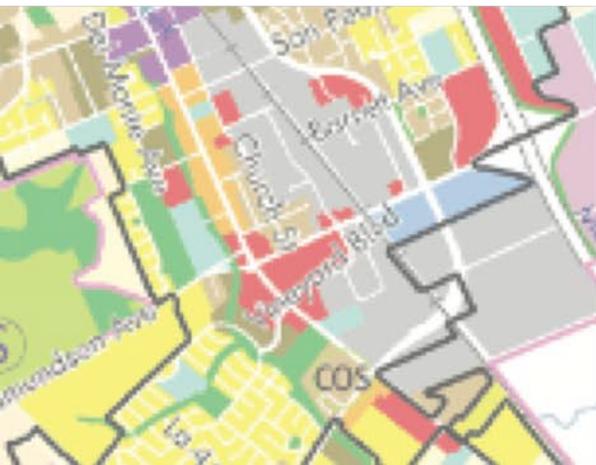
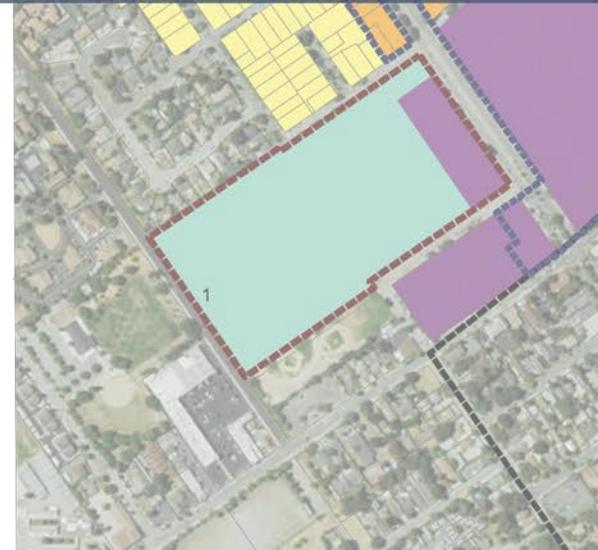


# CITY OF MORGAN HILL

Monterey Corridor Block Level Master Plan - Public Workshop

October 17, 2018



# Agenda

**Overview & Background**

**Commercial Analysis**

**Draft Frontage Standards**

**Questions & Comments**

# Overview & Background

# Introductions

## **City of Morgan Hill**

John Baty, Principal Planner

## **Lisa Wise Consulting, Inc.**

Lisa Wise, AICP, President

Jen Daugherty, AICP, Senior Associate

Spencer Johnson, CNU-A, Associate

## **Metrovation Brokerage and Consulting**

Christine Firstenberg, Principal

# Background

## General Plan Update (2016)

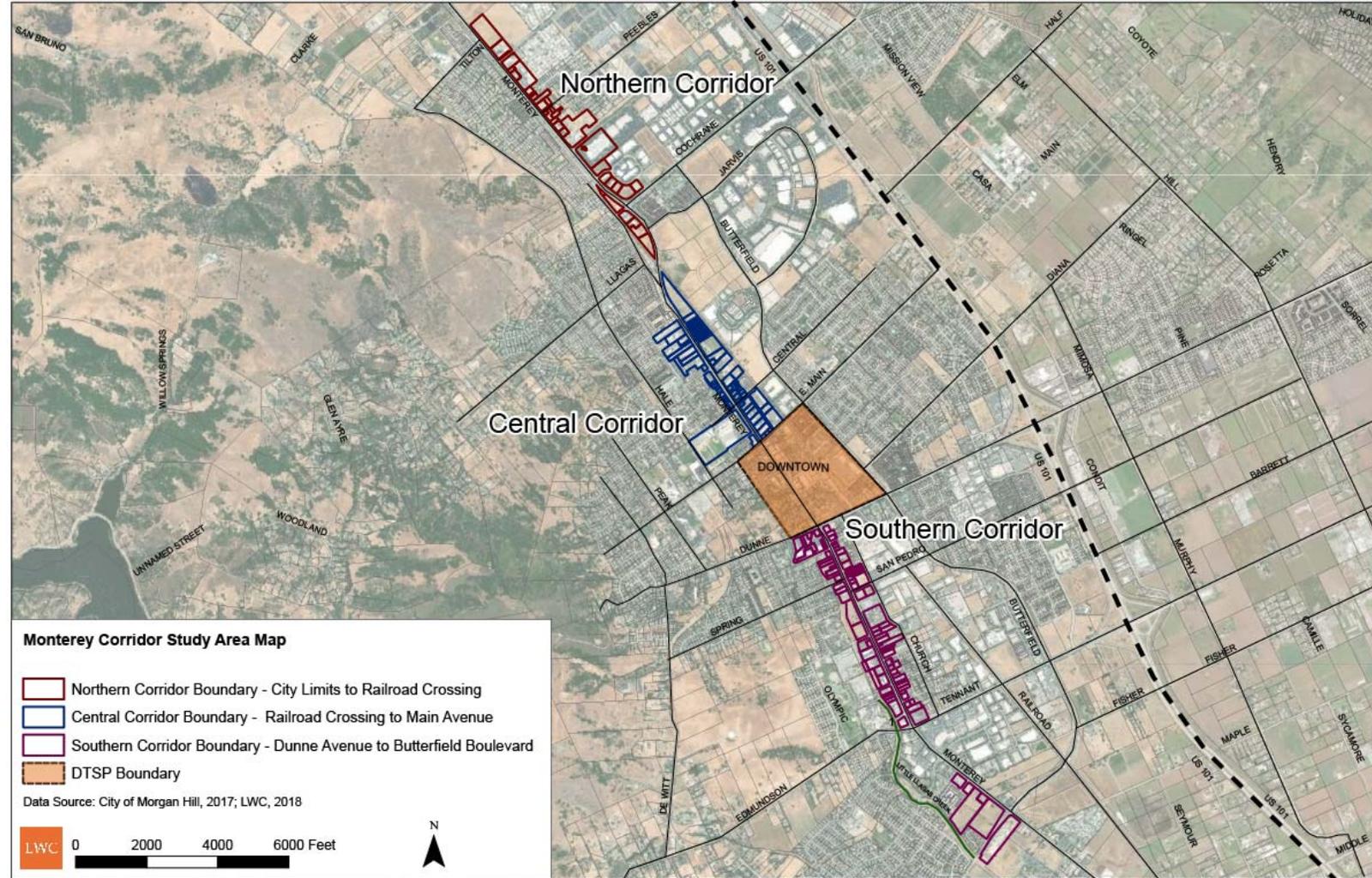
- Mixed Use Flex Land Use
- Monterey Corridor- Vibrant, walkable mixed-use

## Zoning Code Update (2018)

- Mixed Use Flex (MU-F) Zone

## Land Use and Market Analysis (2017-2018)

- Land Use Inventory
- Market Analysis
- Recommendations



# Land Use and Market Analysis

## Key Findings

### - Retail

- Current retail market stable, but...

### - Office

- Cool/stable office market

### - Residential

- Residential is most highly favored

## Commercial Capacity

- 600,000 – 1.5 million sf of physical capacity
- 215,000 sf theoretical commercial market demand\*

\* Based on a relatively stable future market



# Land Use and Market Analysis

## Conclusions

- Zone for fluctuating market conditions
- Strategically locate commercial
  - Additional analysis for retail viability and siting
- Standards for revitalization
  - Building frontage standards
  - High-quality public space
- Allow “Missing Middle” housing
- Streamline projects supporting mixed-use



# Council Recommendation

## BLOCK LEVEL MASTER PLAN (SHORT-TERM)

- City-led effort with developer/property owner buy-in
- Work towards long-term goal of a specific plan and form-based code
- Supplemental standards
  - Well-designed buildings (frontage standards)
  - Connectivity
  - Preserve retail-viable parcels

## SPECIFIC PLAN (LONG-TERM)

- Develop vision, goals, policies, and implementation measures
- Include a form-based code
- CEQA clearance for future projects
- Community buy-in

*Note: Limitations of RDCS applies to development in the Mixed Use Flex designation*

# Block Level Master Plan



# Commercial Analysis

# METROVATION

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Block Level Master Plan for Monterey Rd.  
Morgan Hill, CA

**Christine Firstenberg**

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Metrovation Brokerage

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# Executive Summary

As we read newspaper articles describing our current era as the age of the “Retail Apocalypse”, many cities are struggling with how to plan for retail in the future. Will it look like it does now with anchor and shop tenants, will it look more like industrial space with delivery cars in front, or will it exist at all?

In California, most cities receive a percentage of their general funds from sales taxes that occur within their city limits. With recent national legislation, online sales will start to generate sales tax to the cities where the person who paid for the items lives. Exactly how those sales taxes will be allocated is not completely known, but we understand that retail sales leakage numbers will show change.

While brick and mortar store locations will continue to diminish in total square footage, we will continue to see new online retail ventures expand and will continue to need retail for its experiential contribution to our lives. It is the only real estate category that can create a “sense of place” and community for a City.

Retail is one of the three categories within the industry categorization of commercial real estate. While all types of commercial (retail, office and industrial) real estate uses can contribute to the overall economic engines of a community, retail is the only category that we think of when desiring a “sense of place” in our communities. Much of the new, emerging small businesses, which are the building block of the American middle class, locate their new ventures in retail real estate, although many can start within an office or industrial footprint.

We have seen cities in California, and other states, that believe “if you build it, they will come” when it comes to retail spaces. We have all seen the many examples of residential buildings where retail spaces were required on the ground floor by city zoning, and in many cases those spaces never get leased.

Because long term vacant spaces (vacant for years) can cause blight in communities, we want to be careful about requiring retail where it is not necessarily appropriate.

METROVATION

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# Executive Summary

How to determine which parcels of land should require retail or any of the commercial categories, and which parcels of land should not, is a question the City of Morgan Hill staff has pondered. Morgan Hill's staff are light years ahead of many other cities in that they not only asked the question, they assigned the task to be determined.

Retail thrives when there is an intensity of activity – either car or pedestrian. But that hive of activity must exist prior to the retail space being activated otherwise the retail can fail. Building retail spaces in clearly residential and or quiet, non-active areas, and assuming the space will get leased is like wishing on a star. Many planners believe you should create retail spaces to activate the streets, but that thinking is backwards. Because it isn't the retail spaces that activate the streets, it is what is in the retail spaces themselves. It is the retailer/small businesses. The retail/ small businesses that make their living off the sales volumes done out of retail spaces are important to the activity in a neighborhood or district. But if there is no neighborhood or district activity before the retailer opens, often a retailer's sales fall flat.

That is the challenge in determining where to locate for a retailer and building a retail base in a city...*how do you create the activity before a retailer opens if we depend upon a retailer to create the activity?*

That is why we use retail criteria to help retailers review the data from which to make a location decision. It is strongly suggested that all retailers use basic retail criteria to determine if a space or an area will ultimately be sustainable. And from a City's perspective, retail criteria needs to be met for retail spaces to get leased.

## **RETAIL CRITERIA:**

Retail businesses do better at intersections (corners) - not mid-block- because at intersections, there are two roads converging with double the traffic (whether pedestrian or car) of a mid block location.

METROVATION

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# Executive Summary

Retail typically requires **access**, an ability to have all turns, meaning you can get in and out of the property using left turns, not just right turns.

Retail needs to be seen by the customers, therefore **signage** is important, both storefront signage and any additional blade, or monument signs.

Retail needs to be **convenient**, so a customer can easily fit a visit to the retail store into their busy lives.

And finally, retail needs **parking**, yes parking, unless of course you have a tremendous pedestrian count like in downtown San Francisco.

This is the retail criteria used when we looked at intersections in Morgan Hill.

## APPLICATION FOR MORGAN HILL:

As mentioned earlier, much of the new, emerging small businesses, which are the building block of the American middle class, locate their new ventures in retail real estate, although many can start within an office or industrial (commercial) footprint also.

As we analyzed the corners and intersections along Monterey Rd. we used the more liberal “commercial” categorization, with which to consider the viability and sustainability of the corner. This category can include an office tenant like a building contractor, or a mortgage office, a realtor or travel agency, a CPA firm or lawyers office. Many typical office tenants like a more prominent corner location that provides signage.

Commercial categorization also includes industrial.

METROVATION

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# Executive Summary

Industrial tenancies, often more service oriented, are more common in today's world as many start up retailers and businesses need the additional size for delivery preparation to compete with the fast paced delivery requirements retail customers currently demand. More traditional industrial tenants include auto parts, medical facilities, dental clinics and veterinarian shops.

Therefore a suggestion of commercial only zoning would allow all of the sub-categories of commercial listed earlier.

While some of the zoning along the Monterey Rd. corridor allows for "Mixed Use-Flex" we strongly suggest the City consider this zoning allow a horizontal mixture of uses versus only a vertical mixture of uses on the parcel.

Vertical mixed use has become a challenge to build in the Bay Area over the last few years due to the massive increase in construction costs. While vertical mixed use is often considered a quick way to densify an area, it can often have unintended consequences many of which can result in a parcel not being developed for many, many years, -- missing an economic cycle it otherwise would have enjoyed.

