



Annual City Council Goal Setting Workshop Agenda
City Council

Mark Turner - Mayor
Rene Spring - Mayor Pro Tem
Gino Borgioli - Council Member
Marilyn Librers - Council Member
Yvonne Martínez Beltrán - Council Member

Friday, March 3, 2023

9:00 am City Council Training
10:30 am Goal Setting Workshop

Council Chamber Building
17555 Peak Avenue, Morgan Hill, CA 95037

CITY COUNCIL GOAL SETTING WORKSHOP

A Special Meeting of the City Council is called on Friday, March 3, 2023, at 9:00 a.m. for City Council Training and then at 10:30 am for the purpose of conducting the Annual Goal Setting Workshop.

CALL TO ORDER

ROLL CALL ATTENDANCE

DECLARATION OF POSTING AGENDA

PUBLIC COMMENT

This opportunity for public comment is for items that are not on the agenda. If you would like to make comments on an item that is on the agenda, please wait until we

get to that item to offer your comments. Members of the public are entitled to address the City Council concerning any item within the Morgan Hill City Council's subject matter jurisdiction. Public comments are limited to no more than three minutes. Except for certain specific exceptions, the City Council is prohibited from discussing or taking action on any item not appearing on the posted agenda. Public comment is intended for comments. Questions posed during public comment are not generally answered. If you have questions, please send them to the City Clerk at ccpubliccomment@morganhill.ca.gov to receive a response. (See additional noticing at the end of this agenda)

CITY COUNCIL TRAINING

9:00 am - Receive Diversity, Equity, and Inclusion (DEI) Training

CITY COUNCIL GOAL SETTING WORKSHOP

10:30 am - City Council Goal Setting Workshop Starts

1. Review and discuss Ethics Policy and City Council Norms
2. Review and discuss 2022-2023 Sustainable Morgan Hill Ongoing Priorities and Strategic Priorities:
 - a. Fiscal Sustainability
 - b. Affordable Housing and Homelessness
 - c. Community Outreach, Engagement, and Messaging
 - d. Economic Development
 - e. Transportation

ADJOURNMENT

NOTICE

Any documents produced by the City and distributed to the majority of the City Council less than 72 hours prior to an open meeting, will be made available for public inspection at the City Clerk's Counter at City Hall located at 17575 Peak Avenue, Morgan Hill, CA, 95037 and at the Morgan Hill Public Library located at 660 West Main Avenue, Morgan Hill, California, 95037 during normal business hours. (Pursuant to Government Code 54957.5)

PUBLIC COMMENT

Members of the Public are entitled to directly address the City Council concerning any item that is described in the notice of this meeting, before or during consideration of that item. If you wish to address the Council on any issue that is on this agenda, please complete a speaker request card located in the foyer of the Council Chambers and deliver it to the Minutes Clerk prior to discussion of the item. You are not required to give your name on the speaker card in order to speak to the Council, but it is very helpful. When you are called, proceed to the podium and the Mayor will recognize you. If you wish to address the City Council on any other item of interest to the public, you may do so during the public comment portion of the meeting following the same procedure described above. Please limit your comments to three (3) minutes or less.

Please submit written correspondence to the Minutes Clerk, who will distribute correspondence to the City Council.

Persons interested in proposing an item for the City Council agenda should contact a member of the City Council who may plan an item on the agenda for a future City Council meeting. Should your comments require Council action, your request may be placed on the next appropriate agenda. Council discussion or action may not be taken until your item appears on an agenda. This procedure is in compliance with the California Public Meeting Law (Brown Act) Government Code §54950.

City Council Policies and Procedures (CP 03-01) outlines the procedure for the conduct of public hearings. Notice is given, pursuant to Government Code Section 65009, that any challenge of Public Hearing Agenda items in court, may be limited to raising only those issues raised by you or on your behalf at the Public Hearing described in this notice, or in written correspondence delivered to the City Council at, or prior to the Public Hearing on these matters.

The time within which judicial review must be sought of the action by the City Council, which acted upon any matter appearing on this agenda is governed by the provisions of Section 1094.6 of the California Code of Civil Procedure.

