 120 feet. Relocation of the Granada Theater sign and marquee to the Monterey Road frontage of this block would be a suitable redevelopment project, for a new cinema or entertainment use if the existing Granada Theater site is used for other purposes.

- **Block 4:** This block has a CBD Mixed Use (General Plan) and CBD (Zoning Ordinance) designation. The projected redevelopment occurs primarily on the parcels generally referred to as the "Sunsweet Site" and includes ground-floor retail uses with offices or condominiums/apartments on the upper floor(s). Restaurants with outdoor dining areas and specialty shops are encouraged along Third Street. Property owners of smaller parcels are encouraged to combine lots and take advantage of the higher floor-area ratio (2.25 FAR for sites of 22,000 square feet or more, rather than the base 2.0 FAR for sites less than 22,000 square feet). Four story heights may be proposed on this block but four story heights are not allowed on parcels fronting Monterey Road. Development on this block should act as a landmark for Downtown and should be more intense than development along adjacent streets. Large projected redevelopment sites offer the potential for underground parking. The required minimum depth of ground-floor retail is 60 feet along Monterey Road and Third Street, and 80 feet at each intersection with Monterey Road (therefore a minimum of 80 feet by 80 feet and a minimum of 6,400 square feet).
- **Block 5:** This block has a CBD Mixed Use (General Plan) and CBD (Zoning Ordinance) designation. This block is not within the Ground Floor Retail Overlay (GFO) zoning district. Should ground-floor retail uses develop, the recommended minimum depth of such uses is between 50 and 80 feet along Monterey Road and at the intersection of Monterey Road and Fourth Street.
- **Block 6:** This block has a CBD Mixed Use and Public Facilities (General Plan) and D-PF and CBD (Zoning Ordinance) designation. This block is not within the GFO district. No redevelopment of existing buildings is assumed; however redevelopment may occur on the existing residential properties. This Plan projections for this block assumed the retention of the existing Community and Cultural Center (CCC), Gavilan Collage building, and outdoor amphitheater. The site offers the potential for structured parking on the existing CCC surface parking lot to increase the public parking supply and the parking could be a designated parking area for Downtown employees. The Specific Plan identifies a preferred future project consisting of re-routing Depot Street through the CCC parking lot, in order to create an intersection with Church Street at the signal. This allows Depot Street to remain connected to Dunne Avenue even when the Dunne/UPRR grade separation project (undercrossing of RR tracks) occurs. This project should be designed in a manner that allows sufficient site area for structured parking, accommodates private property access requirements, and facilitates pedestrian travel to CCC and Gavilan uses.
- **Block 7:** This block has a CBD Mixed Use (General Plan) and CBD (Zoning Ordinance) designation. This block is not within the GFO district. The site offers the potential for structured parking on the existing surface parking lot to increase the parking supply. Long-term and visitor secured bicycle parking facilities are encouraged within the parking area.
- **Block 8:** This block has a CBD Mixed Use (General Plan) and CBD (Zoning Ordinance) designation. This block is not within the GFO district. The site offers the potential for surface or structured parking to increase the parking supply.

- **Block 9:** This block has a CBD Mixed Use (General Plan) and CBD (Zoning Ordinance) designation. The required minimum depth of ground-floor retail is 60 feet along Monterey Road and 80 feet at each intersection with Monterey Road (therefore a minimum of 80 feet by 80 feet and a minimum of 6,400 square feet). The bank parcel offers an opportunity for redevelopment with a mixed-use project. The property owners and the Redevelopment Agency are encouraged to work together to redevelop the office building site and/or the existing bank site at the southwest corner of Main/Monterey in a manner that would accommodate desirable road improvements and widening to address traffic congestion of the Main Avenue road segment and improve the Main/Monterey intersection. It is also desirable on this block to pursue a continuous parking lot from Main Avenue through to First Street, behind the Monterey frontage buildings.
- **Block 10:** This block has a CBD Mixed Use and Multi-Family Low (General Plan) and CBD, R2, and RFD (Zoning Ordinance) designation. The required minimum depth of ground-floor retail is 60 feet along Monterey Road and 80 feet at each intersection with Monterey Road (therefore a minimum of 80 feet by 80 feet and a minimum of 6,400 square feet).
- **Block 11:** This block has a CBD Mixed Use and Multi-Family Low (General Plan) and CBD and R2 (Zoning Ordinance) designation. The required minimum depth of ground-floor retail is 60 feet along Monterey Road and 80 feet at each intersection with Monterey Road (therefore a minimum of 80 feet by 80 feet and a minimum of 6,400 square feet). Retail spaces along West First and Second Streets are strongly encouraged with depths between 80 and 120 feet. The City-owned parcel at Upper Llagas Creek is planned for a passive park with a creek interpretive element, which would link to a pedestrian/bicycle pathway to Del Monte Avenue. As stated above in the Actions section, the existing shopping center at the intersection of Del Monte Avenue and West Second Street is assumed to be retained. If feasible and desirable, this site could redevelop with a mixed use or residential project.
- **Block 12:** This block has a CBD Mixed Use, Multi-Family Low, and Residential Estate (General Plan) and CBD, R2, and RE (Zoning Ordinance) designation. This block contains the "Nob Hill" geographic feature, which has the large-lot residential designation given the hillside topography. The required minimum depth of ground-floor retail is 60 feet along Monterey Road and 80 feet at each intersection with Monterey Road (therefore a minimum of 80 feet by 80 feet and a minimum of 6,400 square feet). The site offers the potential for a restaurant development oriented toward the Upper Llagas Creek corridor. The RDA parcel could serve as a passive park.
- **Block 13:** This block has a CBD Mixed Use, Multi-Family Medium, and Residential Estate (General Plan) and CBD, D-R3, and RE (Zoning Ordinance) designation. This block is not within the GFO district. The projected redevelopment assumes the existing multi-family low (R2) designation is increased to multi-family medium (R3) to a density of up to 21 dwelling units per acre. The site offers the potential for a restaurant development oriented toward the Upper Llagas Creek corridor.