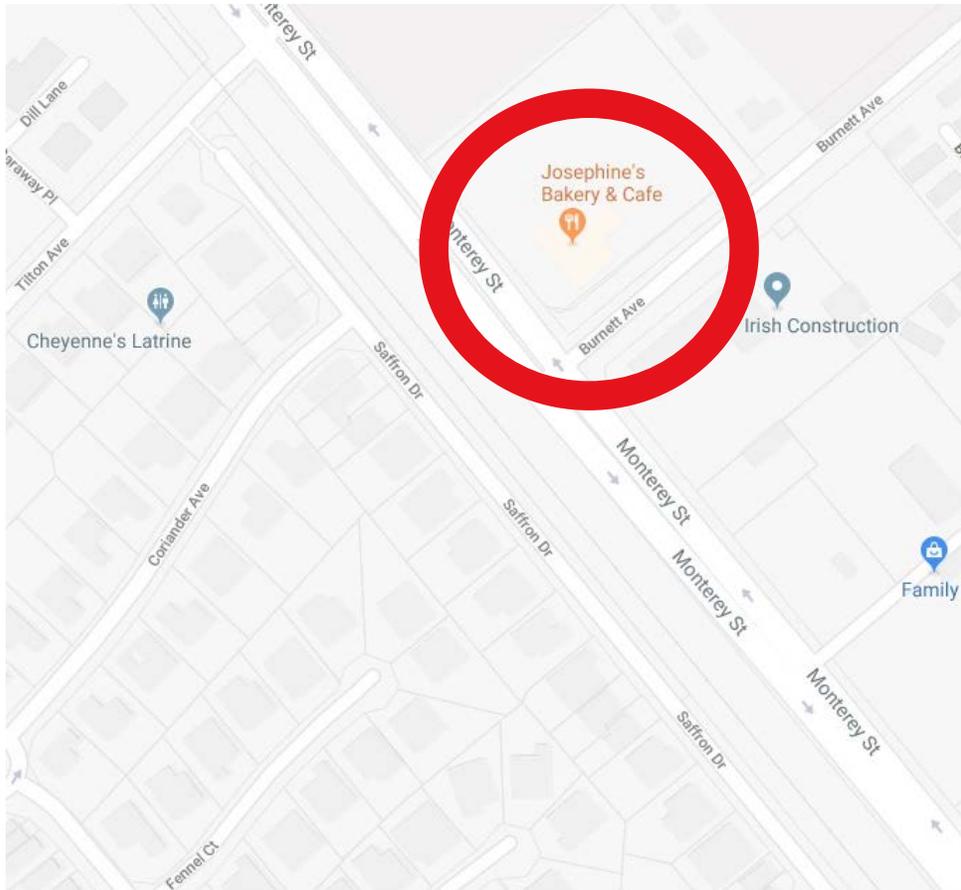
Lastly, in the retail real estate industry, we never say never, as retail is fluid and does not depends on a business owners decision on where to locate, but on the sales produced at a location.

Customers are what create the final success of a location for a retail business. And, as the saying goes, *"The customer is always right"*.

METROVATION

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# Block 1 – City Limits to Burnett Ave. NE Corner Burnett Ave. & Monterey Rd.



Burnett Ave. has a strong east/west presence making it a logical candidate to create a commercial and retail presence at the intersection with Monterey Rd. However, due to the rail line running north/south along the western edge of Monterey Road, the residential community west of the rail line will be blocked and despite Burnett Ave.'s future extension across Monterey Rd. connecting it to Tilton, the synergy to that corner is lost. There is no reason to add development restrictions on a site that will never have a 360-degree potential. Therefore, we do not support a requirement for commercial zoning on this corner.



Conclusion: Commercial is unlikely to be sustainable on this corner, therefore, should not be required.

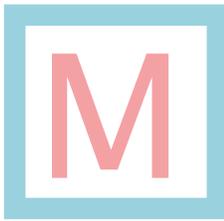
METROVATION

BROKERAGE & CONSULTING

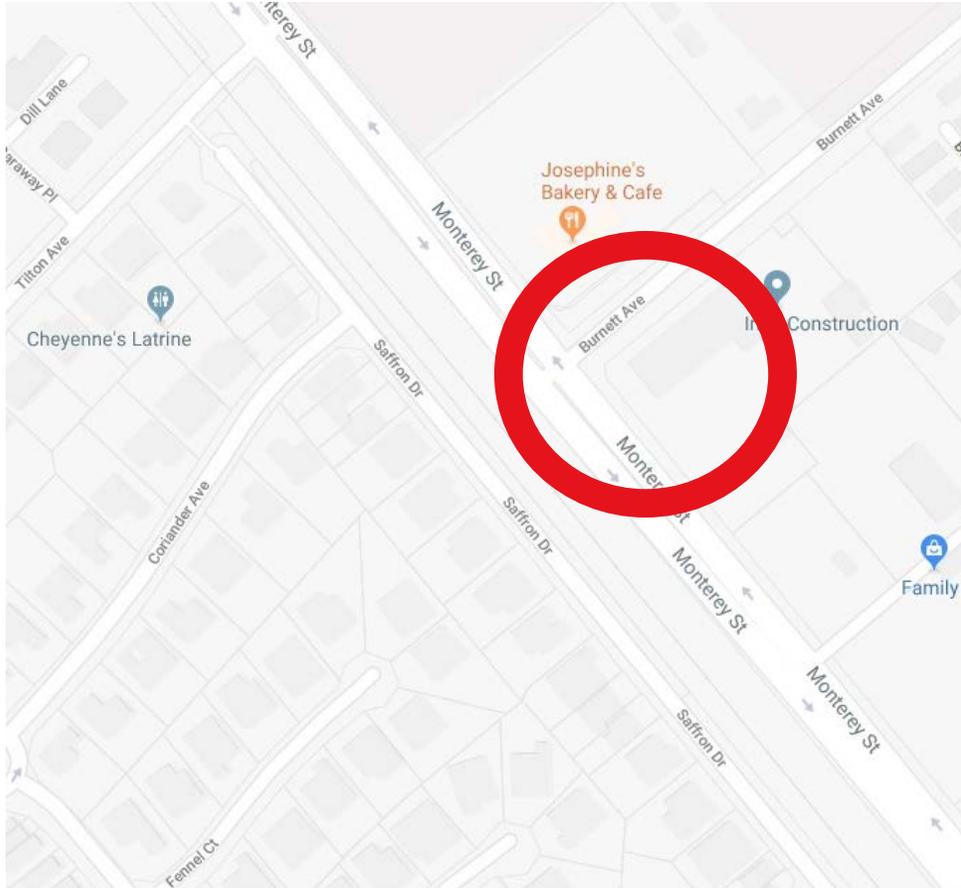
# Block 1 –

City Limits to Burnett Ave.

NE Corner Burnett Ave. & Monterey Rd.



# Block 2 – Burnett Ave. to Peebles Ave. SE Corner Burnett Ave. & Monterey Rd.



Block 2's Northern Site is located at the terminus of Burnett Ave. at Monterey Rd. and is currently partially occupied by Irish Construction. The location of the rail line will prevent the possibility of generating any connectivity to uses or residential across the street. Block 2, site 1, will never achieve the kind of synergy that a commercial zoning requirement is looking to accomplish. Therefore, we do not recommend a requirement for commercial here. Instead, allow market forces to dictate the development of the site.



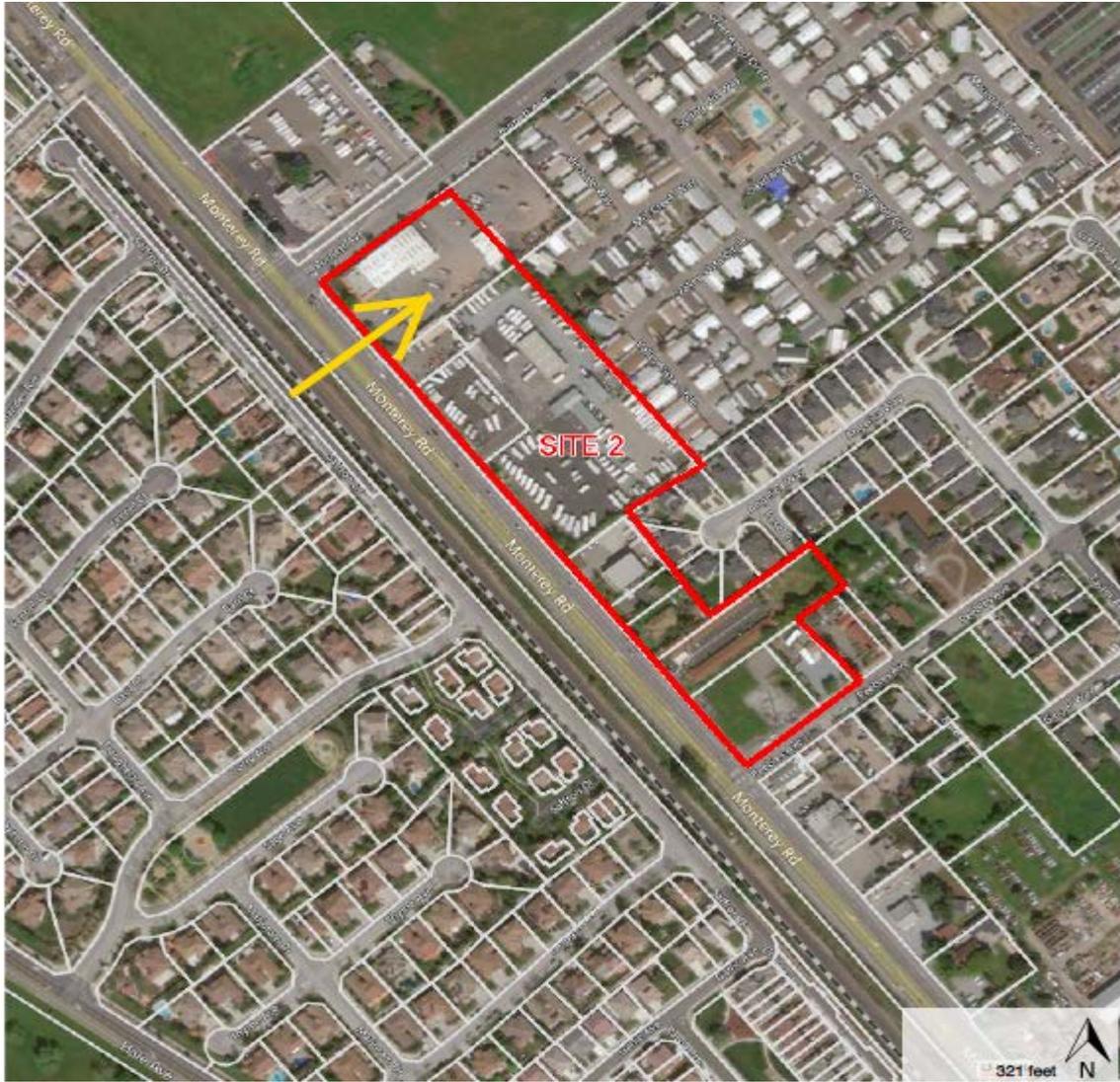
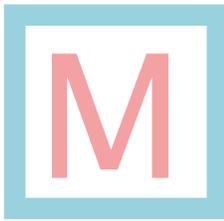
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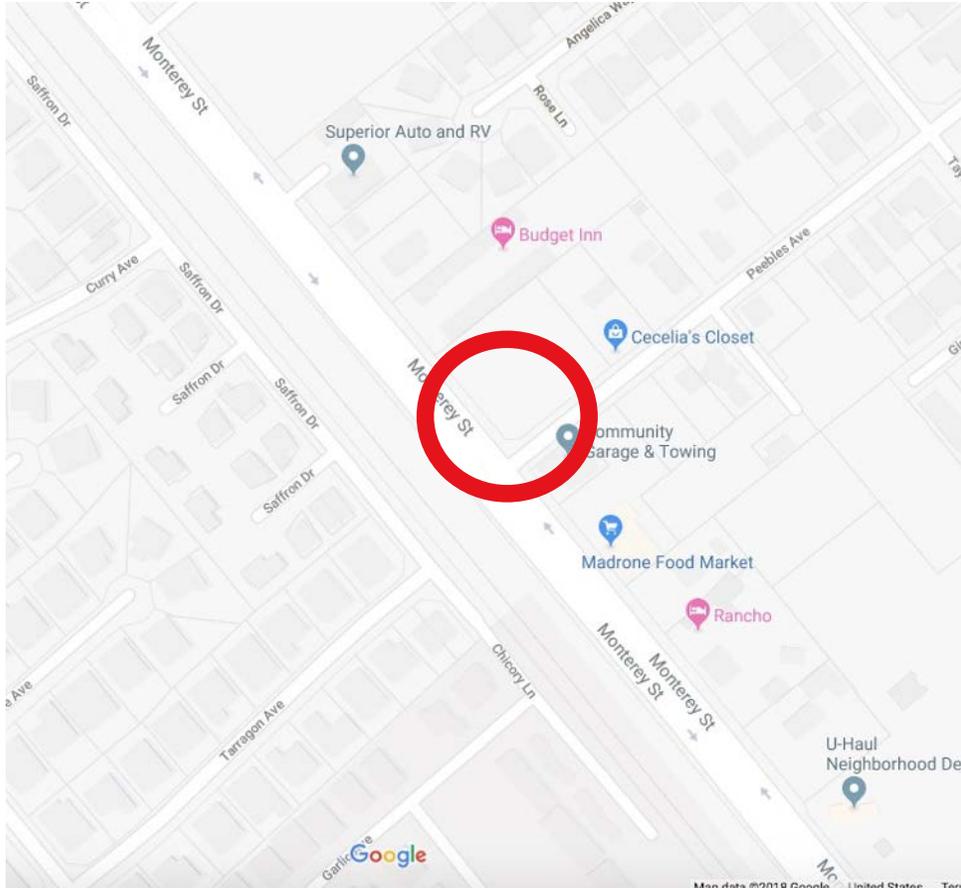
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# Block 2 -

Burnett Ave. to Peebles Ave.  
SE Corner Burnett Ave. & Monterey Rd.



# Block 2 – Burnett Ave. to Peebles Ave. NE Corner Peebles Ave. & Monterey Rd.



Block 2's Southern Site has similar challenges as the Northern Site although it has single-family homes located directly behind the parcel creating a possible opportunity. Nearly all of the residential traffic patterns use Peebles Ave. as a main thoroughfare. Morning commuters in this neighborhood will use Peebles to drive out to Monterey Rd, go south on Monterey Rd, to Cochrane to get to the freeway.

Often, a small, (3000 sf building) multi-tenant retail building, works well at this type of corner due to the commercially restricted access of the surrounding residential neighborhood.



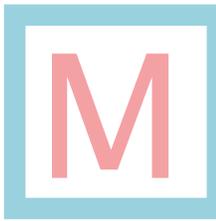
Conclusion: Commercial is viable, therefore can be allowed, but should not be required.

