

Industrial Preservation Workplan January 2022



2035 General Plan



Economic Development's Role

The Economic Development Element establishes policy guidance to support the community's economic well-being. Its strategies include diversifying the local economy, increasing the quality and quantity of available job opportunities, decreasing the need for commuting, creating a thriving Downtown, and enhancing Morgan Hill's appeal as a tourist destination.

- Develop & maintain high-quality public infrastructure & services
- Position Morgan Hill as a compelling choice for companies by providing flexibility
- Retain and attract businesses by providing a business-friendly climate
- Create fiscal sustainability by cultivating a diversified tax base
- Increase economic opportunity through a robust and diverse range of business activity



Innovation and Advanced Manufacturing
Grow existing companies, attract new industry and grow professional jobs.

Retail
Grow retail offerings and strengthen commercial nodes.

Four Industry Areas

Tourism
Grow leisure, agriculture, wine country and recreational tourism.

Healthcare
Grow and foster the medical service and diagnostics industry by attracting services and facilities.

2017 Economic Blueprint

The Economic Blueprint identified 4 core industries, 13 strategies and 35 specific action items.

- Action #1: Adopting an employment (Industrial) land preservation policy, and
- Action #2: To strengthening General Plan language to prevent the conversion of Industrial lands.

Industrial Preservation

- Economically Sustainable
- Jobs & Revenue
- Maintain Industrial Lands for Job-generating Uses
- Prevent incompatible uses

Industrial Preservation Meetings & Action History



Strategic Economics Study

Industrial Findings

- Morgan Hill continues to be an attractive destination for industrial users, including manufacturers, machine shops, and assembly businesses.
- Morgan Hill Ranch and Madrone Business Parks continue to be the strongest location for future industrial, R&D, and warehouse uses.
- Demand for industrial buildings has outpaced building supply for manufacturing, machining, and assembly businesses.
- Morgan Hill firms have left to expand elsewhere, due to lack of industrial space availability.
- New construction is expensive and takes approximately 2 years to complete (plan, permit, construct).

Strategic Economics Study

Industrial Findings

- Vacant industrial (employment) land supply can accommodate 25 to 165 years of projected demand
- When currently entitled projects are considered, excluding Redwood Tech 101, the available land horizon drops to 19 to 95 years
- Today, there are only 120 acres of industrial (employment) land remaining (vacant)
 - 86.5 acres Light Industrial (IL)
 - 6 acres General Industrial (IG)
 - *27.5 acres Redwood Tech 101- planned and permitted*

Industrial Land Preservation Strategies

- **Use it.** The best way to preserve industrial/employment lands is to use them for their industrial purpose.
- Revisit Policy CNF-17.1 language within the General Plan and replace 'discourage' with "**prohibit**" the conversion of industrial lands.
- **Limit discretion of CUP uses** in employment generating uses.
- Hold the line. **Prioritize** wanted uses such as OEM (original equipment manufacturer).
- **Brand**, market, and promote industrial parks.
- **Incentivize** industrial development. Explore how fee structures and taxes align with land use.
- Allow for mixed uses within industrial. Consider **office** or other uses.
- Consider post COVID-19 uses. The pandemic may create new products and uses that are not currently articulated in city codes. Be flexible to **allow for industries and new operations.**

What actions has City taken?



In November 2020, the City Council City Council adopts Ordinance 2317 amending the City's Industrial Zoning Code prohibiting fulfillment centers, defining Large Scale Projects and moving review and approval authority from City staff to Planning Commission.

Addressed via Zoning Code

- ✓ Fulfillment Centers Prohibited
- ✓ Sorting Centers Prohibited
- ✓ Last-mile (local) distribution Prohibited
- ✓ Large projects defined as ≥ 100 units or $\geq 75,000$ sq ft_
- ✓ Large projects now require public hearing
- ✓ Review & Approval authority for large projects moved to Planning Commission

What actions has City taken?