For a copy of City Council Policies and Procedures CP 97-01, please contact the City Clerk's office (408) 779-7259, (408) 779-3117 (fax) or by email cityclerk@morganhill.ca.gov.

AMERICANS WITH DISABILITIES ACT (ADA)

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (408)779-7259, (408)779-3117 (fax) or by email cityclerk@morganhill.ca.gov. Requests must be made as early as possible and at least two-full business days before the start of the meeting.

SUSTAINABLE MORGAN HILL



Vision

To sustain a safe, inclusive, socially responsible, environmentally conscious, and economically sound community.



Choose Morgan Hill

The City of Morgan Hill is the best community for people to live, work, visit, and operate their businesses.



City Council Ongoing Priorities

- Enhancing Public Safety
- Protecting the Environment and Preserving Open Space and Agricultural Land
- Maintaining and Enhancing Infrastructure
- Supporting our Youth, Seniors, and Entire Community
- Fostering a Positive Organizational Culture
- Preserving and Cultivating Public Trust
- Preserving our Community History
- Enhancing Diversity and Inclusiveness
- Advancing Regional Initiatives



2022-2023 Strategic Priorities

- Fiscal Sustainability
- Affordable Housing and Homelessness
- Community Outreach, Engagement, and Messaging
- Economic Development
- Transportation



These strategic priorities were established prior to the COVID-19 pandemic. In light of recent events, we recognize that all of these goals and priorities will be viewed through the lens of the global pandemic, and we will continue to have equity, public health, and financial responsibility in mind.

March 3, 2023

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City Council Goal Setting Workshop – Day 2

FRIDAY, MARCH 3, 2023

ATTACHED MATERIALS:

- Ethics Policy
- City Council Norms
- Briefings on Strategic Priorities
 - Legislative Advocacy
 - Economic Development
 - Planning
 - Housing
 - Homelessness
- 2022-2023 Sustainable Morgan Hill – Clean Version
- 2022-2023 Sustainable Morgan Hill – Redline Version

Time	Topic	Presenter
9:00 AM-10:30 AM	1. Diversity, Equity, and Inclusion (DEI) Training	Tiffany Hoang, CircleUp Education
10:30 AM-11:00 AM	2. Welcome	
	2.1 Recap of City Council Goal Setting Workshop - Day 1	Mayor Turner and Christina Turner
	2.2 Ethics Policy and City Council Norms	Mayor Turner and Christina Turner
	2.3 Public Comment	Mayor Turner
11:00 AM-12:00 PM	3. Strategic Priorities	
	3.1 Legislative Advocacy	Christina Turner
	3.2 <i>Community Outreach, Engagement, and Messaging</i>	Michele Bigelow
	3.3 <i>Transportation</i>	Edith Ramirez
	3.4 <i>Fiscal Sustainability</i>	Dat Nguyen
	3.5 Public Comment	Mayor Turner

12:00 PM-1:00 PM	Lunch Break	
1:00 PM-3:00 PM	3.6 <i>Economic Development</i>	Matt Mahood
	3.7 <i>Affordable Housing and Homelessness</i>	Edith Ramirez
	<i>a. Planning</i>	Jennifer Carman
	<i>b. Housing and Homelessness</i>	Rebecca Garcia
	3.8 Public Comment	Mayor Turner



CITY OF MORGAN HILL ETHICS POLICY

The City of Morgan Hill's Ethics Policy requires that:

- * public officials, both elected and appointed, comply with both the letter and the spirit of the laws and policies affecting the operations of government;
- * public officials be independent, impartial, and fair in their judgment and actions;
- * public office be used for the public good, not for personal gain; and
- * public deliberations and processes be conducted openly, unless legally required to be confidential, in an atmosphere of respect and civility; and

As those charged with carrying on the City's business, we the undersigned, affirm our commitment to Morgan Hill's ethics policy and endeavor to practice the following core values:

Honesty. I am honest with my fellow elected officials, the public and others. I am prepared to make unpopular decisions when my sense of the public's best interests requires it; and I take responsibility for my actions, even when it is uncomfortable to do so. I am trustworthy.