METROVATION

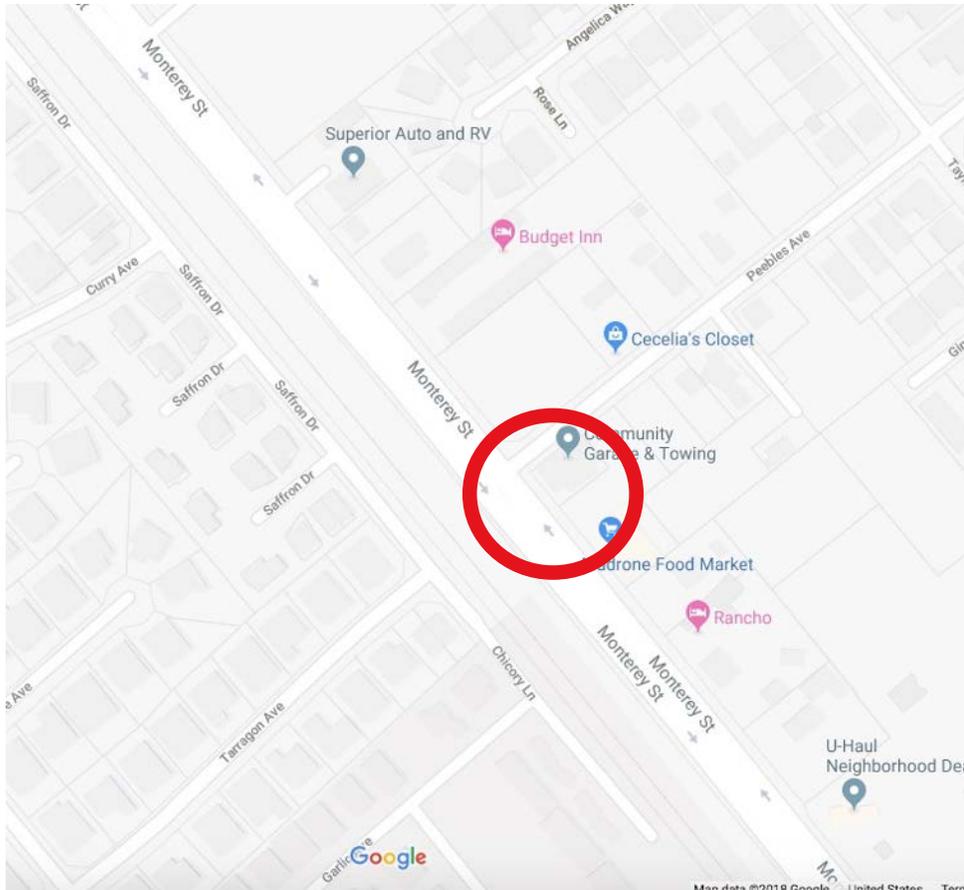
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# Block 2 -

Burnett Ave. to Peebles Ave.  
NE Corner Peebles Ave. & Monterey Rd.



# Block 3 – Peebles Ave. to Madrone Pkwy. SE Corner Peebles Ave. & Monterey Rd.



The SE corner is the “coming home” commercial corner. Thus, this site will not draw as high of interest as the NE site due to the proven consistency of a “going to work” commercial corner driving higher sales volumes than a “coming home” corner.

In addition, this parcel (the SE corner) is a relatively small parcel with only 7000 sq. ft. which would only allow a development of 1750 square feet of commercial space to be built (using retail parking codes). Even if this commercial square footage were at the bottom of a larger mixed-use project, the lack of retail immediately surrounding the site will make leasing a challenge. Therefore, we do not recommend requiring commercial on this site.



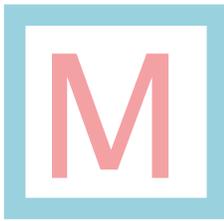
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METROVATION

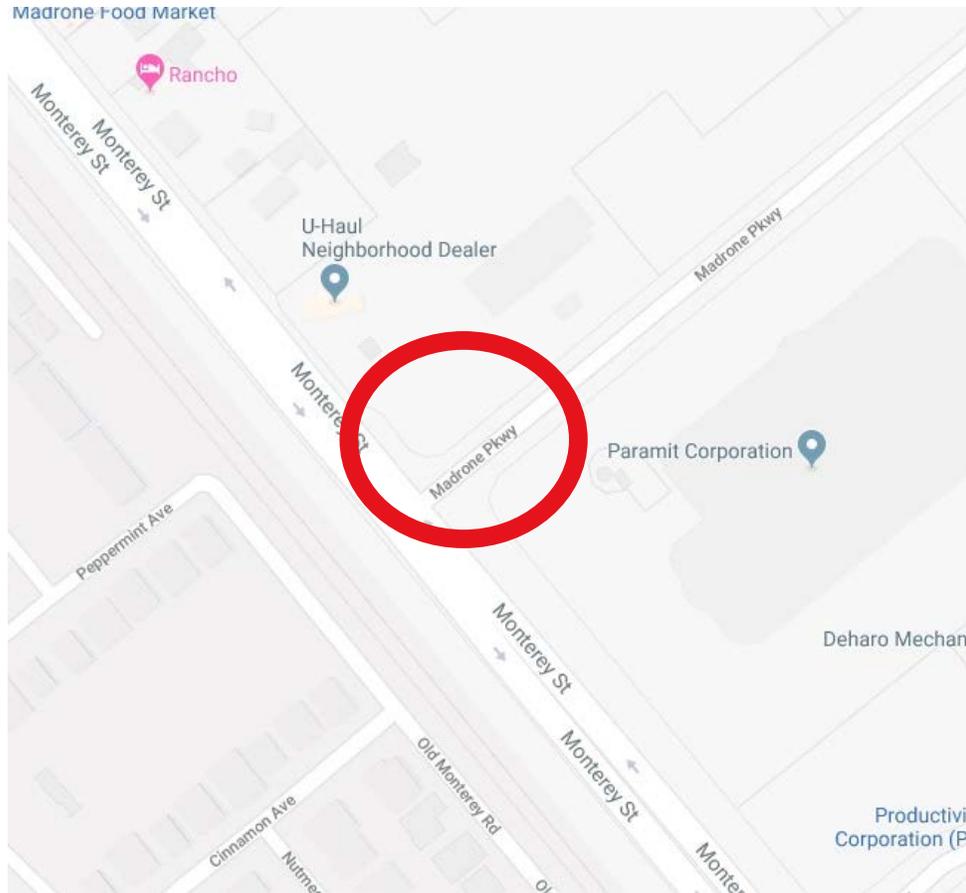
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# Block 3 –

Peebles Ave. to Madrone Pkwy.  
SE Corner Peebles Ave. & Monterey Rd.



# Block 3 – Peebles Ave. to Madrone Pkwy. NE Corner Madrone Pkwy. & Monterey Rd.



The NE corner of Madrone Pkwy. and Monterey Rd. is across the street (Madrone) from a new industrial and office development. This industrial and office park project creates opportunity for the NE corner – the proximity of businesses and the size of the NE parcel (7.53 acres) allows for a substantial, and sustainable, development to occur here.

We suggest the City require commercial development on this corner. Also, to promote the most effective traffic flow, we also suggest that no median be built that would prevent a left turn from Madrone Pkwy. on to Monterey Road.



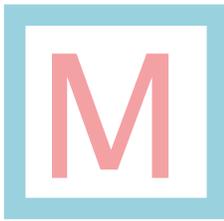
Conclusion: Commercial is sustainable and would benefit from proximity to the industrial park, therefore we suggest it be required.

METROVATION

BROKERAGE & CONSULTING

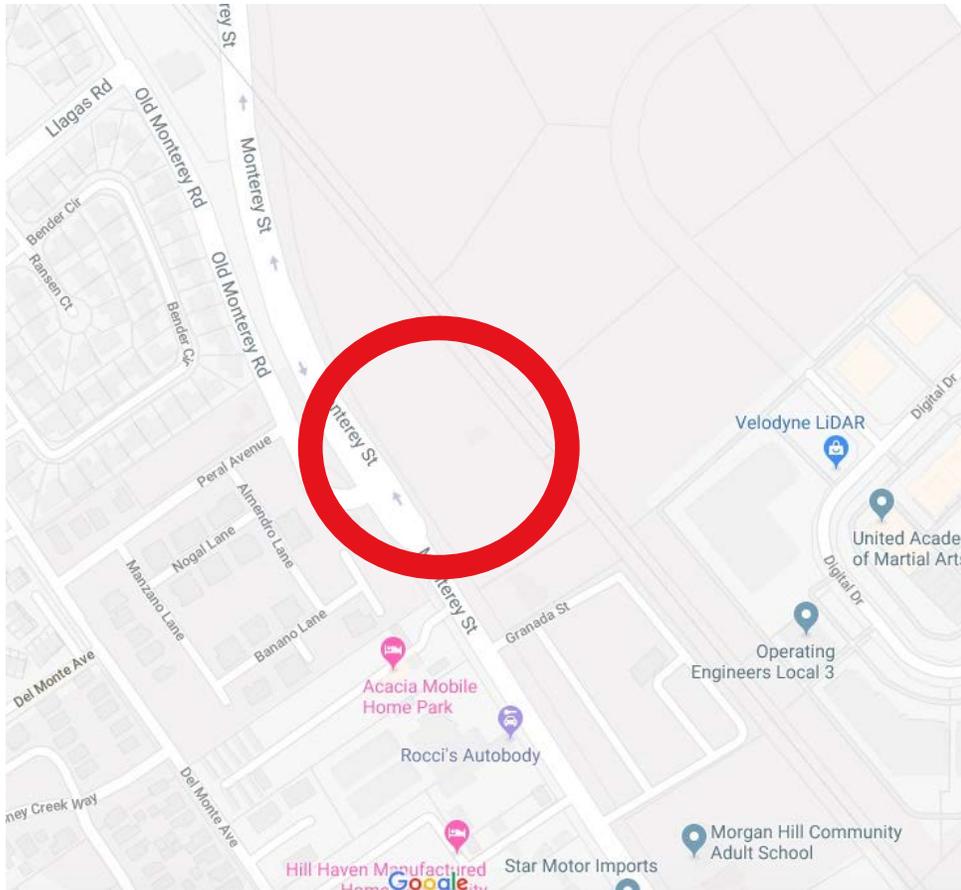
# Block 3 –

Peebles Ave. to Madrone Pkwy.  
NE Corner Madrone Pkwy. & Monterey Rd.



# Block 4 –

## Railroad Overcrossings to Morgan Hill Community Adult School NE & SE Corners Old Monterey Rd. (Extension) & Monterey Rd.



At the NE or SE corner of the intersection of Old Monterey Rd. and Monterey Rd., it is possible to create a small, fun, retail building that can provide a limited number of food and service businesses to the surrounding residential. Currently, there are few serving this residential area that are within a walkable distance. A multi-tenant retail building at this intersection can create a commercial respite for the existing homes, and new ones currently being built (at the south end of Block 4). We believe only a small shop building (3000-4000 square feet) would be sustainable. Typical tenants would be coffee, casual dining, and service retail. In conclusion, we support commercial zoning - specifically retail- at the NE or SE corners of Monterey Rd. and Old Monterey Rd..

○ Conclusion: Commercial is viable, therefore can be allowed, but should not be required.

METROVATION

BROKERAGE & CONSULTING

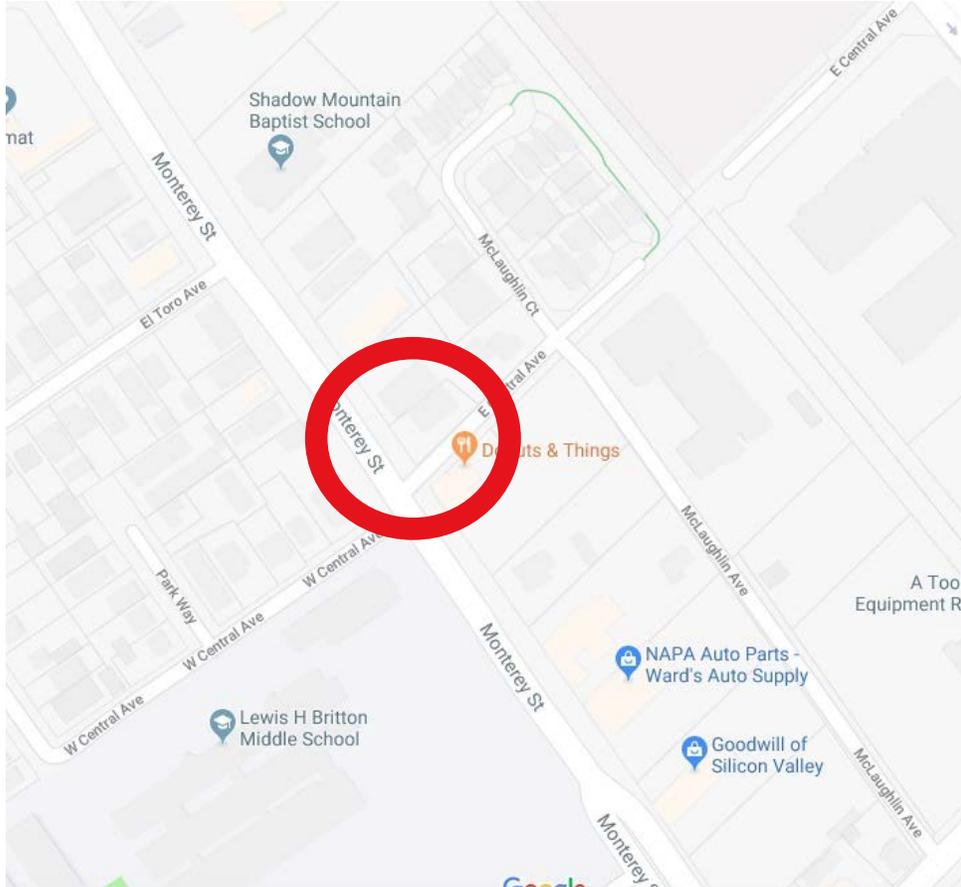
# Block 4 -

Railroad Overcrossings to Morgan Hill Community Adult School  
NE & SE Corner Old Monterey Rd. (Extension) & Monterey Rd.



