CITY OF MORGAN HILL

MONTEREY CORRIDOR IMPLEMENTATION MEMO

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February 2018

BACKGROUND AND PURPOSE

In January 2017, the City of Morgan Hill (City) hired Lisa Wise Consulting, Inc. (LWC) to provide services to assist the City with a Market and Land Use Capacity Study along the Monterey Corridor. LWC is an experienced land use planning and economics firm that specializes in facilitating pedestrian-oriented neighborhoods and well-designed places to live, work, and recreate. LWC has a deep understanding of planning policy, implementation, and market opportunities, and frequently conducts market analyses and code updates in communities like Morgan Hill.

This Implementation Memo provides market-based options to implement the General Plan's vision for a revitalized mixed-use Monterey Corridor. The key findings and recommendations from the Monterey Corridor Market Analysis Report (attached) are incorporated into the discussion of options. This Memo will be used by the City to determine which option is preferred and next steps to effectuate desired change along the Monterey Corridor.

SUMMARY OF THE GENERAL PLAN'S VISION FOR THE MONTEREY CORRIDOR

The City's General Plan, Morgan Hill 2035, was adopted in 2016 and establishes the goals, policies, and actions that guide land use and development decisions for Morgan Hill. The overarching vision of the General Plan is to maintain the City as a unique, family-friendly Silicon Valley community that incorporates infill development and sustainable change to future growth. The City and Neighborhood Form (Land Use) Element describes the intent of the Mixed Use Flex land use designation, which is primarily applied to properties along the Monterey Corridor, as allowing for a variety of uses (residential, commercial, and office) that can be applied either vertically or horizontally, and allowing residents and employees to meet daily needs without the use of an automobile.

OPTIONS

The following options have been formulated for the City's review and discussion. As recommended in the Market Analysis Report, a zoning approach that can effectively respond to fluctuating market conditions and strategically focus commercial space is desirable. The Implementation Options Table provides a summary of the options, including pros and cons of each option.

1. FORM-BASED CODE (FBC) FOR THE STUDY AREA

Option 1 offers the most amount of change to the City's Zoning Code (Code)[1]. It includes integrating new chapters and sections of form-based zones and standards into the City's existing conventional Zoning Code. A form-based code (FBC) is an approach to zoning that prioritizes the placement and relationship of buildings relative to each other and to the public right-of-way (i.e., the form of a community) over the conventional regulation of use[2]. FBCs typically rely on the extensive use of illustrations, photographs, and tables in addition to supplemental text, which makes them easier to use and apply than most conventional codes. FBCs are most effective at regulating the placement of buildings, building frontages (i.e., façades), building types, and in establishing streetscape standards than a conventional code, and for enabling by-right mixed-use development. If a FBC approach is implemented, a hybrid code for the City (i.e., it includes the City's existing conventional zoning code with the FBC integrated within it) would be created, which, will allow for greater predictability in the built form of development and less rigid regulation of use in the Corridor. Additionally, the form-based zones and standards will be responsive to the contextual form of the Monterey Corridor by focusing commercial form and use in strategically located nodes or corridor segments. Option 1 may be implemented in either of the following ways.

1.1 COMPREHENSIVE FBC

Option 1.1 would integrate a comprehensive FBC into the City's existing Code. The FBC could be based on the principle of the transect in which standards are developed based on the character of places. Transects transition from rural to urban along a scale of increasing intensity, making form-based standards appropriate in many

[1] All indications of the "Code" refer to the soon-to-be adopted City of Morgan Hill Zoning Code.

[2] For additional information on FBCs and a comprehensive definition and how they have been applied across the US, see www.formbasedcodes.org. An example FBC is the City of Livermore's Development Code (http://www.codepublishing.com/CA/Livermore/)

contexts, including residential neighborhoods, historic areas, areas transitioning from low to higher intensity centers, or areas rapidly growing or changing.

Image from www.dpz.com (Duany Plater-Zyberk & Company) illustrating the urban to rural transect approach to form-based standards. Form-based standards take into consideration how buildings contribute to the intended form and intensity of an area, rather than the individual uses inside the building.

Transect zones would replace the existing zones along the Monterey Corridor and would be specifically calibrated based on the existing or desired built form and character of the Corridor. A design charrette[3] could be held to refine the vision for the Corridor and intended objectives of the form-based zones and standards, as well as test the feasibility of development scenarios on opportunity sites. It would include standards specific to each transect zone (building height, setbacks or build-to lines, lot coverage, etc.) as well as building type standards, frontage type standards, open space type standards, thoroughfare (street) type standards. Administration and procedures specific to the application of the FBC would also be included that could, for example, reduce permit review requirements and allow temporary uses to occur in the transect zones more frequently. Building types, specifically, would provide "Missing Middle" housing types that match the character and scale of the Corridor and surrounding neighborhoods and that can serve as workforce housing and continue to diversify the residential product mix in the City (See www.missingmiddlehousing.com). Frontage type standards would address base flood elevation design issues along the street and allow for prescriptive variation in the context of the Corridor. This option typically would not include regulations based on density, the implications of which would need to be discussed within the Residential Development Control System (RDCS) context. This option would achieve the highest degree of predictability in building form and flexibility for uses to adjust to changing market demands along the mixed-use Corridor.