Respect. I treat my fellow officials, staff and the public with patience, courtesy and civility, even when we disagree on what is best for the community. I respect others' time by coming to meetings prepared and offering observations only when I believe it will move the discussion forward. I work to gain value from diverse opinions and build consensus. I am approachable, open-minded and willing to participate in dialog and I work to convey this to others. I recognize government's responsibilities to everyone. I convey the agency's care for and commitment to its community members through my words and deeds. I am attuned to, and care about, the needs and issues of citizens, public officials and agency workers.

Responsibility. I do not accept gifts, services or other special considerations because of my public position. I refrain from any action that might appear to compromise my independent judgment. I support merit-based processes for the award of public employment and public contracts. I demonstrate concern for the proper use of agency assets (such as personnel, time, property, equipment, funds).

Fairness. I support the public's right to know and participate in the conduct of the public's business. I am impartial when making decisions. I make decisions based on the merits of the issue.

Loyalty. I respect the confidentiality of information concerning the agency's property, personnel and affairs. When presenting my individual opinions and positions, I explicitly state that my opinions do not represent the agency's position and I will not allow the inference that they do.

I acknowledge that I have read and understand the provisions of the City of Morgan Hill's Ethics Policy.

Print Name: _____ Position Held: _____

Signed: _____ Dated: _____

CITY OF MORGAN HILL

CITY COUNCIL POLICIES AND PROCEDURES

CP 05-01

SUBJECT: ETHICS POLICY

**EFFECTIVE DATE: APRIL 20, 2005; Amended September 7, 2005;
Amended September 13, 2006, REVIEWED JULY 18, 07**

ORIGINATING DEPARTMENT: CITY COUNCIL

1. INTRODUCTION

Democratic government can function properly only when the citizenry has confidence in its public officials. Once public trust is damaged, it is difficult to reestablish. As a result, a public agency may not be able to function effectively. Moreover, individual careers or reputations may be irreparably damaged. Hence, it is imperative to foster the highest standards of personal integrity and honesty in discharging public duties. Public officials should never compromise their honesty or integrity for personal gain or advancement. They should remain sensitive to the values of the public they serve.

The citizens, businesses and employees of Morgan Hill are entitled to fair and ethical local government. The ethical operation of local government therefore requires that decision-makers be independent, impartial and accountable. It is the Council's expectation that our city government will act in ways that inspire and retain the trust and confidence of the community we serve.

The City of Morgan Hill has adopted this Ethics Policy to promote the highest standards of personal and professional ethics by individuals charged with carrying on the City's business. This is a "values based" approach to ethical behavior, rather than a rules-based system. It is not intended to address all potential ethical issues which may arise, or to replace the various codes of ethics of professional associations but to supplement those codes. Ethics is a top priority for the City of Morgan Hill.

This Policy articulates values that are designed to ensure the public's confidence by requiring that:

- public officials, both elected and appointed, comply with both the letter and the spirit of the laws and policies affecting the operations of government;
- public officials be independent, impartial, and fair in their judgment and actions;
- public office be used for the public good, not for personal gain; and
- public deliberations and processes be conducted openly, unless legally required to be confidential, in an atmosphere of respect and civility.

To that end, and to foster the highest standards of integrity and honesty, the City Council of the City of Morgan Hill hereby adopts this Ethics Policy.

2. APPLICATION

All elected and appointed officials are required to subscribe to this Policy, understand how it applies to their specific responsibilities, and practice the core values set forth herein in their public service.

3. CORE VALUES

Representatives of the City of Morgan Hill shall be *ethical*. This means they should endeavor to practice the following core values:

- a) Honesty: I am honest with my fellow elected officials, the public and others. I am prepared to make unpopular decisions when my sense of the public's best interests requires it; and I take responsibility for my actions, even when it is uncomfortable to do so. I am trustworthy.
- b) Respect. I treat my fellow officials, staff and the public with patience, courtesy and civility, even when we disagree on what is best for the community. I respect others' time by coming to meetings prepared and offering observations only when I believe it will move the discussion forward. I work to gain value from diverse opinions and build consensus. I am approachable, open-minded and willing to participate in dialog and I work to convey this to others. I recognize government's responsibilities to everyone. I convey the agency's care for and commitment to its community members through my words and deeds. I am attuned to, and care about, the needs and issues of citizens, public officials and agency workers.
- c) Responsibility. I do not accept gifts, services or other special considerations because of my public position. I refrain from any action that might appear to compromise my independent judgment. I support merit-based processes for the award of public employment and public contracts. I demonstrate concern for the proper use of agency assets (such as personnel, time, property, equipment, funds).
- d) Fairness. I support the public's right to know and participate in the conduct of the public's business. I am impartial when making decisions. I make decisions based on the merits of the issue.
- e) Loyalty. I respect the confidentiality of information concerning the agency's property, personnel and affairs. When presenting my individual opinions and positions, I explicitly state that my opinions do not represent the agency's position and I will not allow the inference that they do.