# Block 5 –

Morgan Hill Community Adult School to East Central Ave.  
NE Corner East Central & Monterey Rd.



The entire east side of Block 5 has only two single-family residential units - other uses currently are multi-family or commercial. While it is difficult to change the zoning for a single family residential unit, we felt that commercial zoning was appropriate for the NEC of East Central and Monterey Rd., conditioned upon language being inserted into the Zoning Document that will allow the non-conforming use, additional leeway on structural repairs and modifications so that the zoning document does not cause financial issues (loans or refinance) or undue distress due to its non-conforming status.

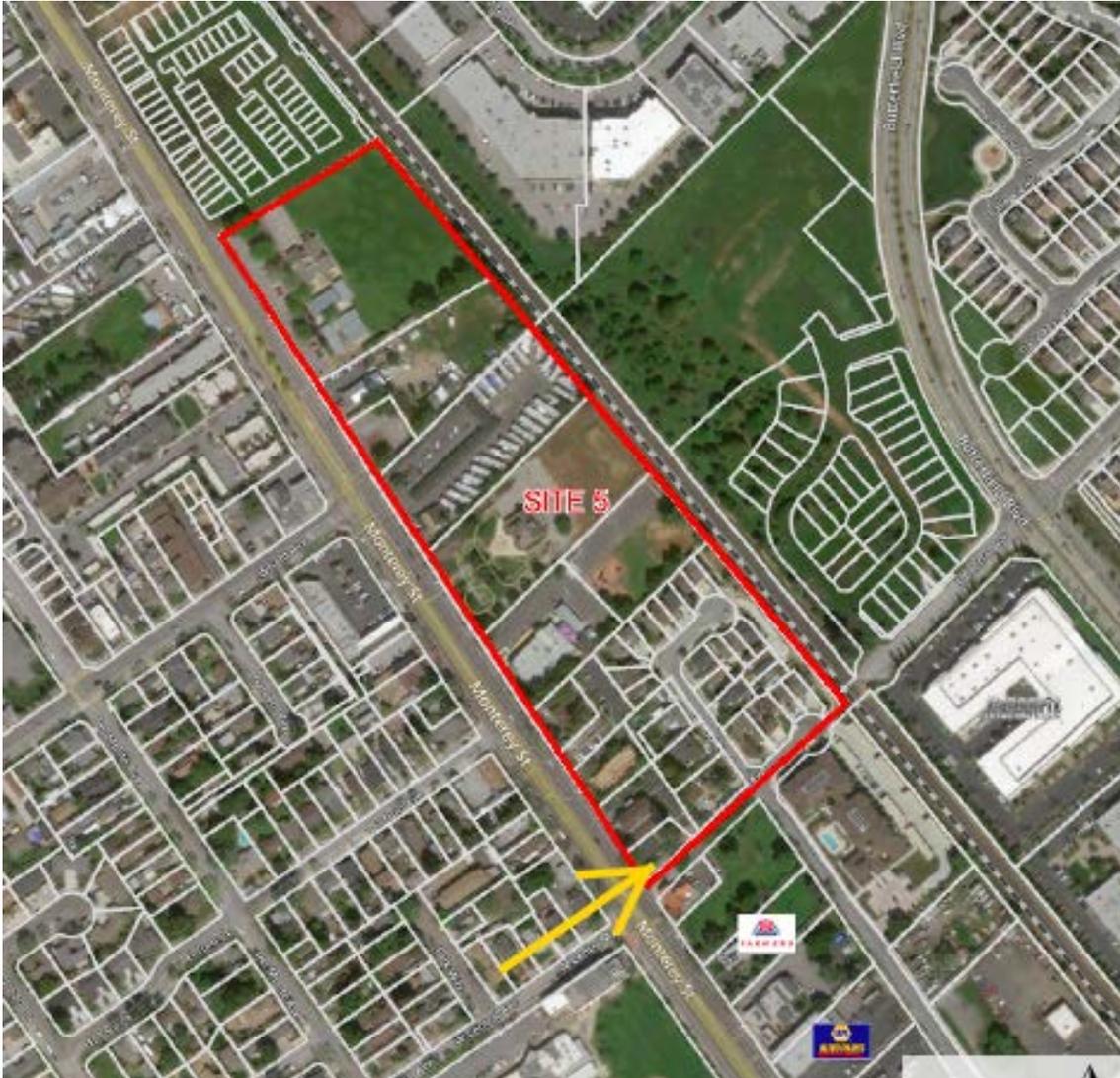
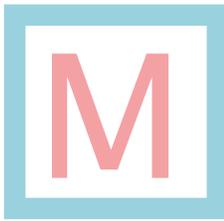
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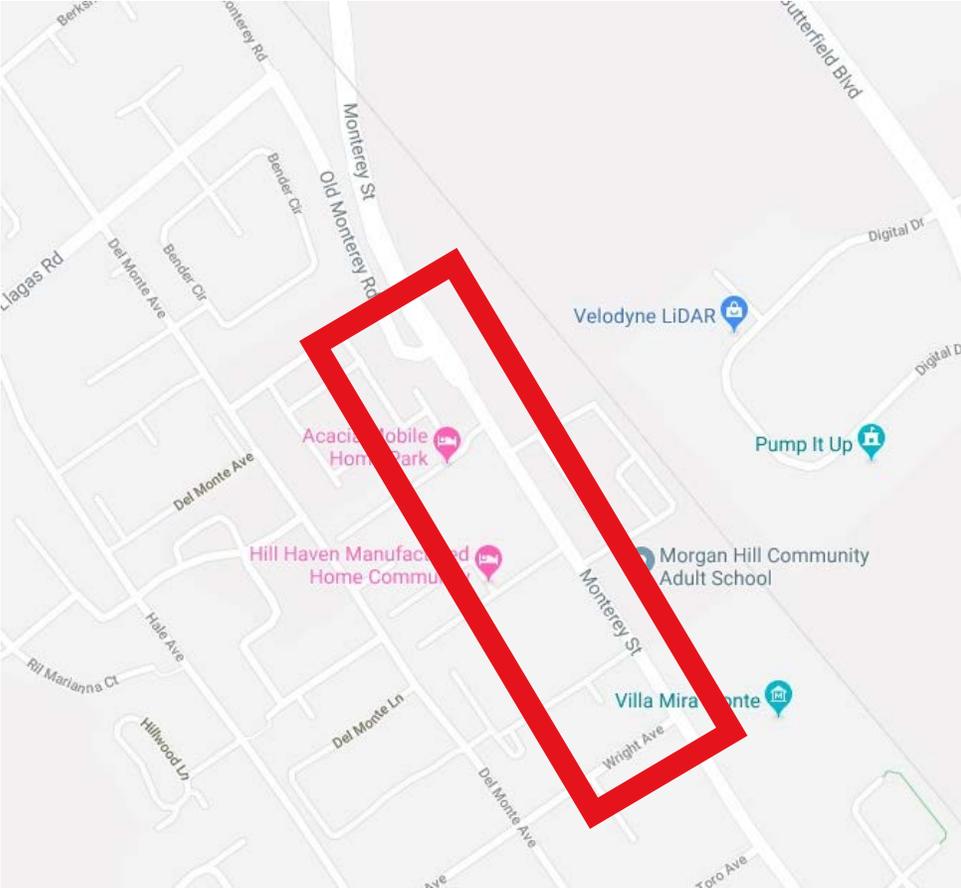
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# Block 5 –

Morgan Hill Community Adult School to East Central Ave.  
NE Corner East Central & Monterey Rd.



# Block 6 – Old Monterey Rd. to Wright Ave.



There is active commercial property in existence on this block. If a redevelopment were to occur, no additional commercial should be required.