CHAPTER 2: LAND USES AND DEVELOPMENT STANDARDS

- * **Block 14:** This block has a CBD Mixed Use and Multi-Family Medium (General Plan) and CBD and D-R3 (Zoning Ordinance) designation. This block is not within the GFO district. The projected redevelopment assumes the existing multi-family low (R2) designation is increased to Downtown multi-family medium (D-R3) to a density of up to 21 dwelling units per acre. Redevelopment of the site offers the potential for residential uses and approximately 30,000 square feet of offices.
- * **Block 15:** This block has a Multi-Family High (General Plan) and D-R4 (Zoning Ordinance) designation. This block is not within the GFO district. The projected redevelopment includes development of an approved housing project with 134 dwelling units (99 of which have RDCS allotments). The Redevelopment Agency is providing assistance so that the existing concrete batch plant will be relocated from this site to a more suitable site outside of the Downtown area.
- * **Block 16:** This block has a CBD Mixed Use (General Plan) and CBD Central Business District (zoning), with no maximum density. Redevelopment of the surface parking lot offers the potential for a transit-oriented development with high density residential units. Offices could also be appropriate in a mixed use project. Redevelopment of this block assumes the retention of the Caltrain parking spaces, but the spaces may be provided in a structure on the site or nearby. The level of projected development assumed in the EIR Traffic Study included 268 residential housing units and the parking spaces. If other uses beyond residential and parking are considered for this block, offices would be appropriate, and perhaps some minor or ancillary commercial services, however retail uses are prohibited on this block, in order to support the Specific Plan goal that retail uses locate within the 14-block Downtown Core. It would be appropriate to develop this block with land use intensity, and four story heights are allowed on this block, subject to Design Review.
- * **Block 17:** This block has a Public Facility (General Plan) and D-PF (Zoning Ordinance) designation. This block is not within the GFO district. This block is the site of the South County Courthouse, which opened in April 2009. This block is also the site of a planned fire station and a pedestrian plaza connection offering an at-grade pedestrian/bike connection across the railroad tracks to East Third Street.
- * **Block 18:** This block is planned for a mix of uses. The existing parcels with frontage on Butterfield Boulevard are proposed for a General Plan change from "Mixed Use" to "Office Industrial" and a zoning change from "PUD" to "CO - Administrative Office". The parcel containing the existing Mama Mia's restaurant would remain designated Mixed Use, with a CC-R zoning. The parcels on the remainder of the block are proposed for a General Plan change from "Mixed Use" to "Multi-Family Medium" and a zoning change from "PUD" to "D-R3 Downtown Medium Density Residential/PUD", and this portion of the block has 80 residential allocations in place.
- * **Block 19:** This block is outside of the Specific Plan boundary, but is recommended for land use designation changes concurrent with adoption of this Specific Plan. This block has a Mixed Use (General Plan) and CC-R (Zoning Ordinance) designation. This block is not within the GFO district. The projected redevelopment offers the potential for a mixed-use development with 27 dwelling units and 25,000 square feet of office uses fronting Montezuy Road, south of the existing school auditorium.
- * **Block 20:** This block is outside of the Specific Plan boundary, but is recommended for land use designation changes concurrent with adoption of this Specific Plan. This block has a

Mixed Use and Multi-Family Medium (General Plan) and CC-R and R3 (Zoning Ordinance) designation. This block is not within the GFO district. The projected redevelopment offers the potential for mixed use development east of the creek easement and medium density residential units west of the creek easement, to total approximately 90 dwelling units and 17,000 square feet of ground-floor retail uses on the block. However, due to 2008/2009 Recession conditions, it was determined that the Master EIR Traffic Study would assume continued commercial use of the block, in order to present "worst case" traffic conditions. The previously projected 82 new residential units for this block were shifted for the purpose of the Traffic Study to Block 16, the Caltrain parking lot site. The goal of the Plan for the westerly portion of the block is for multi-family medium use, but a Commercial Use Overlay District will allow for a Commercial Administrative Use Permit Process for at least 5 years so that commercial use can continue to occur in the interim before redevelopment of the block is feasible.

Ground Floor Overlay District and Downtown Administrative Use Permit

To enhance the pedestrian character of Downtown and assist in guiding the location of businesses in support of Downtown's vision, ground floor spaces along portions of Monterey Road and Third Street within the Downtown Ground Floor Overlay District (GFO) will be restricted to retail shops, restaurant and entertainment uses, and certain service commercial businesses that are determined to support a continuity of display window visual interest. These businesses could include florists, dry cleaners, and similar uses that serve the community and commuters on a daily or weekly basis. Recently constructed buildings that are clearly designed for office uses and civic buildings are not included in the GFO (assessor parcel numbers 767-07-027, -028, and -029). See Figure 6 for the location of the GFO.

The Downtown Administrative Use Permit (DAUP) allows for commercial, professional and medical office uses, and personal services uses to locate in first floor locations on parcels located within the GFO district if the retail market is not yet sufficiently strong to accommodate a retail use within the space. Ground floor personal service uses may be allowed within a tenant space if the use is ancillary to a retail use occupying the same space and will provide continuity of display window visual interest that includes the retail component.

Affordable Housing

The City's regulations exempt residential development within the Specific Plan boundary from providing deed-restricted affordable housing for rental or for-sale housing. Projected residential development is anticipated to include mixed-use developments and smaller unit sizes than the City as a whole and, therefore, the units would "naturally" be more affordable than development outside of Downtown. Rental units also add to the overall supply of affordable housing, which would be provided by apartments and other rental housing units.

Residential Development Control System (RDCS)

Morgan Hill voters approved a ballot measure in May 2009 to exempt 500 residential units from the RDCS process within the Downtown area (Blocks 1 – 20), within the city's current RDCS population cap of 48,000 persons in the year 2020. The 500 units represents an average of 45 units per year. Under the exemption, residential and mixed use development in Downtown that are consistent with the Specific Plan will need only to secure a Design Permit and Building Permit, with some uses also requiring a Conditional Use Permit or DAUP. If a project proposes a change to the Specific Plan development standards, a Planned Development zoning designation would be required, but the residential units would still be exempt from the RDCS.

Zoning Districts

The following sections serve as the land use and certain parking zoning regulations and standards for this Specific Plan. The regulations and standards in these sections supersede those in the Morgan Hill Zoning Ordinance (Zoning Ordinance) for properties within the Specific Plan area boundary. Zoning districts in this area include:

- CBD Central Business District (no minimum, no maximum density)
- Ground Floor Overlay (GFO)
- RE Residential Estate (0-1 du/ac)
- R2 Downtown Medium-Density Residential (5-14 du/ac)
- D-R3 Downtown Medium-Density Residential (14-21 du/ac)
- D-R4 Downtown High-Density Residential (21-40 du/ac)
- D-PF Downtown Public Facilities
- PD Planned Development

Sites designated as CC-R, CO, or GC zoning districts shall use the standards provided in the Zoning Ordinance and Municipal Code.

Figure 8 lists the permitted, conditionally permitted, permitted by Downtown Administrative Use Permit, and not permitted uses for the above zoning districts (excluding Planned Development).

Other Morgan Hill Zoning Ordinance and Municipal Code provisions, where not in conflict with the standards within this Specific Plan, continue to apply. Examples include, but are not limited to, Flood Damage Prevention Overlay District (Chapter 18.42), Design Permit (Chapter 18.74), Historic and Archaeological Resources (Chapter 18.75), Water-Conserving Landscape (Chapter 18.73), Significant Tree (Chapter 12.32), and Parking Ordinance (Chapter 18.50) provisions not in conflict with this Plan.

Morgan Hill Downtown Specific Plan

Permitted Uses

Figure 8 below lists uses that are permitted (P), conditionally permitted (C), conditionally permitted with a Downtown Administrative Use Permit (A), and not permitted (N).