4. ACCOUNTABILITY

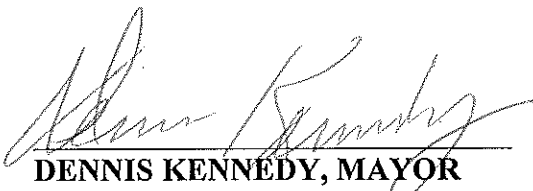
- a) On a yearly basis, on or before the due date of the submittal of the Conflict of Interest – Form 700, all persons subject to this Policy shall sign a statement affirming that they have read and understood the provisions of this Policy within the last 30 days.
- b) Violations of this Policy by commission, committee, board members and anyone appointed by the City Council in any manner, may be punishable, in the discretion of a majority of the City Council, by censure, public reproof, removal from appointed position, or, for serious violations warranting criminal charges, referral of the matter to the Santa Clara County District Attorney's Office for prosecution.

5. ANNUAL REVIEW

The Ethics Policy is to be reviewed on an annual basis.

This policy shall remain in effect until modified by the City Council.

APPROVED: _____


DENNIS KENNEDY, MAYOR

DATE: _____

9/29/06

CITY CORE VALUES	EXPRESSIONS OF CORE VALUES	POSITIVE BEHAVIORS	NEGATIVE BEHAVIORS
Honesty	I am honest with my fellow elected officials, the public and others.	Encouraging open discussion. Fully disclosing my interests in and my motivations for raising the issue. Acknowledging past mistakes, and attempting to correct them.	Being elusive, indirect. Misrepresenting the motives behind my decision.
-63-	I am prepared to make unpopular decisions when my sense of the public's best interests requires it; and I take responsibility for my actions, even when it is uncomfortable to do so.	Becoming knowledgeable of the pros and cons of all issues, and stating clearly on what basis a decision is being made. Questioning the validity of the proposal or position, and being willing to challenge the status quo or the majority to ensure the proper decision is being made for the right reasons.	Not attending meetings to avoid controversial votes. Unwilling to oppose actions just to avoid controversy. Creating "spin" explanations of mistakes. Blaming or ascribing ownership to others.
	I am trustworthy	Going out of the way to build trust. Carefully considering the impact of one's actions on public confidence.	Not being candid. Taking actions that destroy relationships.
Respect	I treat my fellow officials, staff and the public with patience, courtesy and civility, even when we disagree on what is best for the community.	Actively listening with the intent of truly understanding. If the proposal/issue once opposed now is presented with valid points to convince a reversal in position, acknowledging the validity. Acknowledging the effort whether agree or disagree with the findings.	Being rude, and ridiculing others in public and in private. Ascribing bad motives to those who disagree.
	I respect others' time by coming to meetings prepared and offering observations only when I believe it will move the discussion forward.	Being on-time and prepared. Actively helping the meeting move forward by asking questions, rephrasing statements that are not clear, and making observations to enhance the quality of the debate.	Being unprepared. Monopolizing the conversation; speak off point.