METROVATION

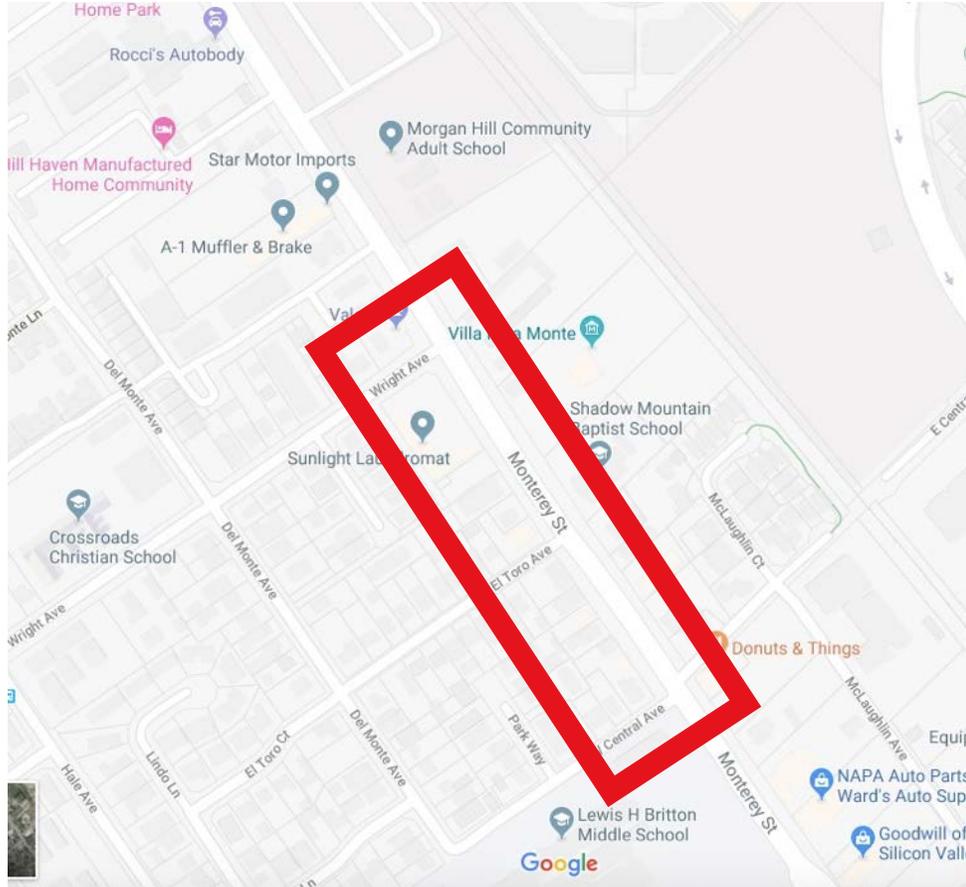
BROKERAGE & CONSULTING

# Block 6 – Old Monterey Rd. to Wright Ave.



Google

# Block 7 – Wright Ave. to W. Central Ave.

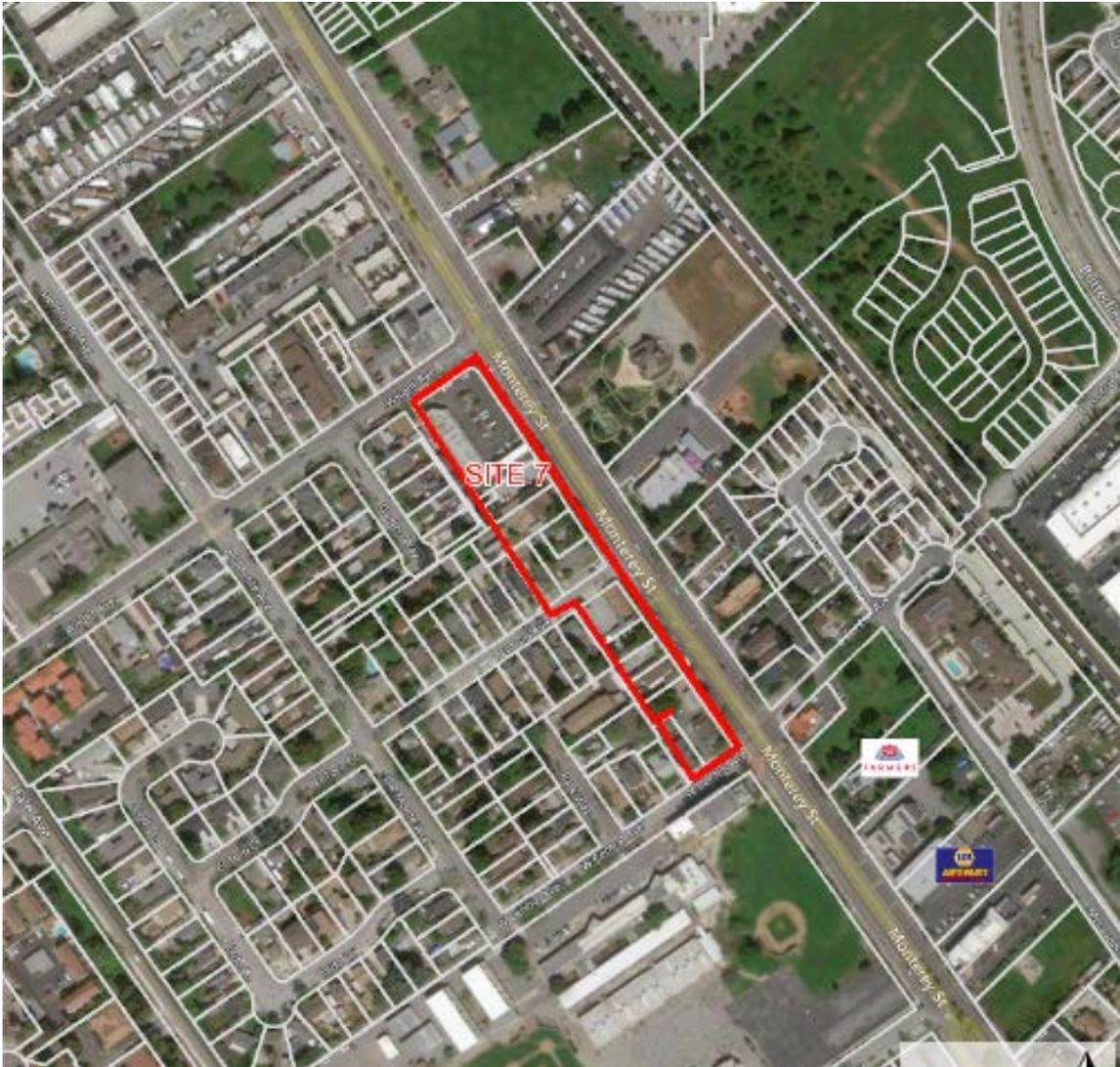


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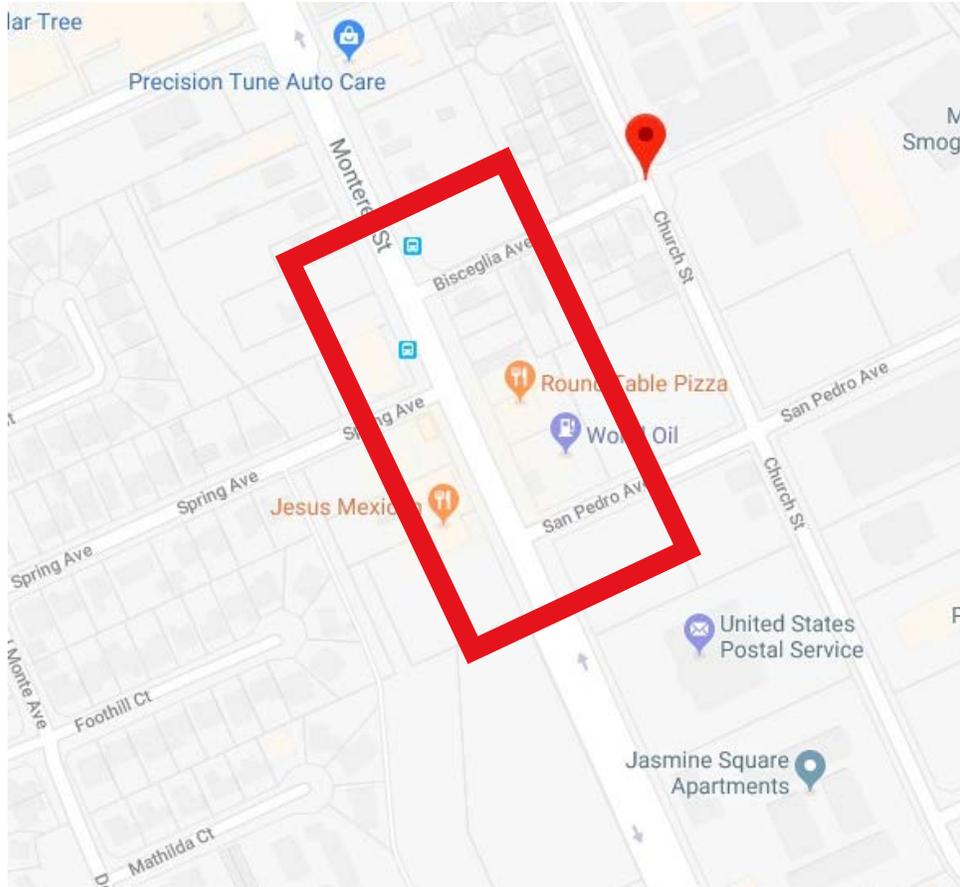
METROVATION

BROKERAGE & CONSULTING

# Block 7 – Wright Ave. to W. Central Ave.



# Block 8 – Bisceglia Ave. to San Pedro Ave.

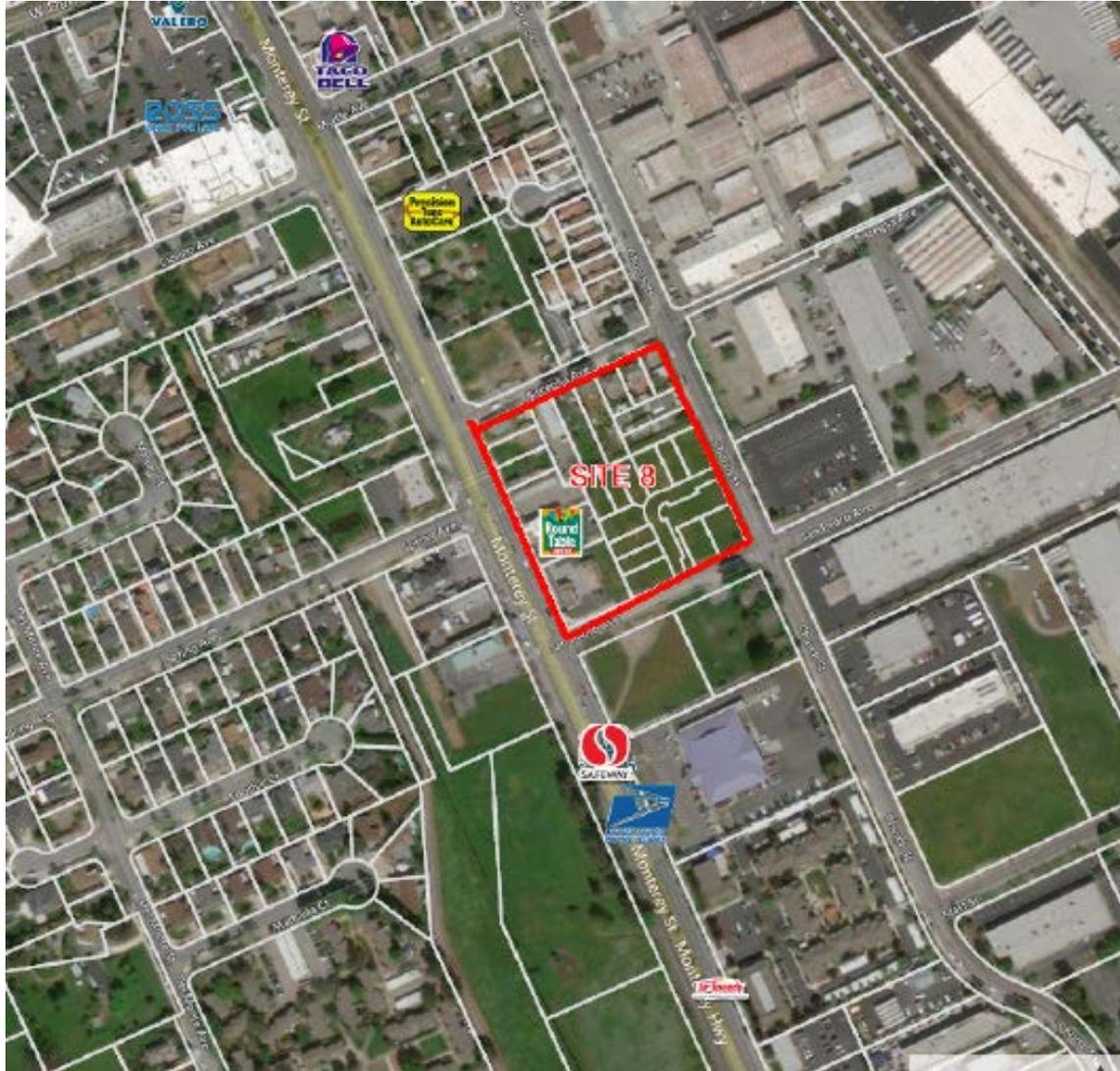
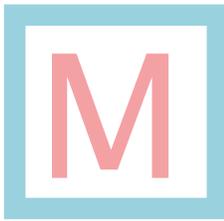


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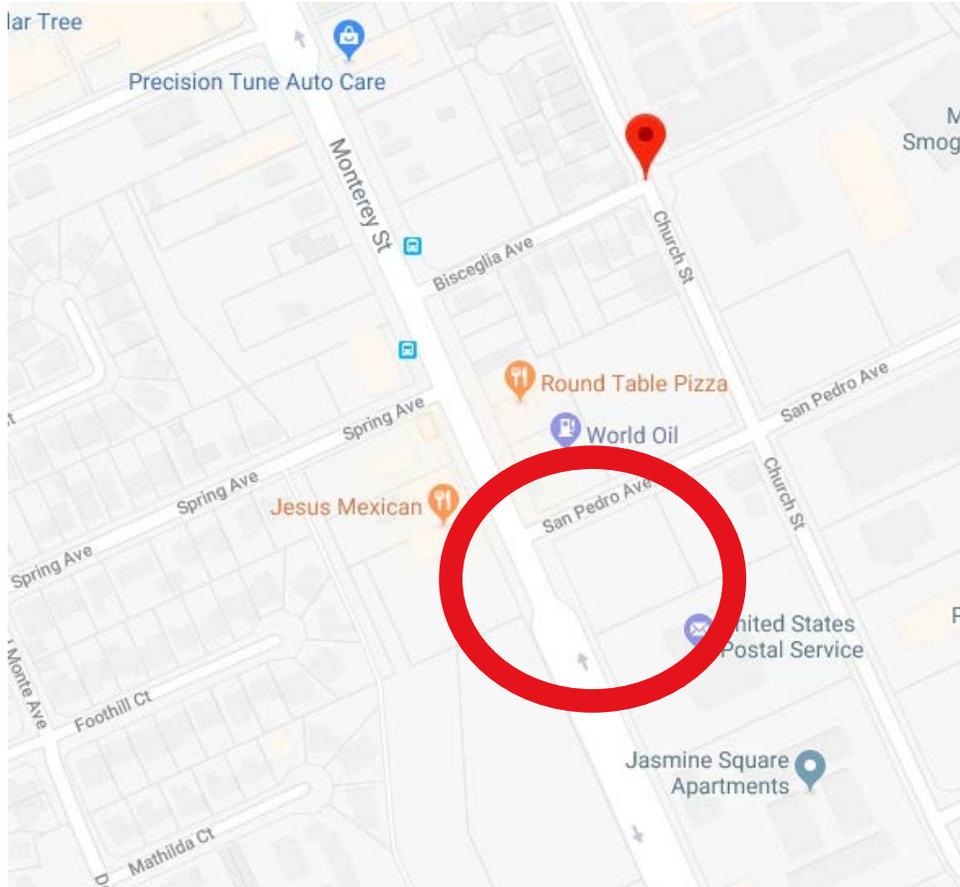
METROVATION

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# Block 8 – Bisceglia Ave. to San Pedro Ave.



# Block 9 – San Pedro Ave. to Barrett Ave. SE Corner San Pedro Ave. & Monterey Rd.



This area of south Morgan Hill already features a sustained commercial flavor and has the land available to accommodate additional commercial development. The vacant lot located on the SE corner of San Pedro Ave. and Monterey Rd. should be allowed to have commercial/retail development.

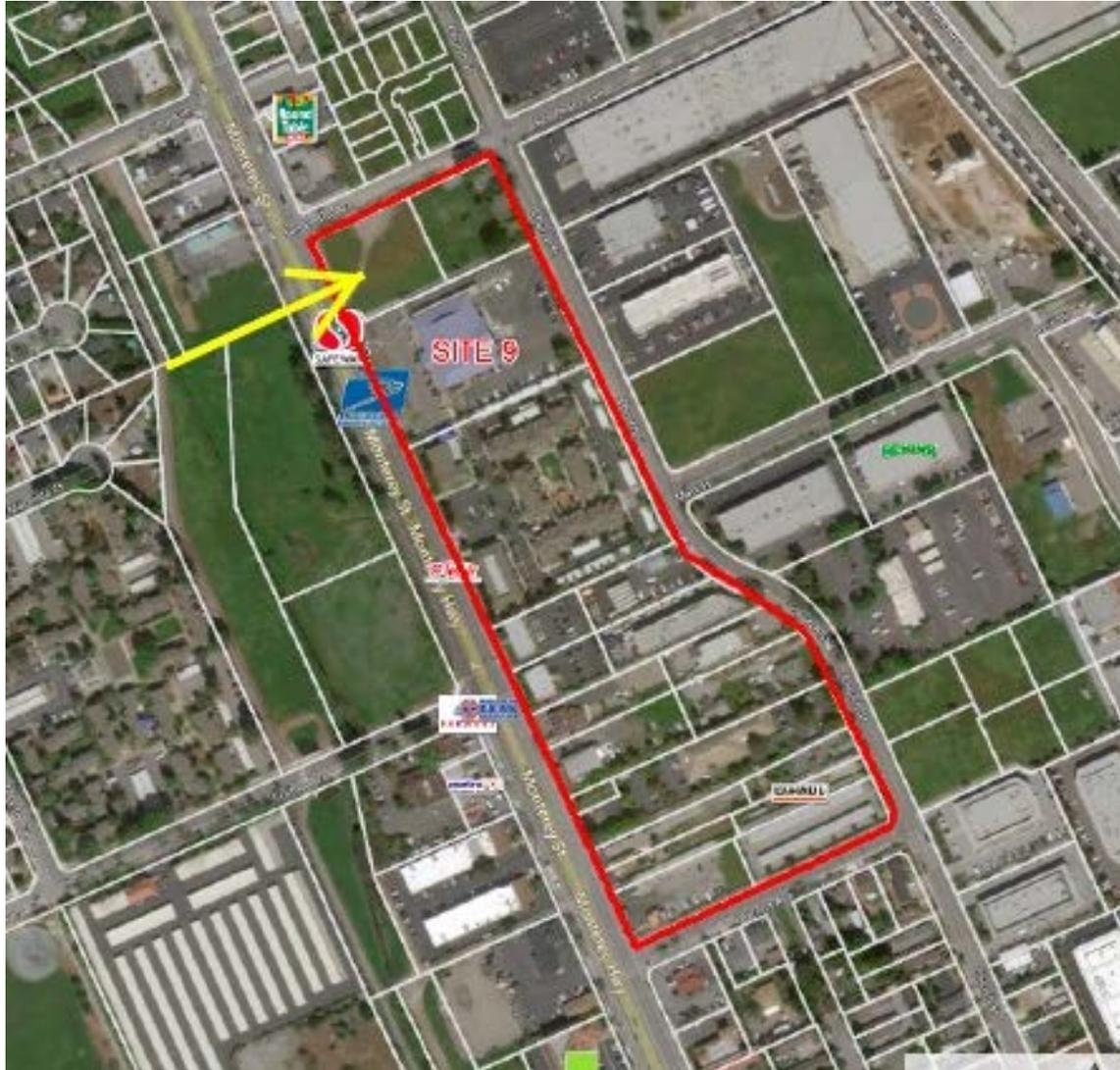
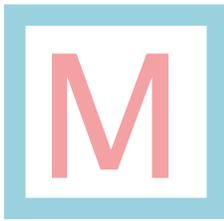
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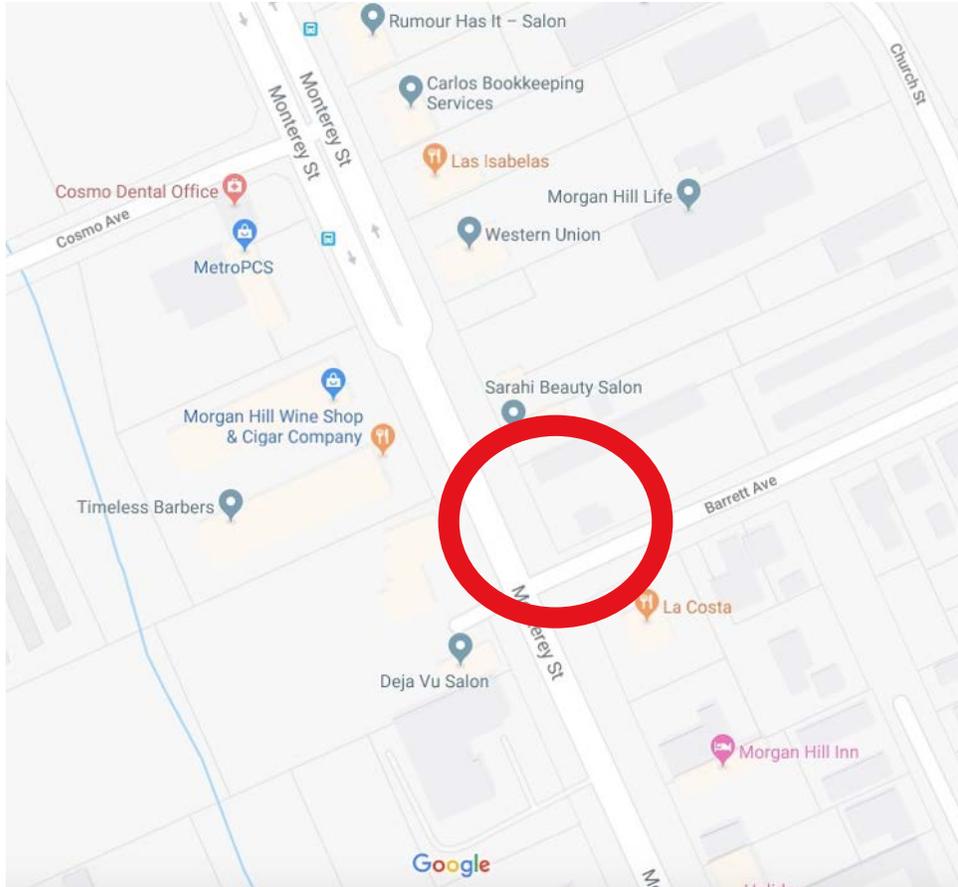
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# Block 9 –