Figure 8
Permitted Uses (within the Specific Plan Boundary)

Use <i>(Block 16 is subject to special use restrictions. Uses with an N in the column after the CBD column means that retail or commercial use is prohibited on Block 16)</i>	CBD	CBD Block 16	GFO	D-PF	R2 D-R3 D-R4	RE
Commercial/Service/Retail Uses						
Antique shop, vintage clothing and collectibles	P	N	P	N	N	N
Arts and crafts gallery	P	N	P	N	N	N
Bed and Breakfast Lodging	C	N	N	N	C	C
Commercial recreation (3,000 sq. ft. or less)		P	C	C	N	N
Commercial recreation (greater than 3,000 sq. ft.)		C	C	C	N	N
Commercial service		P	A	N	N	N
Convenience market/store	C	N	C	N	N	N
Dry cleaner, shoe repair	P	N	C	N	N	N
Family day care, small		C	N	N	P	P
Financial services, bank		P	C	N	N	N
Food service, takeout	P	N	P	N	N	N
Hotel	C	N	C	N	N	N
Nightclub and bar (ancillary to a restaurant)	C	N	C	N	N	N
Nightclub, bar, theater (not ancillary to a restaurant)	C	N	C	N	N	N
Nursery school/large family day care facility		C	N	C	C	C
Personal services	P	N	A	N	N	N
Public/quasi-public building (education, cultural, or public-service)		C	A	P	C	C
Public Parking Lots or Structures		P	C	P	C	N
Restaurant (beer & wine permitted; bars conditionally permitted)	P	N	P	N	N	N
Retail store	P	N	P	N	N	N
School, general educational	C	N	N	C	N	N
Social hall, lodge, fraternal organization, community club, religious facilities	C	N	N	C	C	C
Specialty food market	P	N	P	N	N	N
Theater	C	N	C	N	N	N
Residential Uses						
Duplex, triplex		C	N	N	P	N
Congregate care for the elderly/assisted living facility (>6)		N	N	C	C	N
Home occupations (in accordance with Chapter 18.04.235: Home Occupations, of the Zoning Ordinance)		P	C	N	P	P
Live/work unit		P	C	N	N	N
Mixed use residential (residential use above some other use)		P	P	N	N	N
Multi-family dwelling		C	C	N	P	N
Nursing/convalescent hospital		N	N	C	C	N
Residential congregate care facility - large (>6)		N	N	C	C	N
Residential congregate care facility - small (≤6)		N	N	N	P	P
Single-family attached dwelling		C	N	N	P	P
Single-family detached dwelling		C	N	N	P	P

Figure 8 (Continued)
 Permitted Uses (within the Specific Plan Boundary)

Use (Block 16 is subject to special use restrictions. Uses with an N in the column after the CBD column means that retail or commercial use is prohibited on Block 16)	CBD	CBD Block 16	GFO	D-PF	R2 D-R3 D-R4	RE
Office/Professional Uses						
Business, trade or tutoring school	P	A	C	N	N	N
Business support services	P	A	N	N	N	N
Hospital	P	N	N	N	N	N
Medical office	P	N	N	N	N	N
Office, administrative	P	A	C	N	N	N
Professional office	P	A	C	N	N	N
Other Uses						
Drive-in establishments	C	N	N	N	N	N
Public Parking Lots or Structures	P	C	P	C	C	N
Other uses similar to permitted or conditionally permitted uses as determined by the Planning Commission to be permitted	C	C	C	C	C	C

Requirement for Air Quality and Transportation Demand Management Plan (AQ-TDM Plan)

As part of the Design Permit process, all projects subject to the Design Review requirements shall submit a proposed Air Quality and Transportation Demand Management Plan (AQ-TDM Plan) for review and action by the Community Development Director. The AQ-TDM Plan will incorporate appropriate measures at appropriate locations as determined through the design permit process, such as the following, to reduce air quality impacts:

- Provide bicycle lanes, sidewalks and/or paths, connecting project residences to adjacent schools, parks, the nearest transit stop and nearby commercial areas.
- Provide secure and conveniently placed bicycle parking and storage facilities at parks and other facilities.
- Allow only natural gas fireplaces. No wood burning devices would be allowed.
- Construct transit amenities such as bus turnouts/bus bulbs, benches, shelters, etc.

- Provide direct, safe, attractive pedestrian access from project land uses to transit stops and adjacent development.
- Provide showers and lockers for employees bicycling or walking to work.
- Provide transit information kiosks and bicycle parking at commercial facilities.
- Provide secure and conveniently located bicycle parking and storage for workers and patrons.

Public parking lots constructed or assisted by the City or Redevelopment Agency of Morgan Hill and private residential parking facilities of 50 spaces or more shall include the following amenities:

- Electric vehicle charging facilities.
- Preferential parking for Low Emission Vehicles (LEVs).

Morgan Hill Downtown Specific Plan

Central Business District (CBD)

A large portion of Downtown along Monterey Road and to the west of the railroad tracks, as well as the VTA/RDA Block 16, is within the CBD Central Business District. Each project will be carefully reviewed to ensure compatibility with the vision and intent of this plan. The design guidelines included in this document will serve to assist city staff, the Planning Commission and/or the City Council in making consistency determinations and with design permits.

Purpose of the CBD District

The CBD designation is generally applied to parcels within the Downtown Core and other Block 16, the existing VTA/Caltrain parking lot. Figure 9, below, illustrates the development standards for the CBD zoning district.

The purposes of this district are to:

- implement the goals and objectives of the Downtown Morgan Hill Specific Plan;
 - support traditional architectural styles and features, while also allowing for design creativity and use of contemporary materials in a manner found to be compatible with the Downtown vision and character;
 - provide a variety and intermixture of residential, commercial, and public activities in the downtown core;
 - provide additional housing stock, and conserve housing stock in residential areas west of Monterey Road; and
 - increase residential and commercial densities in the Downtown Core.
- Density**
- No minimum; and no specified maximum
- Development Standards**
- Lot area: 3,500 square feet minimum
 - Lot width: 40 feet minimum
 - Lot depth: 80 feet minimum
- Maximum building coverage not specified;
 - Floor area ratio: 2.0 maximum or 2.25 maximum for sites of 22,000 square feet or more. FAR is the total building square footage (excluding parking areas) divided by the total site (parcel) square footage;
 - Minimum number of floors: 2 stories;
 - Maximum number of floors: 3 stories, except that 4 stories are allowed within Blocks 3, 4, and 16; however, within Blocks 3 and 4 the parcels that front Monterey Road are not allowed to develop with 4 stories. A stepback is required for buildings with 4 stories. There is no specific distance for the stepback; however, the stepback shall maintain a "human scale" and provide for adequate solar access to the adjacent street. The stepback is subject to review and a design permit to ensure that the design provides for a human scale and adequately maintains solar access onto adjacent public sidewalks;
 - Maximum building height (measured from ground to top of the roof plate):
 - Two story building: 35 feet;
 - Three story building: 45 feet; and
 - Four story building: 55 feet.
 - Setbacks:
 - Front: 0 feet minimum and 10 feet maximum for commercial/office/mixed-use; and 6 feet minimum and 15 feet maximum for residential uses. Residential porches or similar structure may extend into the setback up to 3 feet;
 - Side: 0 feet minimum for commercial/office/mixed-use; and 5 feet minimum for residential uses; and
 - Rear: 0 feet minimum for commercial/office/mixed-use; and 10 feet minimum for residential uses.