CITY CORE VALUES	EXPRESSIONS OF CORE VALUES	POSITIVE BEHAVIORS	NEGATIVE BEHAVIORS
	I work to gain value from diverse opinions and build consensus.	Actively seeking out differing viewpoints and common threads. Encouraging productive debate. Working to craft solutions. Focusing on solving problems.	Refusing to listen/meet/talk/have dialog/interchange. Being unresponsive or ignoring others. Being unwilling to make concessions.
Respect (continued)	I am approachable, open-minded and willing to participate in dialog and I work to convey this to others.	Encouraging input and incorporating it into decisions. Being accessible via all media; expressing a willingness to meet with others. Actively listening.	Using a closed, irritated tone of voice and body language. Unwilling to listen to others' opinions.
	I recognize government's responsibilities to everyone.	Facilitating civil dialogue with all elements of the community.	Being biased, prejudiced or arrogant. Engaging in intimidating behavior. Being indifferent.
	I convey the agency's care for and commitment to its community members through my words and deeds.	Volunteering; being a visible part of the community. Attending and supporting community events that reflect "commitment to community." Publicly honoring those who have contributed to the good of the community.	Never being seen publicly, a "no-show."
	I am attuned to, and care about, the needs and issues of citizens, public officials and agency workers.	Establishing citizen/customer/employee-friendly environment. Being a good listener; understanding others' perspective.	Being unavailable.
Responsibility	I do not accept gifts, services or other special considerations because of my public position.	Not accepting gifts which would influence my decisions. Informing those who might offer gifts of the City's core value.	Being "in the camp of;" affiliating with big bucks folks. Seeking public favors for supporters. Accepting special privileges for influencing others.

CITY CORE VALUES	EXPRESSIONS OF CORE VALUES	POSITIVE BEHAVIORS	NEGATIVE BEHAVIORS
	I refrain from any action that might appear to compromise my independent judgment.	Declaring conflicts of interest, or even the appearance thereof.	Leaning toward favoring supporters/friends/contributors. Concealing an action "because others might misunderstand."
	I support merit-based processes for the award of public employment and public contracts.	Keeping the public welfare/benefit foremost in consideration. Ensuring that there are open competitive processes based on appropriate criteria that can be measured.	Lobbying for friends for jobs and contracts. "Rigging" the criteria.
	I demonstrate concern for the proper use of agency assets (such as personnel, time, property, equipment, funds)	Treating agency assets like a public trust. Assuring processes are attuned to best interests of the City.	Ignoring the consequences of requests on the time or costs imposed on colleagues, staff or city resources. .
Fairness	I support the public's right to know and participate in the conduct of the public's business.	Ensuring that meetings include opportunities for all people to provide meaningful input. Being proactive by supporting communication processes that inform the public and forums that encourage input.	Discouraging public input and participation by holding meetings at inconvenient times and locations. Rushing decisions. Not allowing everyone to speak who wishes to do so.
	I am impartial when making decisions.	Articulating clearly that decisions I make or support are based on the merits of the project and not on the relationships or the personalities. Making decisions based on criteria that are objective and meaningful.	Demeaning those who disagree with you. Taking care of those that take care of you.
	I make decisions based on the merits of the issue.	Researching to thoroughly understand all issues including the pros & cons of alternatives. Explaining your decision thoroughly.	Being closed; don't listen, reject out of hand, etc. Appeasing the loudest group.

CITY CORE VALUES	EXPRESSIONS OF CORE VALUES	POSITIVE BEHAVIORS	NEGATIVE BEHAVIORS
Loyalty	I respect the confidentiality of information concerning the agency's property, personnel and affairs.	Seeking guidance when in doubt about the confidentiality of information. Keeping commitments. Honoring the process; respecting the procedures. When change is needed, changing within the system.	Giving out information when it serves my personal purposes even if it hurts others. Making something confidential to avoid controversy or loss of face or to cover up issues that should be public. Using confidential information to gain credibility or to discredit others. Divulging information to selected sources for gain or prestige.
	When presenting my individual opinions and positions, I explicitly state that my opinions do not represent the agency's position and I will not allow the inference that they do.	Declaring conflict of interest on issues or matters for which have or could have personal gain.	Speaking for the agency or any fellow body member without explicit authorization.