San Pedro Ave. to Barrett Ave.  
SE Corner San Pedro Ave. & Monterey Rd.



# Block 9 – San Pedro Ave. to Barrett Ave. NE Corner Barrett Ave. & Monterey Rd.



The motel located at the NE corner of Barrett Ave. and Monterey Rd. appears to have significant deferred maintenance. While this property may provide affordable housing options for some citizens of Morgan Hill, it likely has areas not to code and detracts from the curb appeal of the block. Because it is under one ownership, along with the adjacent parcel to the north, it has increased opportunity for re-development. Therefore we suggest commercial for this parcel in any overlay zoning document.

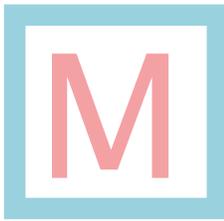
○ Conclusion: Commercial is viable and likely, therefore should be zoned as such. We suggest commercial only at this corner.

METROVATION

BROKERAGE & CONSULTING

# Block 9 –

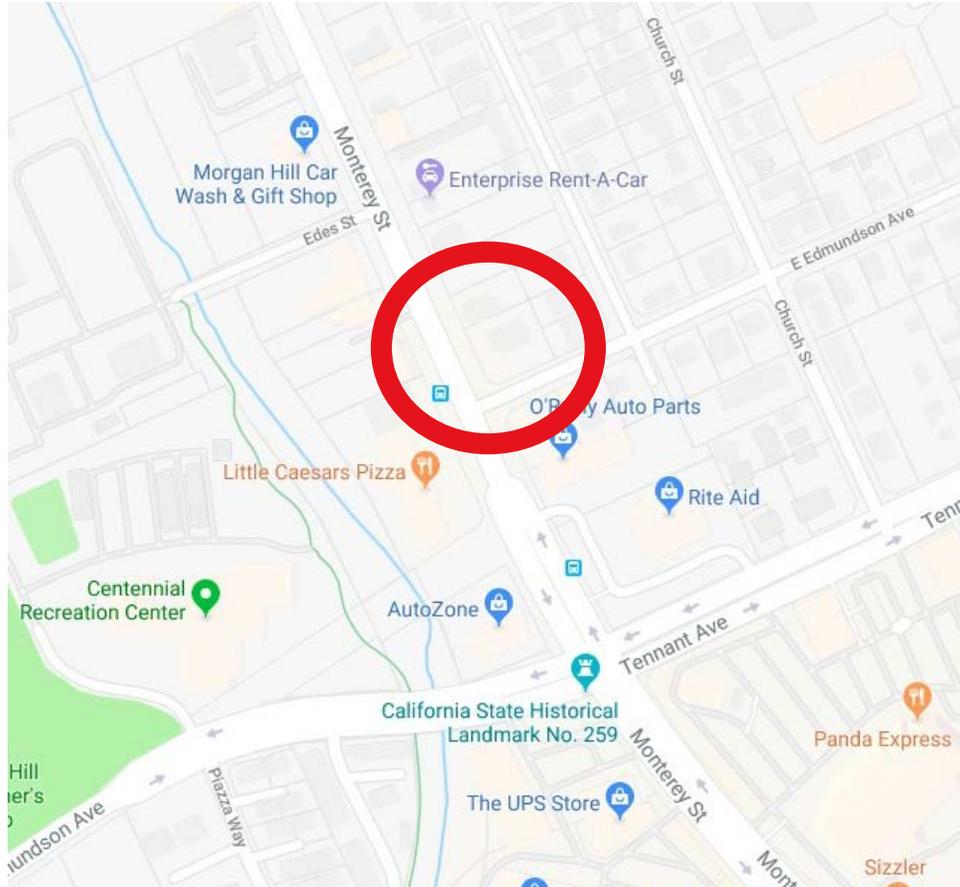
San Pedro Ave. to Barrett Ave.  
NE Corner Barrett Ave. & Monterey Rd.



# Block 10 –

Barrett Ave. to E. Edmundson Ave.

NE Corner E. Edmundson Ave. & Monterey Rd.



The NE corner of E. Edmundson Ave. and Monterey Rd. is an underutilized parcel currently occupied by an animal hospital. This area of Morgan Hill has a strong sense of commercial along Monterey Rd. The intersection is only a block away from the major intersection of Tennant and Monterey Rd. and has commercial uses adjacent on two sides and across the street. Intensifying the parcel is feasible and will make the best use of the property.

This does not necessarily mean changing the use. It is possible other veterinary hospital consortiums are looking to develop larger facilities that attract customers from a greater distance. A commercial use, as such, would be an upgrade from the current building and parcel condition. Therefore, we recommend requiring commercial on this parcel in the zoning document.

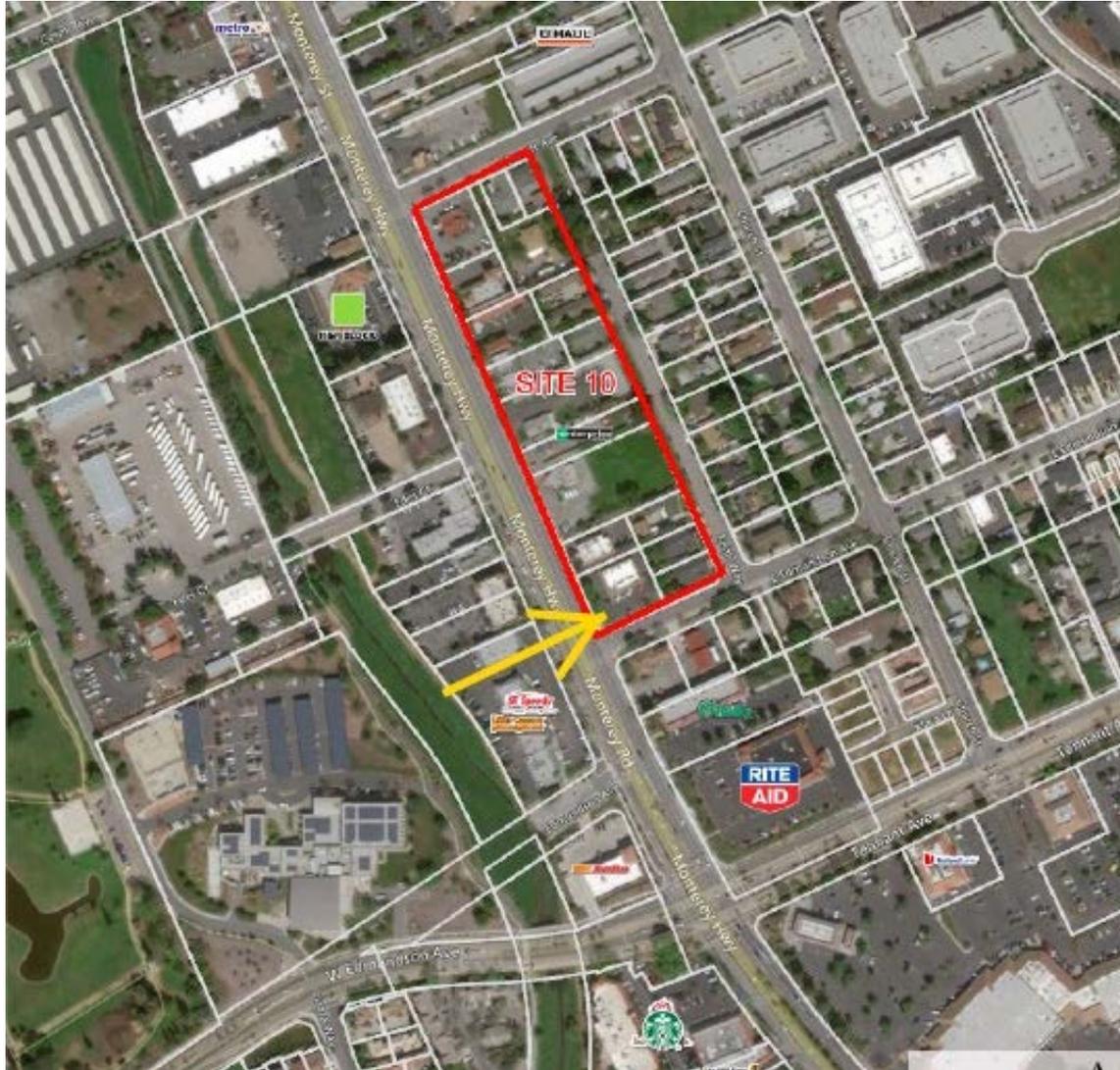
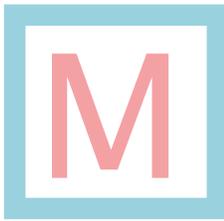
○ Conclusion: Commercial is viable at this corner. We suggest zoning commercial only for this parcel.

METROVATION

BROKERAGE & CONSULTING

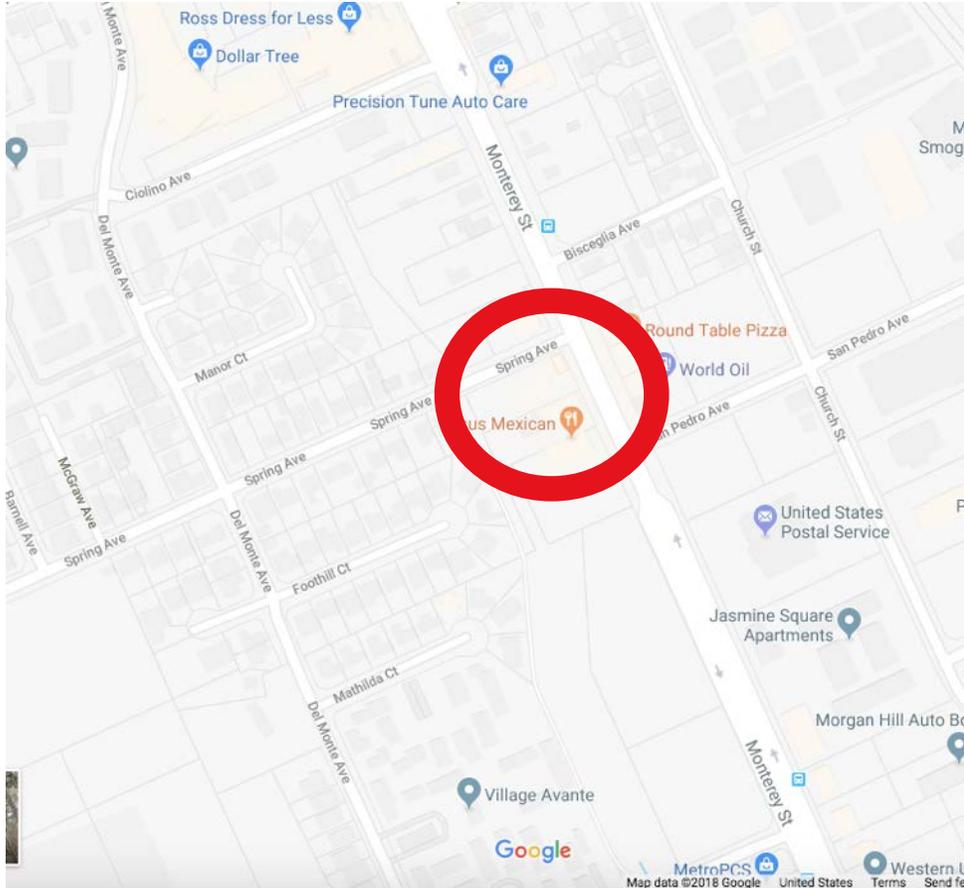
# Block 10 –

Barrett Ave. to E. Edmundson Ave.  
NE Corner E. Edmundson & Monterey Rd.