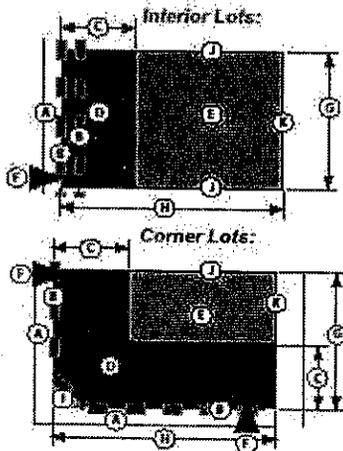
Figure 9
CBD Development Standards

Mass/Height Specifications:



- A: First Floor Ceiling Height: 14' minimum for non-residential uses.
- B: Minimum Number of Floors: 2
- C: Maximum number of Floors: 3 stories, except that 4 stories are allowed within Blocks 3, 4, and 16; however, within Blocks 3 and 4 the parcels that front Monterey Road are not allowed to develop with 4 stories. A setback is required for buildings with 4 stories. There is no specific distance for the setback; however, the setback shall maintain a "human scale" and provide for adequate solar access to the adjacent street. The setback shall be subject to a design permit.
- D: Maximum building height (measured from ground to top of roof plate): 33 feet (for 2 story building), 45 feet (for 3 story building), or 55 feet (for 4 story building).
- E: Maximum Floor-Area Ratio (FAR): 2.0 for sites less than 22,000 square feet, or 2.25 for sites 22,000 square feet or greater.

Site Specifications:



- A: Sidewalk
- B: Front Building Facade: The facade shall be built anywhere within 0' to 10' (commercial/office/mixed-use) and 0' to 15' (residential) of property lines adjacent to the street. Storefronts, building entrances, and upper floor balconies may be recessed into the facade. Residential porches or similar structures may encroach into the setback by up to 3'.
- C: Building Depth: 30' (minimum) and 120' (maximum) as measured from the front building facade, unless otherwise labeled in Figure 6.
- D: Building Zone: No maximum building coverage is specified (a building may occupy up to 100% of the site). Rear areas not covered by a building may be occupied by rear yards, courtyards, plazas, parking lots, and/or loading/unloading zones.
- E: Minimum Lot Area: 3,300 square feet.
- F: Access to parking and loading/unloading facilities shall include a minimum driveway width of 20'. The center line of all driveway shall be at least 30' from an intersection.
- G: Minimum Lot Width: 40'.
- H: Minimum Lot Depth: 50'.
- I: Building Corner: The setback at the building corner adjacent to the intersection may be angled, curved, or recessed if a building entrance is created at the corner.
- J: Side Setback: 0' minimum for commercial, office, and mixed-use, and 5' minimum for residential.
- K: Rear Setback: 0' minimum for commercial, office, and mixed-use, and 10' minimum for residential.

Morgan Hill Downtown Specific Plan

- Ground floor "floor-to-ceiling clear" height: 14 feet minimum for non-residential uses;
- Ground floor building depth: retail depth minimums as specified by Figure 6;
- The above standards are intended to ensure creation of spaces appropriate for retail and restaurant uses; such spaces may be occupied by other uses, such as live/work, personal services, and offices upon issuance of a DAUP; and
- Parking:
 - Retail*: 2.8 spaces per 1,000 square feet;
 - Office*: 4.0 spaces per 1,000 square feet; and
 - Residential*:
 - 1.0 space per unit (600 or fewer square feet in unit);
 - 1.5 spaces per unit (>600 to 1,350 square feet in unit); and
 - 2.0 spaces per unit (>1,350 square feet in unit).

* Parking requirements based on all new and redeveloped square footage or dwelling units.

- In the CBD, exceptions to parking design requirements of Chapter 18.50: Off-street Parking and Paving Standards, may be approved through the Design Permit process

Additional Required Conditions

- All development is subject to the Design Permit requirements of Zoning Ordinance Chapter 18.74: Design Review. Approval of Design Permits shall be subject to making findings that the proposed construction or alteration project is in substantial conformance with the Design and Signage Guidelines of the Downtown Specific Plan, as well as with applicable design standards and guidelines as contained in the city's Design Review Handbook.
- Noticed Public Hearings shall be held for all projects subject to Design Permit requirements. The Community Development Director shall determine the appropriate process for consideration of Design Permits; smaller or more minor projects may be acted upon by staff, while larger and more significant projects should be referred to the Planning Commission or City Council. Any Design Permit which involves Redevelopment Agency or City-owned sites, or for which the RDA is entering into an Agreement to assist with the development, should be acted upon by the City Council, after receiving a recommendation from staff and/or the Planning Commission, as determined by the Community Development Director.

Ground Floor Overlay (GFO)

Purpose of the GFO District

- To implement the Morgan Hill Downtown Specific Plan, the downtown ground floor overlay district is intended to modify the uses allowed in the CBD district to require retail, restaurant and entertainment uses on the ground floor that support a continuity of display window visual interest. For the purposes of this chapter, "ground floor" means the first floor which is above grade. Where the GFO district is combined with the CBD district, the uses permitted or conditionally permitted within the GFO district shall apply in lieu of the uses as normally allowed in the CBD district. Except for the regulations relating to uses as set forth in this section, all other regulations shall be those of the applicable underlying CBD district.
- This district shall apply to parcels that have frontage along portions of Monterey Road and Third Street as shown on Figure 6. These parcels are required to provide ground floor retail, restaurant, and/or entertainment uses with a minimum depth of 60 feet along Monterey Road (80 feet at intersections) and 50 feet along Third Street (80 feet at intersections).

Permitted Uses

See Figure 8 for permitted uses.

Conditional Uses

See Figure 8 for conditionally permitted uses.

Downtown Administrative Use Permits (DAUPs)

Purpose of the Downtown Administrative Use Permit

The purpose of Downtown Administrative Use Permits (DAUPs) is to allow for commercial, professional and medical office uses, live/work, and personal services uses to locate in first floor locations on parcels located in the ground floor overlay district fronting Monterey Road or Third Street, upon a determination that the retail market is not sufficiently strong to accommodate a retail use, and therefore that ground floor office, live/work, or personal service uses may be allowed. Additionally, ground floor personal service uses may be allowed within a tenant space if the use is ancillary to a retail use occupying the same space and will provide a continuity of display window visual interest that includes the retail component.