[3] A design charrette is an interactive workshop, typically over the course of two or more days, where the public and design team interact closely to develop a vision and desired concepts for the study area.

1.2 SCALED-DOWN FBC

Option 1.2 would include only some of the form-based code components described in Option 1.1 and would not be a fully calibrated FBC. Anticipated form-based code components may include frontage type standards and form-focused conventional standards (e.g., build-to-line requirements, fenestration standards (i.e., the minimum area for windows on certain frontage types), updated parking rates and alternatives, pedestrian connectivity requirements, etc.), and it may include one to two new zones. Frontage type standards would be included as they are critical to achieving desired building design and engagement at the street. This option would achieve a moderate amount of predictability in building form and flexibility for uses to adjust to changing market demands along the mixed-use Corridor without going through the extensive public process required for a fully calibrated comprehensive FBC.

2. CONVENTIONAL CODE WITH UPDATES TO STANDARDS

Option 2 offers an intermediate amount of change to the Code. This option would include a review and update of the zones applicable to the Corridor, and it is anticipated to include amending use regulations to be more flexible, rethinking standards to be more form-based (e.g., include build-to-line standards, fenestration standards, updated parking rates and alternatives, pedestrian connectivity requirements, etc.), adjusting Floor Area Ratio standards, and adding graphics, as appropriate, for clarity and readability. Unlike Option 1.2, frontage types would not be included. This option does not include the addition of any new chapters into the Code and, therefore, allows the existing Code structure to remain unchanged. However, this option may require creating one to two additional conventional zones. This option would retain the existing conventional Code structure but would accomplish some intermediate changes to standards.

3. SPECIFIC PLAN FOR THE STUDY AREA

Option 3 offers no immediate change to the Code and instead supplies the City with a policy tool to refine the General Plan's vision for the Monterey Corridor outside of the Code. A Specific Plan for the Corridor would provide the ability to develop specific goals and policies that capture the desired intent of the area beyond what is directed by the General Plan, which would inform new development standards. The Specific Plan would include a code with standards (e.g., allowed uses, development standards, etc.) that could ultimately be incorporated into the Zoning Code through an amendment process. Also, implementation measures within the Specific Plan would provide actionable direction to achieve the desired vision in the Corridor. This option would prioritize the

establishment of unique and further refined goals and policies for the Corridor, rather than implementation the General Plan solely and immediately through Code standards. This option would likely require the longest timeline due to the typical community engagement process for goal setting and policy development.

4. GUIDELINES FOR "BLOCK-LEVEL MASTER PLANS"

Option 4 offers no change to the Code and instead supplies the City with guidance for implementing the General Plan through finer grain plans (block-level master plans) outside of the Code. The General Plan requires block-level master plans for residential or mixed-use projects within the Mixed Use Flex designation (Policy CNF-13.4), which comprises much of the Monterey Corridor. Provided that the proper guidelines are in place, a given block-level master plan would include a conceptual plan showing relationships and connectivity among the parcels on the block. The guidelines could require depicting building(s) relationship to the street, pedestrian connectivity, and commercial development in key strategic locations (e.g., a conceptual regulating plan). The guidelines would assist the City with identifying how commercial uses would be incorporated within the development of the given block and how individual development projects would connect with each other. Furthermore, the guidelines could establish a process for the City's review and acceptance of block-level master plans, as well as amendments to those plans over time.

Block-level master plans, prepared consistent with these guidelines, could be initiated by the City, a property owner, or project applicant. Once block-level master plans are completed, residential and mixed-use projects proposed within the block-level master plan area would be eligible to compete in the RDCS[4].

However, it will be difficult to ensure consistency in form and character of development from one block to another as guidelines allow for interpretation. This option would prioritize a set of master plans or conceptual regulating plans that enables each block of the Corridor to have unique characteristics, reviewed by the City on a case-by-case basis according to the guidelines. This option would achieve a lower degree of predictability in building form compared to options that would amend the Code because it would not alter Code standards.

[4] To be eligible to complete in the RDCS, a project must be consistent with the General Plan.