# Block 11 –

South of Downtown - Spring Ave. to Cosmo Ave.  
SW Corner Spring Ave. & Monterey Rd.



The hard corner at Spring Ave. and Monterey Rd. (SWC) can be looked at as an entrance to a potential new development along Block 11. Using an entrance from Spring St, and developing a block-long drive aisle, passengers would be able to access a variety of possible developments with buildings up on Monterey Rd, often, with parking conveniently located in the rear. A north/south drive aisle will serve to alleviate traffic from Monterey Rd., while still providing easy access to any potential new development.

Therefore, we recommend requiring commercial on the SW corner of Spring and Monterey.



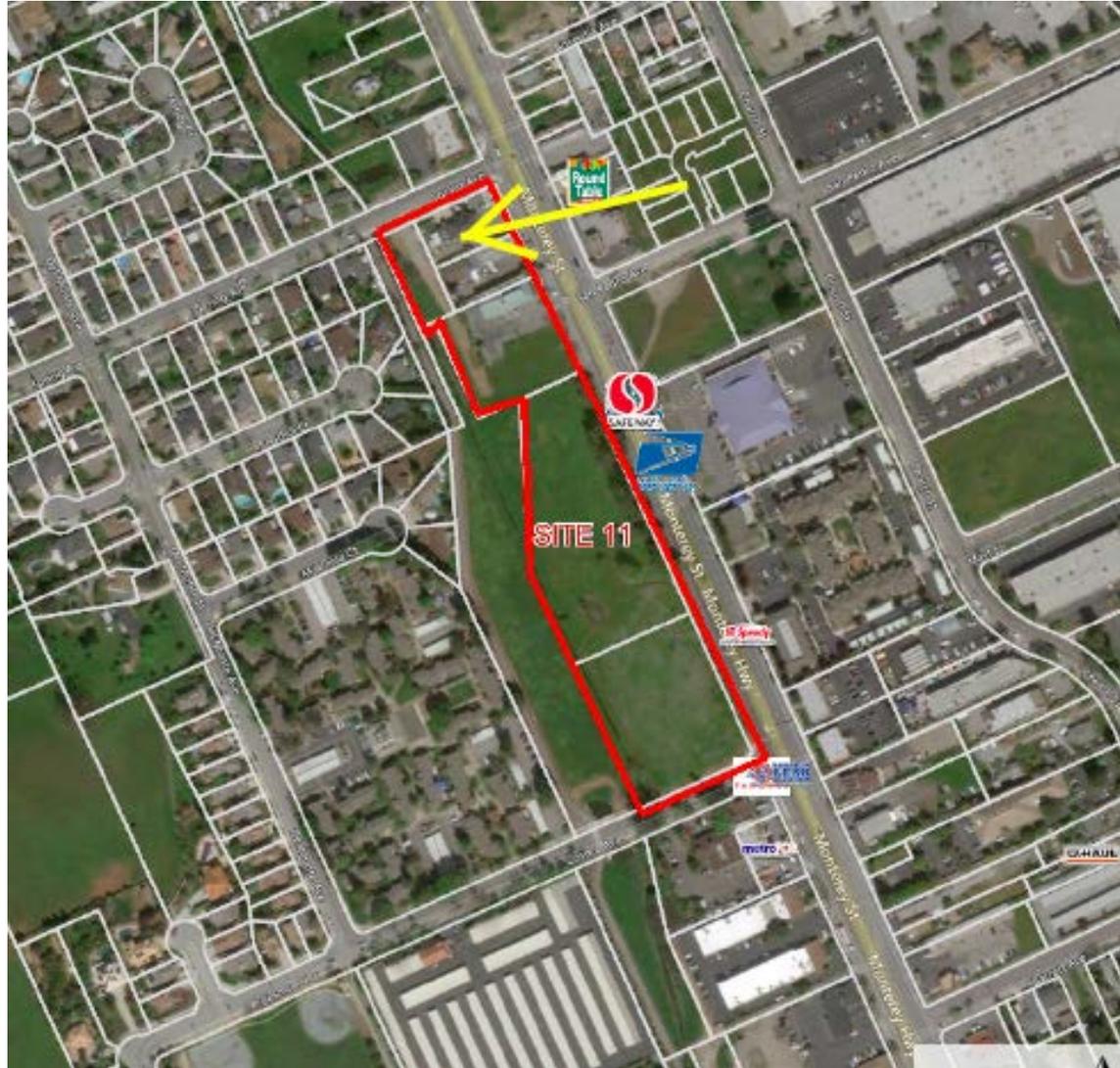
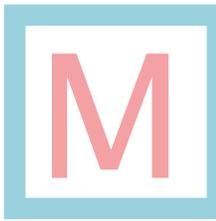
Conclusion: We suggest requiring commercial on the SW corner of Spring and Monterey.

METROVATION

BROKERAGE & CONSULTING

# Block 11 -

South of Downtown - Spring Ave. to Cosmo Ave.  
SW Corner Spring Ave. & Monterey Rd.



# Block 11 –

South of Downtown – Spring Ave. to Cosmo Ave.  
NW Corner Cosmo Ave. & Monterey Rd.



Similar to our comments above, the entire Block 11 is ripe for new development with the corners focused on local-serving commercial uses. We strongly advocate for preserving the corners to accommodate this type of use.

Block 11 is mostly vacant and can accommodate new development. While the market will not support retail on the entire property, any new development will want to create density and keep the commercial feel to the area.

Therefore, we recommend requiring commercial on the NW corner of Cosmo Ave. and Monterey Rd.



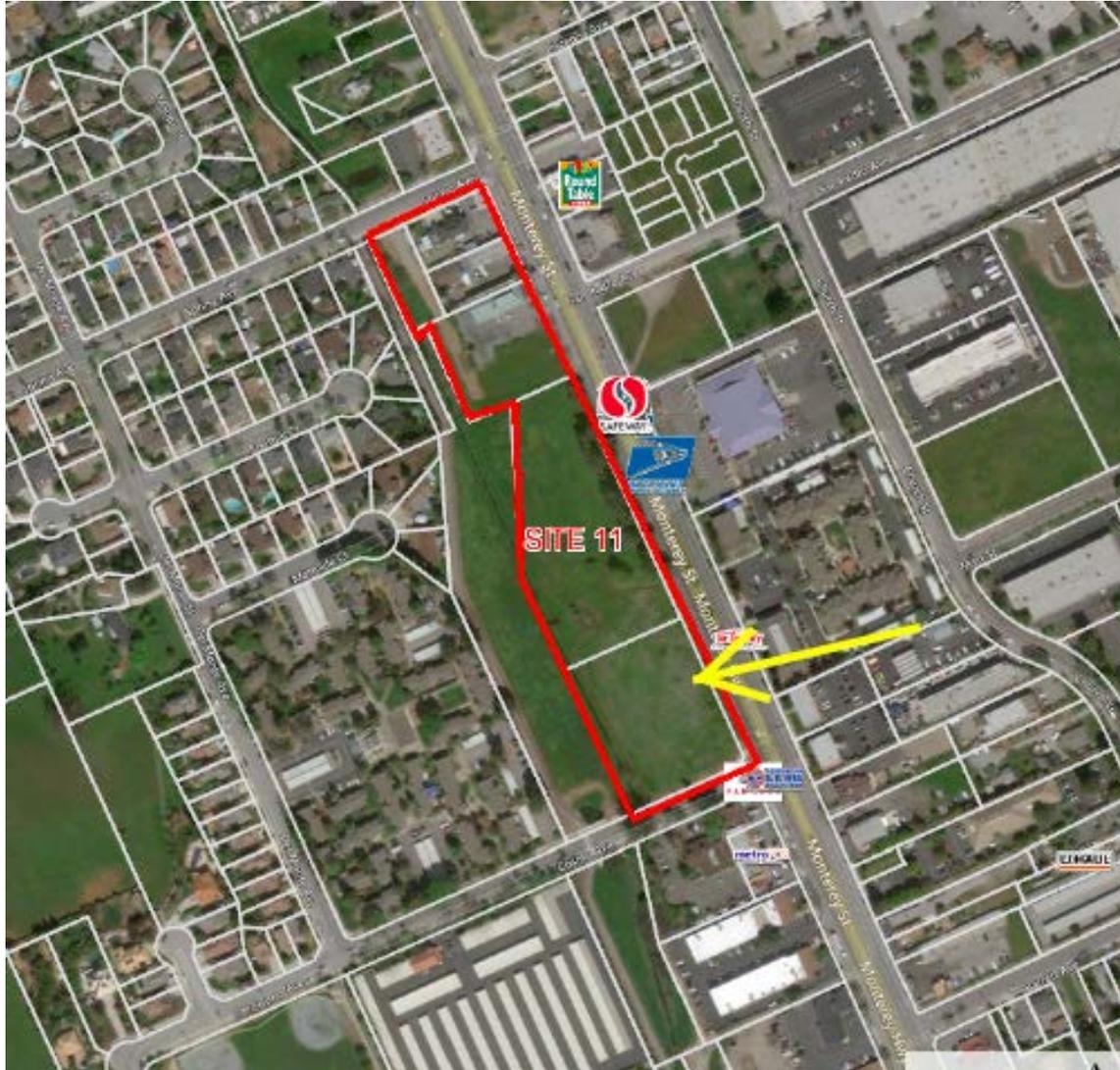
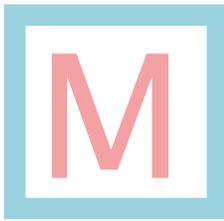
Conclusion: Commercial only zoning on the corner parcel is suggested.

METROVATION

BROKERAGE & CONSULTING

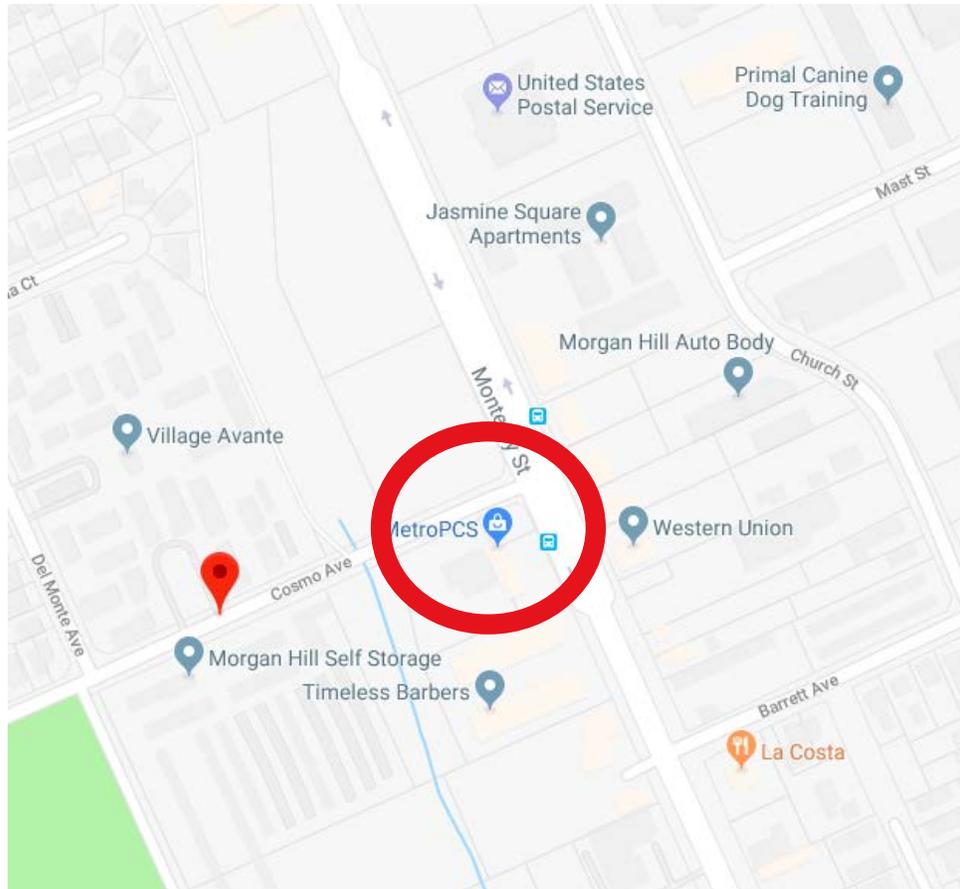
# Block 11 -

South of Downtown - Spring Ave. to Cosmo Ave.  
NW Corner Cosmo Ave. & Monterey Rd.



# Block 12 –

South of Downtown - Cosmo Ave. to Edmundson Ct.  
SW Corner Cosmo Ave. & Monterey Rd.



Currently developed and leased to a variety of retail tenants, this corner will benefit from any development that occurs on the north side of Cosmo Ave.

We recommend requiring commercial on the SW corner Cosmo Ave. and Monterey Rd.