Application Contents

An application for a Downtown Administrative Use Permit (DAUP) shall be made by the property owner or agent thereof, on a form issued by the Community Development Department. An application shall be accompanied by the following information except as may be waived by the Community Development Director for proposed uses in existing structures:

- Vicinity map;
- Site plan;
- Floor plan;
- Building elevations for facades along Monterey Avenue and Third Street;
- Signing and landscape plan;
- Statement of proposed operations, including but not limited to number of employees, proposed hours of operation, and if applicable, how a personal service use relates to the retail use within the tenant space;

Morgan Hill Downtown Specific Plan

- Materials which demonstrate that the subject space in the building has been advertised for lease to retail tenants for at least ninety days, but the owner has been unable to locate a suitable retail tenant at market rates; and
- Other materials as required by the Community Development Department.

Application Process

- An application for a DAUP shall be filed with the Community Development Department, in a form prescribed by the Community Development Director. After an application is deemed complete by the Community Development Department, such application shall be routed to affected city departments for comments.
- The department shall notify by mail the applicant and owners of properties located within 300 feet of the proposed site of the proposed use and application for a DAUP at least 10 days prior to the scheduled date for decision by the department, in order to receive comments. The department shall also notify the chamber of commerce, downtown association and other organizations with a known interest in Downtown.
- After the notice period has occurred and comments have been considered, the Community Development Director will take action on the DAUP Appeals of the decision of the Community Development Department shall be filed within 10 days, and appeals shall be considered by the planning commission at a noticed public hearing. Appeals of the decision of the planning commission shall be filed within 10 days, and appeals shall be considered by the city council at a noticed public hearing. The decision of the city council shall be final.

Evaluation, Conditions and Findings

The Community Development Director or designee shall evaluate the application for consistency with the following criteria:

- The suitability of the site and building for the proposed use;
- The impact of the use on the surrounding properties, and on the GPO and CBD districts in general.
- The impact of the use on traffic circulation and planned capacity of the street system.
- The compatibility of the use and design with adjacent uses within the district and its surroundings;
- Whether the use will adversely affect the peace, health, safety, morals or welfare of persons residing or working in the vicinity of the use;
- Whether the use will impair the utility or value of property of other persons located in the vicinity of the site;
- The applicability and conformity of the use with provisions of Chapter 8.40 (Hazardous Materials Storage) of the Zoning Ordinance as existing or hereafter amended;
- Review of the building with regard to suitability of design and location to accommodate first floor retail use(s);
- Review of materials submitted by the applicant and determination that the subject space in the building has been advertised for lease to retail tenants for at least 90 days, but the owner has been unable to locate a suitable retail tenant at market rates;
- Whether the use will provide a public benefit to the city and its citizens;
- Vacancy rate for commercial buildings in the Downtown Core; and
- Whether the use is clearly ancillary to a retail use within the tenant space and will provide a continuity of display window visual that includes the retail component.

The Community Development Director may impose reasonable conditions on an approval of a DAUP. Conditions may include, but shall not be limited to, conditions requiring a review of the use at some future time or upon certain triggering event(s); conditions providing for expiration of the Administrative Use Permit at some future time or upon certain triggering event(s); conditions imposing requirements for site maintenance and/or improvements; conditions requiring a personal service to be ancillary to a retail use with the same tenant space and maintenance of display window visual interest that includes the retail component; conditions requiring installation and maintenance of landscaping, regulation of vehicular ingress and egress, traffic circulation, regulation of signs, establishment of development schedules or time limits for performance or completion, and/or any other conditions as deemed necessary by the Community Development Director.

Approval of and issuance of the DAUP shall be subject to the Community Development Director making one or more of the following findings:

- The subject space in the building has been advertised for lease to retail tenants for at least 90 days, but the owner has been unable to locate a suitable retail tenant at market rates;
- The vacancy rate for commercial space exceeds five percent in the ground floor combining district for the quarter. The Downtown Association or other entity as determined by the City may assist with vacancy rate surveys (as needed); or
- If the use is personal service, the applicant has demonstrated that the use is ancillary to a retail use within the tenant space and provides a continuity of display window visual interest.

Expiration and Extensions

- Approval of a DAUP shall be valid for three years from the date of approval.
- The approval may be extended one or more times by the Community Development Director for up to up to three years for each extension, upon the applicant requesting in writing such extension and paying the established fee. An application for an extension may be submitted no sooner than nine months before the expiration date of the previously approved DAUP. The application process, including public noticing and appeals, shall occur in accordance with Section 18.54.260 of the Zoning Ordinance. Approval of a DAUP extension shall be subject to the Community Development Director making the required findings as described in this Specific Plan. The Community Development Director may impose reasonable conditions on an approval of a DAUP as outlined in this Specific Plan. Conditions imposed on an extension may be different from the conditions imposed on the originally approved DAUP.

Residential Estate (RE)

Purpose of the RE District

Very low density residential uses are generally not included in downtown areas; however, given the presence of Nob Hill (which has steep slopes, a water tank, and other constraints), a portion of the Downtown Core is designated as RE (Residential Estate). The RE (Residential Estate) district is intended to promote and encourage a suitable environment for family life on large parcels of land or where topography precludes a smaller lot pattern (such as on Nob Hill within the Specific Plan boundary). The RE district is to be used only for suburban single-family homes, appropriate agricultural uses, and the community services and facilities appurtenant thereto.

Permitted Uses

See Figure 8 for permitted uses.

Conditional Uses

See Figure 8 for conditionally permitted uses.

Density

- 0-1 dwelling units per acre.

Development Standards

RE standards are as follows:

- Minimum lot area: 100,00 square feet;
- Minimum lot width: 150 feet;
- Minimum lot depth: 150 feet;
- Maximum building coverage: 25 percent;
- Minimum setbacks:
 - Front, 50 feet;
 - Rear, 25 feet;
 - Side, 25 feet;
- Maximum height: two and one-half stories, or 30 feet;

- Side street side yard: a side yard along the side street lot line of a corner lot shall have a width of not less than fifteen feet or one-half the required depth of the front yard, whichever is greater; and
- Parking requirements: as specified in Chapter 18.50 (Off-Street Parking and Paving Standards) of the Zoning Ordinance.

Additional Required Conditions

- All development is subject to the Design Permit requirements of Zoning Ordinance Chapter 18.74: Design Review. Approval of Design Permits shall be subject to making findings that the proposed construction or alteration project is in substantial conformance with the Design and Signage Guidelines of the Downtown Specific Plan, as well as with applicable design standards and guidelines as contained in the city's Design Review Handbook.
- No building shall be constructed within 80 feet of a ridge line. To the extent feasible, developments near Upper Llagas Creek should follow the "Guidelines and Standards for Land Use Near Streams" (Santa Clara Valley Water District, 2006). This includes, but is not limited to, restricting development at least 20 feet from the top of bank, maintaining a 2 to 1 structural slope stability requirement, and conducting a stability analysis. All proposed structures shall be constructed outside of the 100-year floodplain unless such development is consistent with the limitations contained in Chapter 18.42 (Flood Damage Prevention) of the Zoning Ordinance.

