

**RESOLUTION NO. 22-20**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE  
CITY OF MORGAN HILL RECOMMENDING APPROVAL OF  
A ZONING MAP AMENDMENT FOR A MIXED-USE  
DOWNTOWN PLANNED DEVELOPMENT COMBINING  
DISTRICT ON A 1.09-ACRE SITE LOCATED EAST OF  
MONTEREY ROAD BETWEEN 1<sup>ST</sup> STREET AND 2<sup>ND</sup>  
STREET (ZA2022-0004: MONTEREY – LEAL GRANADA  
HOTEL) APN: 726-14-074**

**WHEREAS**, in April of 2016, Planning Commission approved a Conditional Use Permit and Design Permit for a project known as the Granada Hotel, which included a new 67,940 square foot four-story hotel with restaurants, bars, retail, banquet halls, and ancillary hotel serves and amenities including valet parking; and

**WHEREAS**, the approved hotel project received issuance of building permits in June of 2017, and exercised the Conditional Use Permit and Design Permit approvals. A permit or approval is considered exercised when a building permit is issued and construction has commenced. Project construction has commenced with the base of the hotel and building permits have been kept active to date; and

**WHEREAS**, Leal Vineyards, Inc. proposes to establish a Planned Development Combining District on the 1.09-acre site located east of Monterey Road between 1<sup>st</sup> Street and 2<sup>nd</sup> Street, identified by Assessor Parcel Number 726-14-074. The Planned Development Combining District to allow for the development of a fifth story to the approved hotel with ancillary uses and customer services as defined for a Hotel use within this Planned Development known as the Granada Hotel Expansion; and

**WHEREAS**, said development requires the approval of a Zoning Map Amendment and the establishment of a Planned Development Master Plan that identifies uses and standards for the Granada Hotel Expansion; and

**WHEREAS**, Section 18.114.040 of the Morgan Hill Municipal Code requires that the Planning Commission make a recommendation to the City Council regarding the Zoning Map Amendment to establish a Planned Development Combining District based on findings specified in Section 18.114.050; and

**WHEREAS**, Section 18.30.050.H.5. of the Morgan Hill Municipal Code requires that the Planning Commission make a recommendation to the City Council regarding the Planned Development Master Plan based on findings specified in Section 18.30.050.H.7; and

**WHEREAS**, the Planning Commission has reviewed and considered the Initial Study and Addendum prepared for the Project; and

**WHEREAS**, the Addendum prepared for the project is incorporated, by this reference into the Resolution as if fully set forth herein; and

**WHEREAS**, the City of Morgan Hill, Development Services Department, has reviewed the proposed project and on the basis of the whole record before it, has determined that pursuant to CEQA Guidelines Section 15179, no substantial changes have occurred with respect to the circumstances under which the MEIR was certified, and there is no new available information, which was not known and could not have been known at the time that the MEIR was certified. The project, as identified in the Addendum, would not have a significant effect on the environment beyond that which was evaluated in the Downtown Specific Plan Master Environmental Impact Report (MEIR). The document demonstrates that neither a subsequent EIR, nor a supplement to the MEIR is required given that the proposed modifications to the approved project would not trigger the applicable criteria set forth in the CEQA Guidelines Section 15162. The Addendum to the Downtown Specific Plan MEIR has been prepared pursuant to Title 14 Section 15164 of the California Code of Regulations and City of Morgan Hill environmental standards; and

**WHEREAS**, the proposed project is consistent with the development assumptions in the Downtown Specific Plan. The proposed project would not result in any new or more significant cumulative impacts than the previously approved project (disclosed in the Specific Plan MEIR). Mitigation measures adopted for the previously approved project where feasible and will be implemented by the proposed project; and

**WHEREAS**, such request was considered by the Planning Commission at its regular meeting of October 11, 2022; and

**WHEREAS**, testimony received at a duly-noticed public hearing, along with exhibits and drawings, and other materials have been considered in the review process.

**NOW, THEREFORE, THE MORGAN HILL PLANNING COMMISSION DOES  
RESOLVE AS FOLLOWS:**

**SECTION 1.** The proposed amendment is consistent with the General Plan and any applicable specific plan as provided by Government Code Section 65860.