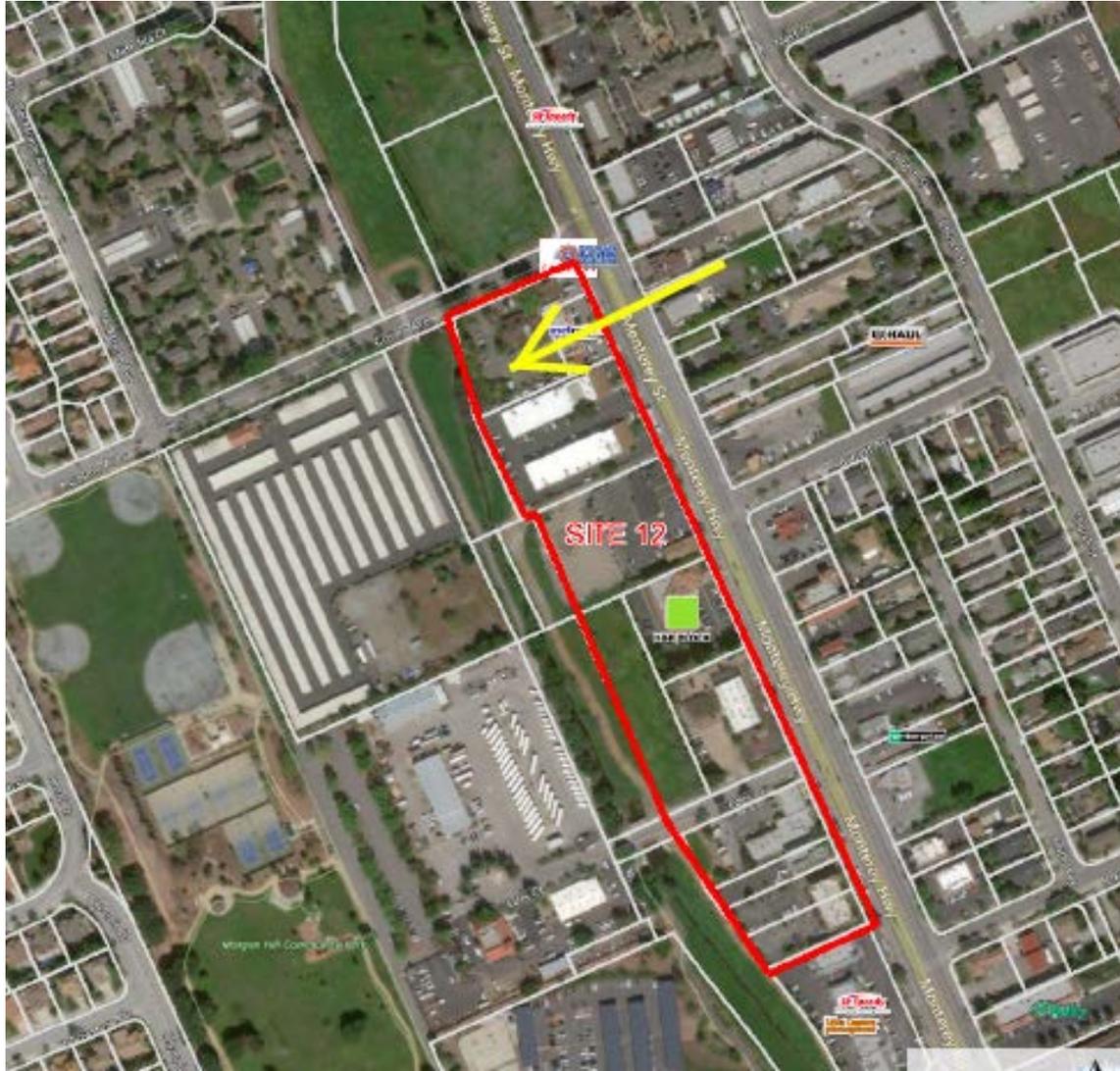
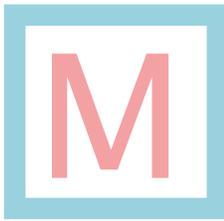
 Conclusion: Commercial only zoning on the corner parcel is suggested.

METROVATION

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# Block 12 -

South of Downtown - Cosmo Ave. to Edmundson Ct.  
SW Corner Cosmo Ave. & Monterey Rd.



# Draft Frontage Standards

# What are Frontage Standards?

**Frontage Standards are specific requirements for building frontages, which enable a more desirable built environment.**



Porch



Shopfront



Front Yard

# Frontage Types

**TABLE 18.30-XX: ALLOWED FRONTAGE TYPES – XX OVERLAY ZONE, SUB-ZONES**

| Frontage Type     | N Sub-Zone |             | C Sub-Zone |             |
|-------------------|------------|-------------|------------|-------------|
|                   | Front      | Street Side | Front      | Street Side |
| Forecourt         | A          | -           | A          | A           |
| Front Yard        | A          | A           | -          | -           |
| Porch: Engaged    | A          | A           | -          | -           |
| Porch: Projecting | A          | A           | -          | -           |
| Shopfront         | A          | A           | A          | A           |
| Stoop             | A          | A           | A          | A           |
| Terrace           | A          | A           | A          | A           |

Draft

# Frontage Type Application

**TABLE 18.30-XX: ALLOWED FRONTAGE TYPES – XX OVERLAY ZONE, SUB-ZONES**

| Frontage Type     | N Sub-Zone |             | C Sub-Zone |             |
|-------------------|------------|-------------|------------|-------------|
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| Porch: Projecting | A          | A           | -          | -           |
| Shopfront         | A          | A           | A          | A           |
| Stoop             | A          | A           | A          | A           |
| Terrace           | A          | A           | A          | A           |

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# Frontage Type Examples

## 5. Shopfront.

a. **Description.** The main façade of the building is placed at or near the right-of-way with an at-grade entrance along the sidewalk. The shopfront is generally intended for retail or service uses and has substantial glazing at the ground floor level.

### b. Standards.

| Size                                                                           |            |
|--------------------------------------------------------------------------------|------------|
| Depth, Recessed Entries <sup>1</sup>                                           | 5 ft. max. |
| Transparency, Ground Floor                                                     | 75% min.   |
| Projection <sup>2</sup>                                                        |            |
| Depth                                                                          | 4 ft. min. |
| Setback From Curb                                                              | 3 ft. min. |
| Height                                                                         | 8 ft. min. |
| Miscellaneous                                                                  |            |
| May be used in conjunction with another allowed frontage type (e.g., terrace). |            |

<sup>1</sup> May be designed in a variety of configurations.

<sup>2</sup> May project over the sidewalk with an Encroachment Permit.



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## 4. Porch: Projecting.

a. **Description.** The main façade of the building has a small-to-medium setback from the right-of-way and a porch is attached within the setback providing access to the building. The porch provides necessary physical separation for the private lot from the public right-of-way. The projecting porch is open on three sides and projects in front of the primary building wall.

### b. Standards.

| Size                                                      |                         |
|-----------------------------------------------------------|-------------------------|
| Width, Porch                                              | 70% min. of building    |
| Depth, Porch                                              | 5 ft. min.              |
| Height, Clear (Floor to Cover)                            | 8 ft. min.; 14 ft. max. |
| Finish Level Above Sidewalk                               | 3 ft. min.              |
| Miscellaneous                                             |                         |
| Reasonable accommodation must be provided as appropriate. |                         |
| Porches must be open on three sides and have a roof.      |                         |

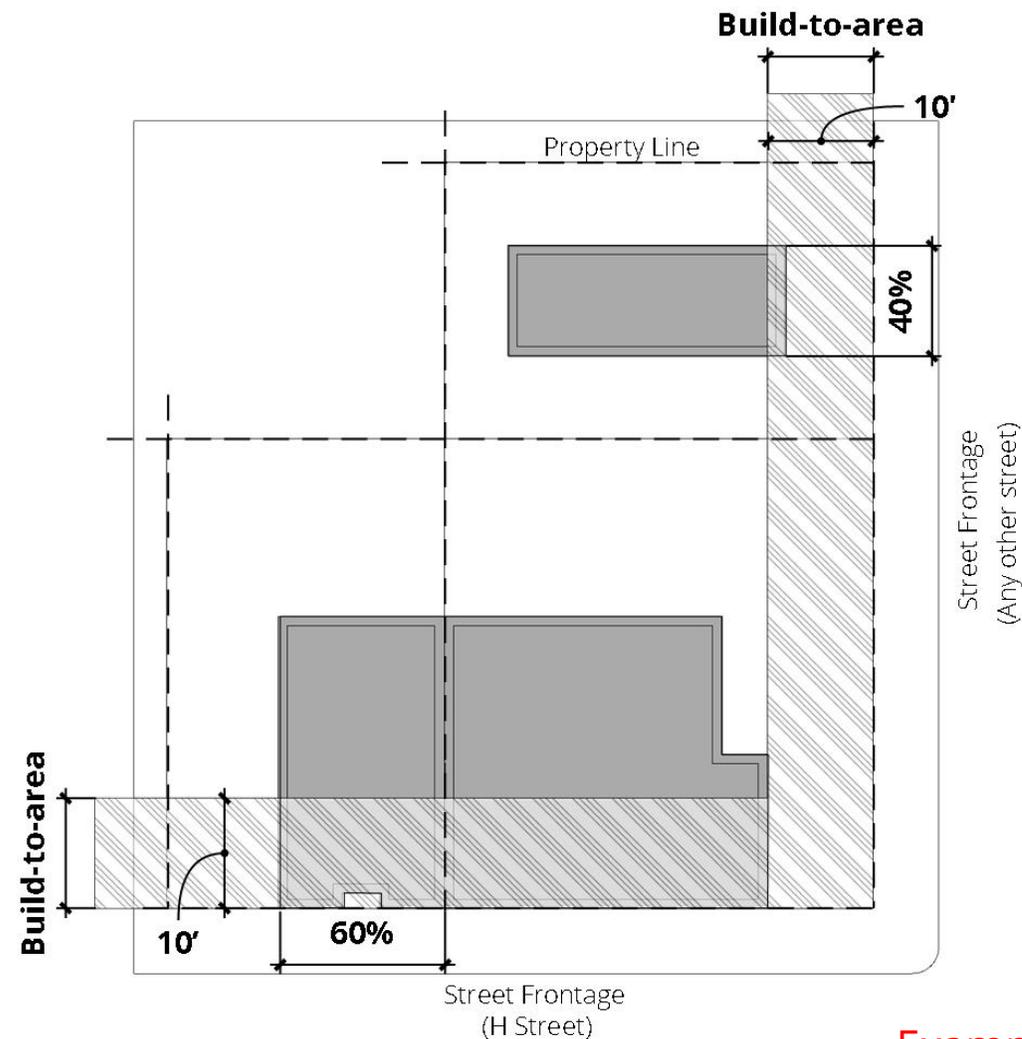


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# Supplemental Standards

## Building Standards

- Maximum front setback
- 1<sup>st</sup> floor clear height for C Sub-Zone
- 1<sup>st</sup> floor building depth for C Sub-Zone
- Primary entrance oriented to the street
- Adaptive reuse

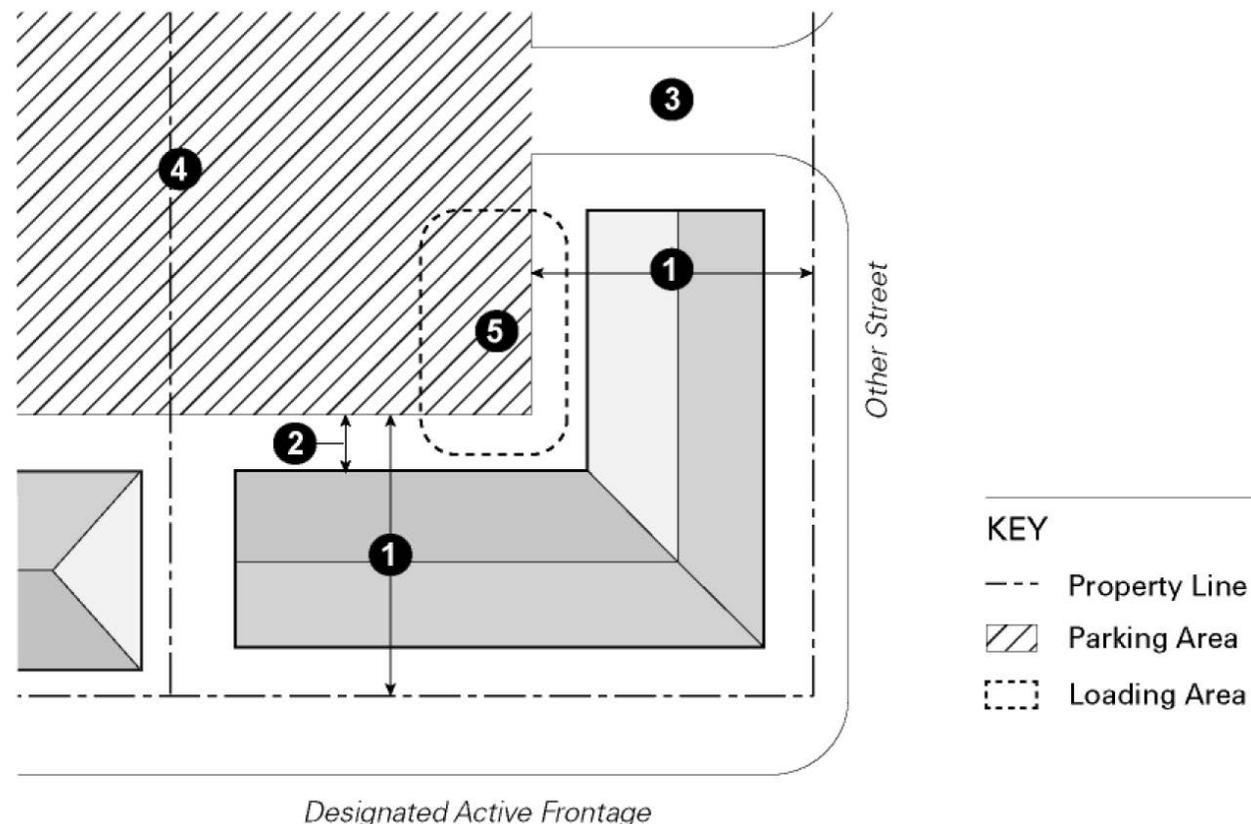


Example

# Supplemental Standards

## Connectivity/Site Standards

- Pedestrian and bicycle access/connection standards
- Maximum block length
- Parking behind buildings
- Open space/civic space requirement for large sites
- Street tree requirements



Example

# Questions & Comments

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