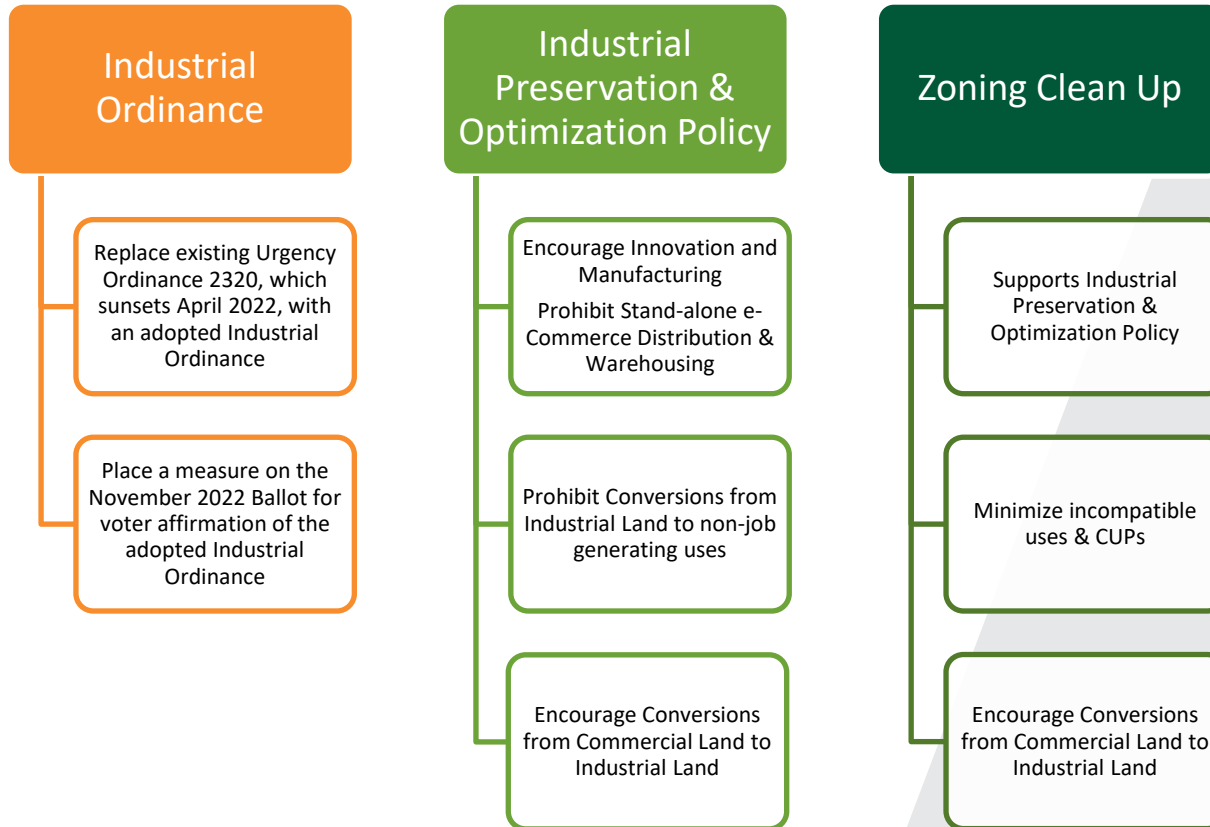
In April 2021, City Council passed Urgency Ordinance 2320.

Addressed via Building Type

- ✓ Changed/created definitions for:
 - Dock-High-Door
 - Dock-High-Door to Square Foot Ratio
 - Ceiling Height
 - Light Manufacturing

- ✓ Added Section 18.76.140 – Maximum Dock High Door Ratio for a facility that has a floor area of 75,000 square feet or greater and a ceiling height of more than thirty-four (34) feet over more than twenty-five (25) percent of the floor area is 1 Dock-High-Door:25,000 square feet

Industrial Preservation Workplan



April 7, 2021 City Council Action

1. Placed RG4MH Initiative on the ballot;
2. Adopted the collaborative ordinance as an “urgency ordinance”;
and
3. Directed Planning Commission to review collaborative ordinance as a permanent ordinance and consider placement on ballot.

