



ENGAGE MORGAN HILL

A conversation about services, funding, and priorities.

www.EngageMorganHill.org

Economic Development

The City funds most essential City services such as police, fire protection, infrastructure maintenance (streets, parks, downtown) and recreation through the City’s General Fund. The General Fund relies on property taxes, sales taxes, recreation service fees, and hotel transient occupancy taxes.

Revenue sources that are directly tied to land use and economic growth – including sales taxes, property taxes, and transient occupancy (hotel) taxes – account for 60% percent of General Fund. The City invests 77% of all General Fund discretionary funds to pay for public safety services alone.

The 2035 General Plan establishes a framework for:

- High quality jobs for residents
- A strong and diverse economic base
- A vibrant tourist industry
- A downtown where residents and visitors share in the richness of Morgan Hill’s community life
- Thriving stores, restaurants, and shopping centers
- Office and industrial areas that provide high quality work locations
- Infrastructure that helps make Morgan Hill a competitive business location

For Morgan Hill to provide quality services and amenities to its residents, the City needs long-term reliable revenue growth to offset the growing cost of providing services. This can be achieved through careful land use planning, policy direction and strategic actions that combined will ensure economic prosperity. Uses that support economic growth include office, commercial, industrial and research & development (R&D), as well as tourism-related investment and visitor spending.

Morgan Hill currently houses 6.5 million square feet of Industrial, R&D and manufacturing space in three large business parks. With over 17,700 employees, Morgan Hill is home to companies such as Anritsu, Specialized Bicycles Components, Wolfspeed, Toray Advanced Composites, Paramit, Marki Microwave, Golden State Assembly and Sakata Seed.

While Morgan Hill has a local industry base, 3 out of 4 Morgan Hill residents leave the City for jobs each day. There are simply not enough jobs, and equally important, not enough quality jobs for the residents of Morgan Hill. Ideally, there would be one+ job for every person able to work in Morgan Hill.

The City has approximately 237 acres of commercial and industrial vacant land available for development. There are also 24 developments currently proposed in the city, that if approved, will generate an additional 2.8 million square feet of new commercial and industrial space. These new commercial and industrial developments will generate jobs for the community and more revenue through property taxes, sales taxes and hotel taxes.

In 2017, the City approved an Economic Blueprint that outlines specific strategies and actions that will generate jobs, investment, and economic vitality by focusing on four key industries. Current Economic Development efforts are focused on driving smart, sustainable growth of jobs and industry in the city with focus on developments in the fields of innovation and advanced manufacturing, retail, tourism, and healthcare.





What is the right jobs/housing balance?

Ideally, a community would have one or more jobs for every resident able to work.

What is the Morgan Hill jobs/housing balance?

Morgan Hill has a 1.17 jobs/housing balance. Morgan Hill has .83 jobs for every employed resident.

Are the jobs in Morgan Hill the right jobs for our community?

75% of Morgan Hill working residents leave the City each day for work. The City desires to grow the number of quality jobs in town so not as many residents need to leave the community for a good-paying job.

Do jobs (commercial/industrial uses) impact or benefit the City?

Both, housing and commercial development provide property taxes. However, the City only receives 10% of the property tax paid. The rest belongs to other taxing agencies such as schools, the County and the Community College District. Commercial and industrial uses generally create more benefit to cities by providing opportunities for additional revenue such as sales, hotel, and business to business taxes. In addition, equipment and personal property in businesses generate property tax. Residential development costs more as residents require more regular access to services than employees of businesses.

How can more & better companies be attracted to move to Morgan Hill?

Morgan Hill is considered a secondary real estate market. Companies like to locate where the workforce is and near transit and amenities. The City has been making progress by attracting more companies to relocate into Morgan Hill. The current vacancy rate is only 3%, but new commercial/industrial development is harder to attract.

Why is it hard to attract new commercial and industrial development to Morgan Hill?

Morgan Hill's industrial market is still maturing. The rents are not as high as rents north of the City, yet the cost of construction is the same. This, coupled with higher development impact fees, makes it difficult to attract new development. Retail on the other hand has different challenges. The City's retail trade area includes South San Jose and Gilroy; and virtually every retailer is already represented in the trade area with the Gilroy Outlets, Oakridge Mall, and retail concentrations on Blossom Hill, Almaden Blvd., and Cottle Road. Additionally, Morgan Hill's growth measure discourages retail investment that is dependent on existing and future population growth needs.

Does Morgan Hill need more hotels and are hotels good for the City?

There are 14 hotels in the City. The majority of these hotels are older and considered economy, while only six are mid or upscale or upper-midscale. The majority of hotels have reached their economic life cycle and continue to decline. New hotels support local companies, generate money for the City through hotel taxes and support tourism.

What are the Economic Development opportunities in Morgan Hill?

Morgan Hill benefits from a clear vision as mapped in the Economic Blueprint. The Economic Blueprint is intended to further the community's quality of life by attracting investment, development and jobs that will ensure continued economic prosperity.