The planned development will yield a project that is consistent with the Downtown Specific Plan and General Plan City and Neighborhood Form Policies CNF-14.1, CNF-14.2, CNF-14.3, and CNF-14.7 and the Economic Development Element in that the Hotel supports the implementation of the Downtown Specific plan by providing a new use that includes specialty retail, event space, and other services on the first floor along Monterey street, and supports tourism downtown by adding short-term stay for visitors. The General Plan does not specify maximums for the floor area ratio or density on the project site. The proposed

development for a hotel meets the floor area ratio as identified within the Downtown Specific Plan.

**SECTION 2.** The proposed amendment will not be detrimental to the public interest, health, safety, convenience, or welfare of the City.

The planned development will yield a project that supports tourism by providing the convenience to stay and enjoy events within the Downtown. A hotel use will provide public interest and enhance general welfare by including ancillary uses that support Downtown as a focal point of the City. Projects will be built to comply with standard building code requirements and therefore will not be detrimental to public health, safety, and welfare.

**SECTION 3.** The affected site is physically suitable in terms of design, location, shape, size, and other characteristics to ensure that the permitted land uses and development will comply with the zoning code and general plan and contribute to the health, safety and welfare of the property, surrounding properties, and the community at large.

The property is an approximate 1.09-acre site that propose the development of a project that meet the design requirements and guidelines identified within the Downtown Specific Plan. This Planned Development allow for an increase in height up to five stories for a hotel use. Consistent with the Downtown Specific Plan, upper floor levels will be set back from the first and second floors which reduces the massing of the building and maintain the characteristics within the Downtown. As mentioned in Sections 1 and 2 above, the planned development will yield a project that contributes to the Downtown and the community at large and will not be detrimental to the health, safety, and welfare of the property and surrounding properties.

**SECTION 4.** The proposed development is consistent with the general plan, zoning code and any applicable specific plan or area plan adopted by the City council.

The Downtown Specific Plan allows for Planned Developments for properties to deviate from standards. The proposed Planned Development supports the approved hotel use as permitted and deviates from the height standard by adding one additional level for hotels. The Planned Development will yield a project consistent with the policies established by the General Plan and Downtown Specific Plan in that a Hotel supports tourism downtown, provides new services and amenities, and meets the Design Guidelines within the Specific Plan.

**SECTION 5.** The proposed development is superior to the development that could occur under the standards applicable in the existing zoning districts.

The Planned Development will allow for a use and design that supports the viability of a hotel downtown, improving the operational functionality of the hotel. A hotel with ancillary services and amenities within downtown supports the Downtown Specific Plan and General Plan by promoting Downtown as a focal point and supports tourism that supports the economic growth of Downtown.

**SECTION 6.** The proposed project will provide a Substantial Public Benefit. The public benefit provided shall be of sufficient value as determined by the Planning Commission to justify deviation from the standards of the zoning district that currently applies to the property.

The project will incorporate a valet station for drop-off/pick-up in a location convenient for all downtown visitors in addition to the hotel guests. This will provide upfront access for all visitors/consumers downtown. In addition, the property owner/designee will have a mural displayed on the rear of the building. The artwork for the mural will be approved by the Arts Commission.

**SECTION 7.** The site for the proposed development is adequate in size and shape to accommodate proposed land uses.

The site is a 1.09-acre site and shape of the site can accommodate a five-story hotel that meets the floor area ratio identified within the Downtown Specific Plan.

**SECTION 8.** Adequate transportation facilities, infrastructure, and public services exist or will be provided to serve the proposed development.

The site is located within the downtown fronting on Monterey road and 1<sup>st</sup> Street with valet services for guest accessed from 2<sup>nd</sup> Street. There are wet and dry utilities and infrastructure in the surrounding area that support the development of this site.

**SECTION 9.** The proposed development will not have a substantial adverse effect on surrounding property and will be compatible with the existing and planned land use character of the surrounding area.

The Planned Development will yield a project consistent with the Downtown Specific Plan and General Plan goals and policies. The increased height for a hotel will be compatible with existing and planned uses of the surrounding area in that the 5<sup>th</sup> level will be push back and

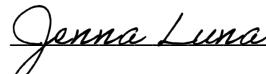
central to the block which reduces massing and provides relief for future development of adjacent properties on the block.

**SECTION 10.** The Planning Commission recommends approval of Zoning Amendment application ZA2022-0004: Monterey – Leal Granada Hotel (Granada Hotel Expansion) for a Planned Development as described in the attached Exhibit "A" and Exhibit "B" to this Resolution.