Same as Urgency Ordinance

Adds Section 18.76.140 – Maximum Dock High Door Ratio for a facility that has a floor area of seventy-five thousand (75,000) square feet or greater and a ceiling height of more than thirty-four (34) feet over more than twenty-five (25) percent of the floor area is 1 Dock-High-Door:25,000 square feet



Change/create definitions for:

- » Dock-High-Door
- » Dock-High-Door to Square Foot Ratio
- » Ceiling Height
- » Light Manufacturing

Industrial Preservation & Optimization Policy

- In conjunction with the 2035 General Plan, Zoning Ordinance ZA2020-0003, and the Economic Blueprint, the policy will protect the City's limited supply of industrial/employment land to support long term economic vitality.
- Identifies five key goals that provide direction and guidance when developing, implementing, and managing policies, programs, and projects, including implementation of the Zoning Code and General Plan, as they relate to industrial uses and industrial business parks.
- Supports amending the current zoning code to minimize and reduce incompatible uses within the industrial lands.

Industrial Preservation & Optimization Policy

1. Encourage the attraction and expansion of R&D, Office, and Advanced Manufacturing uses.
2. Prohibit stand-alone e-commerce Warehouse and Distribution uses.
3. Prohibit General Plan conversions of Industrial lands that cause a net loss of industrial employment lands.
4. Protect existing Industrial lands and business parks by prohibiting non-compatible uses such as community assembly and recreational uses, while expanding compatible uses.
5. Encourage conversion of Commercial Lands to Industrial Lands where appropriate.

Industrial Preservation & Optimization Policy

STRATEGY	ACTIONS
Encourage the attraction and expansion of R&D, Office, and Advanced Manufacturing uses.	Marketing, Messaging & Outreach Development of Incentive Programs
Prohibit stand-alone e-commerce Warehouse and Distribution uses.	Industrial Ordinance Zoning Code
Prohibit General Plan conversions of Industrial lands that cause a net loss of industrial employment lands.	General Plan
Protect existing Industrial lands and business parks by prohibiting non-compatible uses such as community assembly and recreational uses, while expanding compatible uses.	Zoning Code
Encourage conversion of Commercial Lands to Industrial Lands where appropriate.	Marketing, Messaging & Outreach City-initiated GP Conversions

Updating Zoning Code

- Minimize and reduce incompatible uses
- Minimize CUPs in industrial zoned areas
- Expand opportunity for medical office and healthcare