CHAPTER 2: LAND USES AND DEVELOPMENT STANDARDS

Downtown Medium-Density Residential (R2)

Purpose of District

The R2 district is intended to stabilize and protect the residential character of neighborhoods and to promote and encourage a suitable environment for family life. The R2 district is intended for suburban detached or attached single-family homes, and the community services appurtenant thereto.

Permitted Uses

See Figure 8 for permitted uses.

Accessory Uses

The following accessory uses are permitted in the R2 district:

- Signs complying with the applicable regulations set forth in Chapter 18.76 (Sign Code) of the Zoning Ordinance;
- Private garage and parking areas;
- Home occupations; and
- Other accessory uses and buildings customarily appurtenant to a permitted use.

Conditional Uses

See Figure 8 for conditionally permitted uses.

Density

- 5-14 dwelling units per acre.

Development Standards

R2 standards are as follows:

- Minimum lot area: 3,400 square feet
- Minimum site area per dwelling unit: 1,500 square feet;
- Minimum lot width: 40 feet;
- Minimum lot depth: 35 feet;
- Maximum building coverage: 50 percent;

• Minimum setbacks:

- Front, 20 feet;
- Rear, 15 feet;
- Side, five feet;

• Maximum height: two and one-half stories, or 30 feet; and

• Parking requirements: as specified in Chapter 18.50 (Off-Street Parking and Paving Standards) of the Zoning Ordinance.

Additional Required Conditions

The following additional conditions shall apply in an R2 district:

- All development, except a single-family home on a lot of less than 20,000 square feet, a duplex on one lot, or a single unit addition to an existing structure (unless such are "sensitive sites" per Section 18.74.060 of the Design Review Ordinance), is subject to the Design Permit requirements of Zoning Ordinance Chapter 18.74. Design Review Approval of Design Permits shall be subject to making findings that the proposed construction or alteration project is in substantial conformance with the Design and Signage Guidelines of the Downtown Specific Plan, as well as with applicable design standards and guidelines as contained in the city's Design Review Handbook.
- All manufactured homes are subject to Design Permit approval.

- No building shall be constructed within 30 feet of a ridge line. To the extent feasible, developments near Upper Llagas Creek should follow the "Guidelines and Standards for Land Use Near Streams" (Santa Clara Valley Water District, 2006). This includes, but is not limited to, restricting development at least 20 feet from the top of bank, maintaining a 2 to 1 structural slope stability requirement, and conducting a stability analysis. All proposed structures shall be constructed outside of the 100-year floodplain unless such development is consistent with the limitations contained in Chapter 18.42 (Flood Damage Prevention) of the Zoning Ordinance.

Downtown Medium-Density Residential (D-R3)

The D-R3 district is intended to stabilize and protect the residential character of neighborhoods, and to promote a suitable environment for family and adult communities in a higher-density environment than other residential zoning categories would allow.

Permitted Uses

See Figure 8 for permitted uses.

Accessory Uses

The following accessory uses are permitted in the D-R3 district:

- Signs, complying with the applicable regulations set forth in Chapter 18.76 (Sign Code) of the Zoning Ordinance;
- Private garages and parking areas;
- Home occupations;
- Other accessory uses and accessory buildings customarily appurtenant to a permitted use.

Conditional Uses

See Figure 8 for conditionally permitted uses.

Density

- 14-21 dwelling units per acre.

Development Standards

D-R3 standards are as follows:

- Minimum lot area: 3,200 square feet;
- Minimum site area per dwelling unit: 1,200 square feet;
- Minimum lot width: 40 feet;
- Minimum lot depth: 80 feet;
- Maximum building coverage: 70 percent;

CHAPTER 2: LAND USES AND DEVELOPMENT STANDARDS

- * Minimum setbacks:
 - Front, 15 feet,
 - Rear, 15 feet,
 - Side, 5 feet.
- * Maximum height, 3 stories, or 35 feet.
- * All residential development fronting on an arterial street as defined by the general plan, shall provide a minimum front yard setback of 20 feet; and
- * Parking requirements as specified in Chapter 18.50 (Off-Street Parking and Paving Standards) of the Zoning Ordinance.

Additional Required Conditions

- * All development, except a single-family home on a lot of less than 20,000 square feet, a duplex on one lot, or a single unit addition to an existing structure (unless such are "sensitive sites" per Section 18.74.060 of the Design Review Ordinance), is subject to the Design Permit requirements of Zoning Ordinance Chapter 18.74: Design Review. Approval of Design Permits shall be subject to making findings that the proposed construction or alteration project is in substantial conformance with the Design and Signage Guidelines of the Downtown Specific Plan, as well as with applicable design standards and guidelines as contained in the city's Design Review Handbook.
- * All manufactured homes are subject to Design Permit approval.

- * No building shall be constructed within 80 feet of a ridge line. To the extent feasible, developments near Upper Llagas Creek should follow the "Guidelines and Standards for Land Use Near Streams" (Santa Clara Valley Water District, 2006). This includes, but is not limited to, restricting development at least 20 feet from the top of bank, maintaining a 2 to 1 structural slope stability requirement, and conducting a stability analysis. All proposed structures shall be constructed outside of the 100-year floodplain unless such development is consistent with the limitations contained in Chapter 18.42 (Flood Damage Prevention) of the Zoning Ordinance.

Morgan Hill Downtown Specific Plan

Downtown High-Density Residential (D-R4)

The D-R4 district is intended to promote a suitable environment for family and adult communities in a higher-density environment than other residential zoning categories would allow.

Permitted Uses

See Figure 8 for permitted uses.

Accessory Uses

The following accessory uses are permitted in the D-R4 district:

- Signs, complying with the applicable regulations set forth in Chapter 18.76 (Sign Code) of the Zoning Ordinance;
- Private garages and parking areas;
- Home occupations;
- Other accessory uses and accessory buildings customarily appurtenant to a permitted use.

Conditional Uses

See Figure 8 for conditionally permitted uses.

Density

- 21-40 dwelling units per acre.

Development Standards

D-R4 standards are as follows:

- Minimum lot area: 3,000 square feet;
- Minimum site area per dwelling unit: 700 square feet;
- Minimum lot width: 40 feet;
- Minimum lot depth: 75 feet;
- Maximum building coverage: 80 percent;
- Minimum setbacks:
 - Front, 10 feet;
 - Rear, 15 feet;
 - Side, 5 feet;

- Maximum height: three stories, or 45 feet; and
- All residential development fronting on an arterial street as defined by the general plan, shall provide a minimum front yard setback of 20 feet.
- Parking*:
 - 1.0 space per unit (≤ 600 square foot unit);
 - 1.5 spaces per unit (600 - 1,350 square foot unit); and
 - 2.0 spaces per unit (≥ 1,350 square foot unit).

* Parking requirements based on all new and redeveloped dwelling units.