**PASSED AND ADOPTED THIS 11<sup>TH</sup> DAY OF OCTOBER 2022, AT A REGULAR MEETING OF THE PLANNING COMMISSION BY THE FOLLOWING VOTE:**

<b>AYES:</b>	<b>COMMISSIONERS:</b>	<b>MUELLER, HABIB, KUMAR, DOWNEY, LAKE, WILSON</b>
<b>NOES:</b>	<b>COMMISSIONERS:</b>	<b>NONE</b>
<b>ABSTAIN:</b>	<b>COMMISSIONERS:</b>	<b>NONE</b>
<b>ABSENT:</b>	<b>COMMISSIONERS:</b>	<b>TANDA</b>

**ATTEST:**



JENNA LUNA, Deputy City Clerk

**APPROVED:**



Joseph Mueller (Nov 3, 2022 10:18 PDT)

**JOSEPH MUELLER, Chair**

## EXHIBIT A

### PLANNED DEVELOPMENT STANDARDS AND USES

This Planned Development (PD) pertains to the 1.09-acre lot located mid-block east of Monterey Road, between 1<sup>st</sup> Street and 2<sup>nd</sup> Street. To proceed with the development of a Hotel that exceeds 4-stories, or 55-feet in height, the Performance Standards set forth in Section A of this Exhibit shall be met. A one-time, 2-year administrative time extension to each performance standard outlined in Section A of this Exhibit may be granted by the Development Services Director if:

- 1) The property owner/designee proceeded in good faith and has exercised due diligence in efforts to achieve each performance standard in a timely manner; and
- 2) The property owner/designee provides proof to demonstrate that the performance standard milestone(s) could not be achieved due to circumstances outside of their control.

If additional time is needed for any performance standard listed in Section A of this Exhibit after a 2-year time extension was approved, additional time extensions may be reviewed and approved by the City Manager. If the Performance Standards cannot be achieved within the timeline or approved extended timelines, the underlying Downtown Specific Plan height standard of maximum 4-stories or 55 feet in height shall be reinstated.

### SECTION A: PERFORMANCE STANDARDS

- 1a. The property owner/designee shall enter into a Memorandum of Understanding (MOU) agreement to memorialize the understanding of listed penalties that may be invoked if these performance standards are not achieved. The MOU will be reviewed and approved by the City Attorney and City Manager.
- 2a. Property owner/designee is required to submit building permit application(s) and construction document(s) for the modifications and addition of the 5<sup>th</sup> floor by April 30, 2023.
- 3a. Property owner/designee shall secure building permit(s) for the fifth level by September 30, 2023.
- 4a. Construction to resume no later than August 31, 2023.
- 5a. Property owner/designee to complete exterior facade before interior improvements, 24 months after construction resumes.
- 6a. Parklets for the Granada Theater may continue operation only during non-construction hours. Parklet may resume to normal hours once construction of the exterior of the hotel has been completed and temporary fencing removed.

- 7a. Non-essential hotel amenities (restaurant, bar, meeting rooms, etc.) should not be completed prior to the completion of hotel rooms.
- 8a. Hotel rooms to be operational by December 31, 2025.
- 9a. As part of the substantial public benefit, the property owner/designee will incorporate a valet station for drop-off/pick-up in a location convenient for all downtown visitors in addition to the hotel guests. This will provide upfront access for all visitors/consumers downtown. In addition, the property owner/designee will have a mural displayed on the rear of the building. The artwork for the mural will be approved by the Library, Culture, and Arts Commission.

**Penalties**

- 10a. If the property owner/designee doesn't resume construction by August 31, 2023, the City may revoke the maximum building height for a hotel as described in Table B.1.
- 11.a MOU to identify agreed-upon liquidated damages for every day after December 31, 2025, or as amended by time extensions.

**SECTION B. DEVELOPMENT STANDARDS AND USES**

The Standards set herein supersede the Downtown Specific Plan and any Combining District or Overlay District. Where this Planned Development is silent on standards, the underlying mixed-use Commercial Business District (CBD) as amended shall apply.