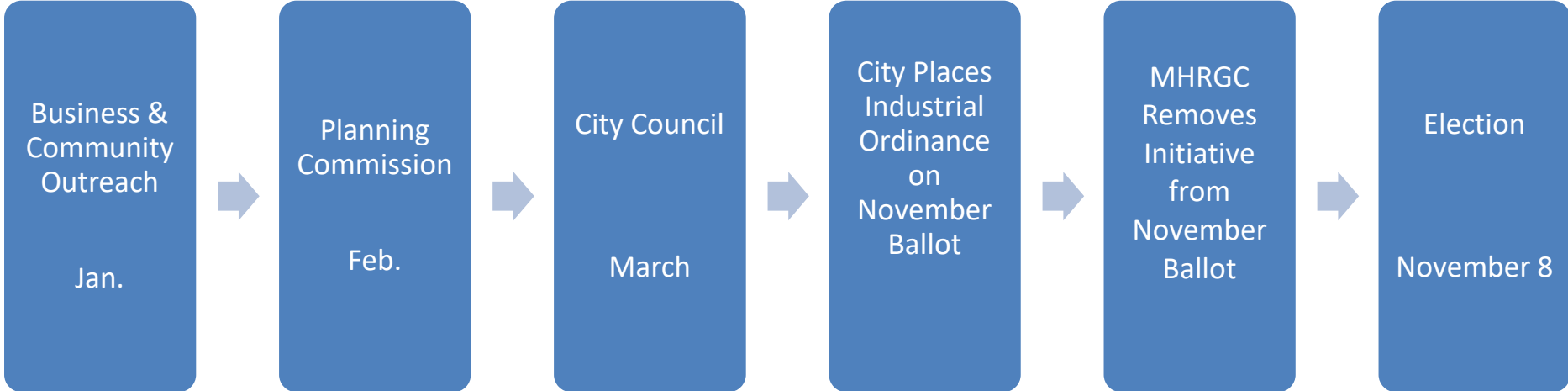
Proposed Zoning Code Changes

Land Use	IG - General Industrial		IL - Light Industrial	
	Existing	Proposed	Existing	Proposed
Community Assembly	CUP	Not Permitted	CUP	Not Permitted
Commercial Rec. Indoor				
< 15,000 sq. ft.	CUP	Not Permitted	CUP	Not Permitted
>15,000 sq. ft.	CUP	Not Permitted	CUP	Not Permitted
Colleges/Trade Schools	CUP	Not Permitted	CUP	CUP
Parks & Rec.	CUP	Not Permitted	CUP	CUP
Adult Businesses	Permitted	Not Permitted	Permitted	Permitted
Public Safety Facilities	CUP	Not Permitted	CUP	CUP
Mini-Storage	CUP	Not Permitted	CUP	CUP
Home Improvement Ctr.	CUP	Not Permitted	CUP	Not Permitted
Large Commodity Retail	CUP	Not Permitted	CUP	CUP
Professional Offices	Permitted	Not Permitted	Permitted	Permitted
Manufacturing, General	CUP	CUP	Not Permitted	Not Permitted
Medical Office & Clinics				
< 20,000 sq. ft.	Not Permitted	Not Permitted	Not Permitted	Permitted
> 20,000 sq. ft.		Not Permitted		CUP

Proposed Zoning Code Changes

Land Use	CI - Commercial Industrial		IO - Industrial Office		IC - Campus Industrial	
	Existing	Proposed	Existing	Proposed	Existing	Proposed
Community Assembly	CUP	CUP	Not Permitted	Not Permitted	Not Permitted	Not Permitted
Commercial Rec. Indoor						
< 15,000 sq. ft.	Permitted	Permitted	CUP	CUP	CUP	CUP
>15,000 sq. ft.	CUP	CUP	CUP	CUP	CUP	CUP
Colleges/Trade Schools	CUP	CUP	CUP	CUP	CUP	CUP
Parks & Rec.	CUP	CUP	Not Permitted	Not Permitted	Not Permitted	Not Permitted
Adult Businesses	Not Permitted	Not Permitted	Not Permitted	Not Permitted	Permitted	Permitted
Public Safety Facilities	CUP	CUP	Not Permitted	Not Permitted	Not Permitted	Not Permitted
Mini-Storage	Not Permitted	Not Permitted	Not Permitted	Not Permitted	Not permitted	Not Permitted
Home Improvement Ctr.	CUP	CUP	Not Permitted	Not Permitted	Not permitted	Not Permitted
Large Commodity Retail	CUP	CUP	Not Permitted	Not Permitted	Not Permitted	Not Permitted
Professional Offices	Permitted	Permitted	Permitted	Permitted	Permitted	Permitted
Manufacturing, General	Not Permitted	Not Permitted	Not Permitted	Not Permitted	Not Permitted	Not Permitted
Medical Office & Clinics						
< 20,000 sq. ft.	AUP	Permitted	AUP	Permitted	AUP	Permitted
> 20,000 sq. ft.		Permitted		Permitted		Permitted

2022 Schedule



Questions