Additional Required Conditions

- All development, except a single-family home on a lot of less than 20,000 square feet, a duplex on one lot, or a single unit addition to an existing structure (unless such are "sensitive sites" per Section 18.74.060 of the Design Review Ordinance), is subject to the Design Permit requirements of Zoning Ordinance Chapter 18.74: Design Review. Approval of Design Permits shall be subject to making findings that the proposed construction or alteration project is in substantial conformance with the Design and Signage Guidelines of the Downtown Specific Plan, as well as with applicable design standards and guidelines as contained in the city's Design Review Handbook.
- All manufactured homes are subject to Design Permit approval.

CHAPTER 2: LAND USES AND DEVELOPMENT STANDARDS

- No building shall be constructed within 80 feet of a ridge line. To the extent feasible, developments near Upper Ligas Creek should follow the "Guidelines and Standards for Land Use Near Stream" (Santa Clara Valley Water District, 2006). This includes, but is not limited to, restricting development at least 20 feet from the top of bank, maintaining a 2 to 1 structural slope stability requirement, and conducting a stability analysis. All proposed structures shall be constructed outside of the 100-year floodplain unless such development is consistent with the limitations contained in Chapter 18.42 (Flood Damage Prevention) of the Zoning Ordinance.

Downtown Public Facilities (D-PF)

The D-PF public facilities district is intended to accommodate governmental, public utility, educational and community service or recreational facilities. The D-PF district is intended to be applied to existing public facilities as identified by the general plan and other areas where deemed appropriate.

Permitted Uses

See Figure 8 for permitted uses.

Conditional Uses

See Figure 8 for conditionally permitted uses.

Development Standards

D-PF standards are as follows:

- Minimum lot area: not specified;
- Minimum lot width: not specified;
- Minimum lot depth: not specified;
- Maximum building coverage: not specified;
- Minimum setbacks: not specified;
- Maximum height: three stories, or 45 feet as measured from the ground to the top of the roof plate;
- Parking requirements: Parking spaces shall be provided in the amount as specified in Chapter 18.50: *Off-street Parking and Paving Standards*. In the D-PF Downtown Public Facilities District, exceptions to parking design requirements of Chapter 18.50 may be approved through the Design Permit process;
- Areas used for outdoor storage shall meet the minimum design standards applicable to off-street parking facilities with respect to paving, grading, drainage, access to public streets, safety and protective features, lighting, landscaping and screening;

- * All uses, whether permitted or conditional, shall be conducted in such a manner so as to avoid any nuisance, hazard or commonly recognized offensive condition or characteristic, as established by the performance standards of Chapter 18.48 (Performance Standards) of the Zoning Ordinance; and
- * Signs shall be regulated in accordance with Chapter 18.76 (Sign Code) of the Zoning Ordinance and Chapter 6 (Signage Guidelines) of this Specific Plan.

Additional Required Conditions

- * All development is subject to the Design Permit requirements of Zoning Ordinance Chapter 18.74: Design Review. Approval of Design Permits shall be subject to making findings that the proposed construction or alteration project is in substantial conformance with the Design and Signage Guidelines of the Downtown Specific Plan, as well as with applicable design standards and guidelines as contained in the city's Design Review Handbook.

Planned Development (PD)

Purpose of District

The purpose of the Planned Development (PD) overlay district is to:

- * Facilitate and promote coordination of design, access, use, and other features associated with development of multiple adjacent properties or large single properties;
- * Encourage flexibility of site planning when it will enhance the area in which it is proposed; and
- * Allow construction and reservation of housing units for lower income or senior households.

General Provisions

To achieve the purpose of the PD overlay district, variations from the standards specified elsewhere in the above development standards and in Division I of the Morgan Hill Zoning Ordinance may be allowed as long as they variations are consistent with the overall intent, goals, and policies of this Specific Plan. Variations can include but are not limited to permitted or conditional uses (consistent with the Plan designation on the site), lot sizes, lot coverage, setback requirements, parking, building height, floor-area ratio (FAR), and density, the City Council determines and finds that, the proposed development will provide substantial compliance with the district regulations and other provisions in this Specific Plan and Division I of the Zoning Ordinance related to the public health, safety and general welfare.

In that the CBD Mixed Use General Plan land use designation has no maximum density, PD amendments which may increase density via greater height and FAR than base Specific Plan standards for the CBD District, will be processed as a PD zoning and Specific Plan zoning amendment, but will not require an amendment to the General Plan.

CHAPTER 2: LAND USES AND DEVELOPMENT STANDARDS

Applicability

- * Any development within any zoning district which proposes to deviate from standards of the underlying zoning district.

Establishment and Initiation

A PD overlay district may be established upon the application of a property owner in accordance with procedures established in Chapter 18.62 (Amendments) of the Zoning Ordinance and by fulfilling the provisions of this chapter.

The Planning Commission or City Council may initiate a PD overlay zone in accordance with the procedures set forth in Chapter 18.62 (Amendments) of the Zoning Ordinance without a development plan submittal. A conceptual plan for future development of land zoned as PD by the City Council shall be submitted by the first applicant proposing to develop within the PD subsequent to its establishment by the city. Future development of land designated as PD would be subject to development plan submittal requirements and all other requirements specified in this chapter.

Development Plan, Review, and Approval

A request for establishment of or amendment to a PD shall follow the same procedures as established for zoning amendments, as defined and described in Chapter 18.62 (Amendments) of the Zoning Ordinance or as specified within this chapter.

Preliminary review for Mixed Use and Non-Residential Overlays

Prior to filing an application for approval of a PD overlay district a preliminary plan review application should be completed. The preliminary review process will include the review and recommendations from the Development Review Committee and public hearings before the Planning Commission and City Council.

Residential Density

Where residential development is proposed as part of the planned development, the residential portion of the development shall not exceed the density limits established by this Specific Plan except that density bonuses may be granted pursuant to the provisions of Chapter 18.47 (Affordable Housing Bonuses and Other Incentives) and Chapter 18.78 (Residential Development Control System) of the Zoning Ordinance.

Permitted Uses

- * All permitted uses in the respective underlying zoning district unless otherwise noted in the PD plan or text.
- * All uses shown on the development plan and/or specified with PD text for a particular PD district as approved by the City Council.
- * In the industrial portions of a PD overlay zone only "adult businesses" as defined by Sections 18.04.018.2 et seq. and 18.48.170 and 18.48.180 of the Zoning Ordinance are permitted subject to conformity to all city codes, including receipt and maintenance in good standing of a police permit pursuant to Sections 5.60.010 et seq. of the Municipal Code.
- * Signs, complying with the applicable regulations set forth in Chapter 18.76 (Sign Code) of the Zoning Ordinance.
- * Park for approved and conditional uses.
- * Home occupations.
- * Other accessory uses and buildings customarily appurtenant to a permitted use.

All uses must meet the performance standards established in Chapter 18.48 (Performance Standards) of the Zoning Ordinance.