**Development Standards Table B.1**

	<b>Standard</b>
Maximum Building Coverage	No Maximum
Floor Area Ratio	2.0 or 2.25 for sites over 22,000 square feet
Maximum Building Height	4 stories or 55-feet
Maximum Building Height for a Hotel	5 stories or 70 feet*
Maximum Building Height Exceptions	Add 15-feet to maximum height for required rooftop equipment, elevator shafts, or stairwells
Setbacks:	
Front	0-feet minimum 10-feet maximum
Side	0-feet minimum
Rear	0 feet minimum
Ground Floor “Floor-to-ceiling clear” height	14-feet for
Ground Floor building depth: retail depth minimums as specified within the Downtown Specific Plan	60-feet
Parking	Refer to the Downtown Specific Plan Parking Requirements as amended
Hotel Parking	No onsite parking required, drop-off and valet parking for guests is required on or off-site biased on demand

\* Maximum Building Height reduced to 4 stories or 55-feet in height if Section A Performance Standards are not met.

The following uses listed in Table B.2 are allowed within this PD by right. This PD defers to the Permitted Uses Table for the mixed-use Commercial Business District (CBD) and Ground Floor Overlay District within the Downtown Specific Plan as amended, where this PD table is silent. The Ground Floor Overlay district applies to the first floor within 60-feet from property line adjacent to Monterey Road and 80-feet at 1<sup>st</sup> and 2<sup>nd</sup> Street.

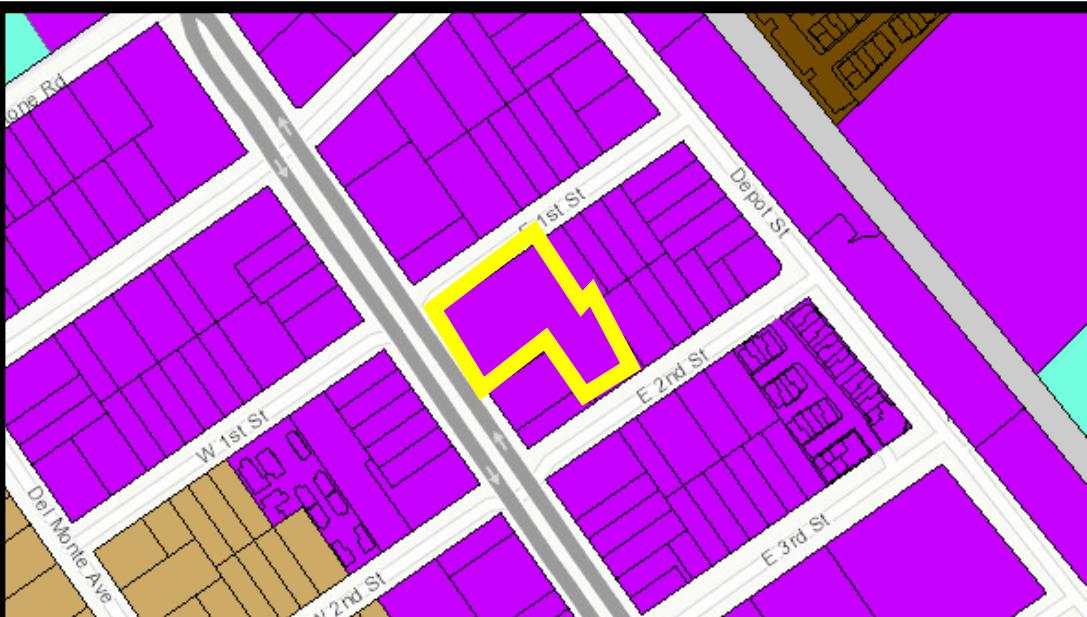
P = Permitted Use

**Permitted Uses and Conditionally Permitted Uses Table B.2**

<b>Commercial /Service /Retail Uses</b>	
Commercial Recreation (3,000 sq.ft. or less)	P
Commercial Service	P
Food Service, takeout	P
Hotel*	P
Bar (ancillary to a hotel or restaurant)	P
Convenience Market / Specialty Food Market (ancillary to a hotel)	P
Restaurant (beer & wine or full bar)	P
Retail Store	P
Personal Services	P

\*Hotel as defined in this PD includes hotel lobby, restaurants with option for full service bar, bars, and retail stores. It also allows conference rooms, banquet hall rooms, and service areas including prep kitchens that support those uses.

**Exhibit B**



Existing Zoning Designation – Commercial Business District (Mixed Use Downtown) with Ground Floor Overlay District.

Site Area 1.09 Acres

APN: 726-14-074



Proposed Zoning Designation – Commercial Business District (Mixed Use Downtown) with Ground Floor Overlay District and Planned Development

Site Area 1.09 Acres

APN: 726-14-074

# 22-20 Planned Development Resolution

Final Audit Report

2022-11-03

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## "22-20 Planned Development Resolution" History

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