5. STREETSCAPE IMPROVEMENT PLAN & A FAÇADE INCENTIVE PROGRAM

Option 5 offers no change to the Code and instead provides the City with strategies to implement street improvements and encourage façade upgrades along the Corridor. A street improvement plan would prioritize projects in the Corridor that might otherwise burden new development financially (walkability/connectivity projects, beautification projects, utility undergrounding or upgrades, etc.). A façade incentive program could include permit fees or nonconforming restrictions to be waived if certain façade improvement thresholds are met (e.g., façade improvements that provide pedestrian interest and engagement, outdoor activity, etc.). This would influence aspects of the public realm, but would have limited control over building form, and would be dependent on City funding of street improvement projects and property owner funding of façade upgrades. This option would prioritize street and façade improvements over Code standards, which would be least likely to result in desired change along the Corridor.

The following table summarizes the five options, including estimated rough budgets and timelines, as well as considerations (pros and cons) associated with each option. Not all items in the description may be included in the low-end budget estimate.

Implementation Options						
Option		**Description**	**Pros**	**Cons**	**Rough Budget Estimate**	**Timeframe Estimate**
1.1	COMPREHENSIVE FORM-BASED CODE (FBC)	Form-based standards incorporated into existing Code (hybrid code); form-based zones; building types, frontage types, open space types, thoroughfare types; streamlined administration and procedures; design charrette for visioning and feasibility testing; promotes walkable urban places and encourages pedestrian activity; building form supersedes use; allows and promotes mixed-use development	Most effective implementation of General Plan's vision; addresses all aspects of urban form; easier to mix uses; provides the most certainty and predictability; high use of graphics and tables; prescriptive – gives desired urban form results	Highest cost; perception that FBCs are more complicated; may need staff training and community education sessions to transition to this approach	$125,000 - $330,000 [1]	10 - 18 months
1.2	SCALED-DOWN FORM-BASED CODE (FBC)	Form-based standards incorporated into existing Code (hybrid code); frontage types; conventional code standards updated; may add 1-2 zones; promotes walkable urban places and encourages pedestrian activity; allows and promotes mixed-use development	Effective implementation of General Plan's vision; addresses building frontages; easier to mix uses; provides more certainty and predictability; use of graphics and tables; prescriptive – gives desired building frontage results	Limited FBC application is less effective than full FBC application; does not include building types, open space types, or thoroughfare types	$95,000 - $200,000 [1]	8 - 12 months
2	CONVENTIONAL CODE WITH UPDATES TO STANDARDS	Conventional Code remains; conventional code standards updated; may add 1-2 conventional zones if needed	Somewhat effective implementation of General Plan's vision; provides some predictability; existing Code structure retained; cost effective	Less likely to achieve desired building form; may be less effective in enabling mixed use development	$60,000 - $110,000 [2]	6 - 10 months

3	SPECIFIC PLAN FOR THE STUDY AREA	High-level planning document with targeted goals and policies; can be implemented in Code, but no immediate Code changes	Robust community involvement in specific goal setting and policy development; provides more guidance for code standards; regulates use and built form; actionable implementation program	Expensive and lengthy process	$350,000 - $700,000+ [3]	18 - 24 months
4	GUIDELINES FOR "BLOCK-LEVEL MASTER PLANS"	Finer grain set of planning documents with conceptual plans block-by-block; no Code changes	Compliant with General Plan; provides direction for future planning; cost effective; short timeline	Guidelines allow for interpretation; case-by-case review of each master plan; difficult to ensure consistency from block to block	$25,000 - $45,000 [4]	4 - 6 months
5	STREETSCAPE IMPROVEMENT PLAN & A FAÇADE INCENTIVE PROGRAM	Strategies focused on public realm and façade improvements; no Code changes	Addresses some public realm considerations	Limited implementation of General Plan's vision; City funding required for improvement projects; façade improvements dependent on property owners' funding	TBD – Based on the extent of plan/program desired	TBD – Based on the extent of plan/program desired

[1] CEQA assumed to be an EIR Addendum.

[2] CEQA assumed to be a Categorical Exemption or an EIR Addendum.

[3] CEQA assumed to be a Subsequent EIR.

[4] CEQA assumed to be a Categorical Exemption.

CONCLUSION

Based on LWC's experience, which includes approximately 30 zoning code updates and 20 master or specific plans for jurisdictions throughout the United States, Option 1.1 or 1.2 (Form-Based Code for the Study Area) is recommended as most effective to realize the General Plan's vision for the Monterey Corridor considering the Market Analysis Report (attached). A specific plan (Option 3) would also be effective but requires a longer timeline and higher cost. The City may also consider a near term solution involving Option 4 (Guidelines for "Block-Level Master Plans") to facilitate projects' eligibility in the upcoming RDCS.