Morgan Hill Downtown Specific Plan

Conditional Uses

- All conditional uses in the underlying zoning district unless otherwise noted in the PD plan or text.
- All uses shown as conditional on the development plan and/or specified within the PD text as conditional for a particular PD district as approved by the City Council.

Design Review and Approval

- Architectural and site review board approval shall be required of all uses situated on sensitive sites, as defined in Chapter 18.74 (Design Review) of the Zoning Ordinance, such as hillsides, streams, historic structures, and other uses as defined in Chapter 18.74 (Design Review).

Development Plan and Implementation

- The design and location of all physical and landscape improvements shall be consistent with the Development Plan established for the PD.

Modification to Approved Planned Developments

- No significant modifications to an approved PD shall be permitted unless approved by the City Council. Minor modifications consistent with the approved final development plans may be approved by Community Development Director based on the following findings:
 - The modification is consistent with the intent, goals, and policies of this Specific Plan.
 - The modification is consistent with the intent of the original PD approval.
 - The modification will not have an adverse impact upon the owners of surrounding properties.
 - The modified project is consistent with the environmental determination.

- When the Community Development Director finds that a proposed modification differs substantially from the approved PD, an amendment to the approved PD will be required through the public hearing process, planning commission and City Council.

Designation on Zoning Map

Once a Planned Development Overlay District has been established by the approval of the City Council the official zoning map shall be amended to include the symbol "PD" for all development along with the underlying zoning designation.

LOCAL GOVERNMENT PROPERTY INVESTMENT DATA

No.	Property Type	Permissible Use	Zoning District	Application Date	Value at Time of Acquisition	Estimated Current Value	Value Basis	State of Estimated Current Value	PROPOSED PROJECT		Purpose for which proposed use is requested	Address	APN	Lot Area	Current Zoning	Estimated of Current Parcel Value	Estimated of Projected Value	Structural requirements for use of the property	History of environmental assessment, whether and how conducted, and description of any findings	Description of project to be undertaken	Anticipated start and completion dates	Anticipated start and completion dates	History of previous development	
									Proposed Use	Proposed Value														
17	Private Lot/Block	State of Property	Medium Density Residential	4/20/2009	498,000	700	SPR	100	Approved to be placed on record on 4/20/09	700	Land use of the site to be used for residential purposes	17275 Highway 100	700100	1.00	CRP Medium Density	700	\$100,000	Site 12-44 from a 4/20/09	None used for residential and parking	Phase 1: Construction of 2007. EIR completed for 10/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09
18	Private Lot/Block	State of Property	Medium Density Residential	4/20/2009	500,000	700	SPR	100	Approved to be placed on record on 4/20/09	700	Land use of the site to be used for residential purposes	17275 Highway 100	700100	1.00	CRP Medium Density	700	\$100,000	Site 12-44 from a 4/20/09	None used for residential and parking	Phase 1: Construction of 2007. EIR completed for 10/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09
19	Private Lot/Block	State of Property	Medium Density Residential	4/20/2009	500,000	700	SPR	100	Approved to be placed on record on 4/20/09	700	Land use of the site to be used for residential purposes	17275 Highway 100	700100	1.00	CRP Medium Density	700	\$100,000	Site 12-44 from a 4/20/09	None used for residential and parking	Phase 1: Construction of 2007. EIR completed for 10/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09
20	Commercial	State of Property	Medium Density Residential	4/20/2009	600,000	700	SPR	100	Approved to be placed on record on 4/20/09	700	Land use of the site to be used for residential purposes	17275 Highway 100	700100	1.00	CRP Medium Density	700	\$100,000	Site 12-44 from a 4/20/09	None used for residential and parking	Phase 1: Construction of 2007. EIR completed for 10/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09
21	Commercial	State of Property	Medium Density Residential	4/20/2009	600,000	700	SPR	100	Approved to be placed on record on 4/20/09	700	Land use of the site to be used for residential purposes	17275 Highway 100	700100	1.00	CRP Medium Density	700	\$100,000	Site 12-44 from a 4/20/09	None used for residential and parking	Phase 1: Construction of 2007. EIR completed for 10/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09
22	Commercial	State of Property	Medium Density Residential	4/20/2009	600,000	700	SPR	100	Approved to be placed on record on 4/20/09	700	Land use of the site to be used for residential purposes	17275 Highway 100	700100	1.00	CRP Medium Density	700	\$100,000	Site 12-44 from a 4/20/09	None used for residential and parking	Phase 1: Construction of 2007. EIR completed for 10/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09
23	Commercial	State of Property	Medium Density Residential	4/20/2009	600,000	700	SPR	100	Approved to be placed on record on 4/20/09	700	Land use of the site to be used for residential purposes	17275 Highway 100	700100	1.00	CRP Medium Density	700	\$100,000	Site 12-44 from a 4/20/09	None used for residential and parking	Phase 1: Construction of 2007. EIR completed for 10/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09
24	Commercial	State of Property	Medium Density Residential	4/20/2009	600,000	700	SPR	100	Approved to be placed on record on 4/20/09	700	Land use of the site to be used for residential purposes	17275 Highway 100	700100	1.00	CRP Medium Density	700	\$100,000	Site 12-44 from a 4/20/09	None used for residential and parking	Phase 1: Construction of 2007. EIR completed for 10/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09
25	Commercial	State of Property	Medium Density Residential	4/20/2009	600,000	700	SPR	100	Approved to be placed on record on 4/20/09	700	Land use of the site to be used for residential purposes	17275 Highway 100	700100	1.00	CRP Medium Density	700	\$100,000	Site 12-44 from a 4/20/09	None used for residential and parking	Phase 1: Construction of 2007. EIR completed for 10/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09
26	Commercial	State of Property	Medium Density Residential	4/20/2009	600,000	700	SPR	100	Approved to be placed on record on 4/20/09	700	Land use of the site to be used for residential purposes	17275 Highway 100	700100	1.00	CRP Medium Density	700	\$100,000	Site 12-44 from a 4/20/09	None used for residential and parking	Phase 1: Construction of 2007. EIR completed for 10/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09
27	Commercial	State of Property	Medium Density Residential	4/20/2009	600,000	700	SPR	100	Approved to be placed on record on 4/20/09	700	Land use of the site to be used for residential purposes	17275 Highway 100	700100	1.00	CRP Medium Density	700	\$100,000	Site 12-44 from a 4/20/09	None used for residential and parking	Phase 1: Construction of 2007. EIR completed for 10/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09
28	Commercial	State of Property	Medium Density Residential	4/20/2009	600,000	700	SPR	100	Approved to be placed on record on 4/20/09	700	Land use of the site to be used for residential purposes	17275 Highway 100	700100	1.00	CRP Medium Density	700	\$100,000	Site 12-44 from a 4/20/09	None used for residential and parking	Phase 1: Construction of 2007. EIR completed for 10/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09	Approved to be placed on record on 4/20/09