City Council Norms

Established January 26, 2019

Revised January 29, 2021

- ❖ Be respectful of each other
- ❖ Address issue, not person
- ❖ Be honest and real
- ❖ “Clear air” if needed; have hard discussions
- ❖ Listen to each other
- ❖ Be aware of how we represent the City as leaders in the community
- ❖ Be accurate in statements
- ❖ Be open minded; avoid concluding on your position prior to the item being heard
- ❖ Be flexible and willing to compromise
- ❖ Recognize that experience comes in diverse ways
- ❖ Be mindful of time
- ❖ Be professional; keep decorum of meeting throughout
- ❖ No side conversations
- ❖ Come prepared
- ❖ Give enough time to discuss issues
- ❖ Ok to ask City Council to continue an item if not ready
- ❖ Don’t be repetitive on requests and comments
- ❖ Wait to be recognized before speaking
- ❖ Keep the order of the meeting (questions, public comment, and then discussion)
- ❖ Provide early notice of request for alternates to attend outside appointment meetings
- ❖ Speak into the microphone
- ❖ Cell phones silenced
- ❖ Be punctual
- ❖ Send questions in advance of meeting; let City Manager know if you plan to pull a consent item
- ❖ Be engaged
- ❖ Be concise

LEGISLATIVE ADVOCACY BRIEFING

The City is often informed by the offices of elected officials, the League of California Cities, regional partners, and professional organizations about bills and/or initiatives that may have an impact on our City. The City Manager's office is responsible for collaborating with the Department Heads for them to analyze potential impacts and how they relate to the City Council's goals and priorities and next steps for advocacy. Most often letters are submitted through the California Legislative Portal and on some occasions, City staff have attended hearings at the County and/or State level advocating for the best interest of the City.

In 2020, the City Council adopted Resolution #20-010 authorizing the Mayor and/or City Manager to transmit written or verbal communication indicating the City's position on pending legislation that may clearly support or hinder an adopted City Council priority, goal or strategy. The resolution also indicates the City Council prefers, whenever possible, that determinations on whether to take a position on pending legislation or action be brought before the City Council as a whole for consideration and action, however, the Council recognizes that occasionally, limited situations arise where communications indicating support or opposition are requested within timeframes that have deadlines occurring prior to the next scheduled meeting. In which case, the Mayor and/or City Manager is directed to provide a written report to the City Council for comment and acceptance at the next possible meeting.

League of California Cities

- Advocacy team works with regional field staff and lawmakers to sponsor, draft, and support legislative and regulatory measures that promote local decision-making and lobby against policy that erodes local control
- Prepares annual legislative reports
- Maintains the "Action Center" with a list of current priority bills and proposals and sample letters of support or opposition
- Provides tools and webinars for local government officials and staff to understand the process and get involved
- Regional Public Affairs Manager, Peninsula Division, Seth Miller, acts as a resource to the City as part of our membership to CalCities

<https://www.calcities.org/advocacy>

Legislative Advocacy Workplan:

- Continue to work with League of California Cities to engage on legislation that affects the City
- Submit letters of support or opposition (or oppose, unless amended) on legislation that impacts the City
- Build relationships with State, Federal, and Regional legislative bodies and create awareness about Morgan Hill's needs
- Host an annual Legislative Roundtable and Tour to engage with legislative offices
- Advocate for transportation funding, specifically widening of 101, VTA service, Caltrain service, as well as funding for local roads

- Advocate for local control to limit impact of state-mandated housing legislation within the framework that Morgan Hill is an active and proud producer of affordable housing (note: advocacy should be balanced to protect the City from any potential repercussions that can be counter-productive to the City's efforts).
- Build regional networks to enhance local resources and services

ECONOMIC DEVELOPMENT BRIEFING

Economic Development is one of the City's five strategic priorities and defined as follows:

The City's Economic Development efforts focus on implementing the Economic Blueprint strategies and actions to help build long-term fiscal sustainability and improve quality of life for residents. This will be achieved by attracting jobs and commercial investment which generate revenues to support essential City services and improve critical City infrastructure. The Economic Blueprint is focused on advancing economic prosperity and vitality by attracting investment, development, and jobs in four key industries:

Innovation and Advanced Manufacturing: Grow existing companies, attract new industry, and grow high-quality jobs. Support and advance the entitlement and permit process of new developments. Promote and market Morgan Hill as a premier location for commercial and industrial investment.

Retail: Grow retail offerings and strengthen commercial nodes. Develop a retail incubator program and a retail concentration strategy. Utilize incentives and available tools to attract new investments that increase both jobs and revenue to the community.

Tourism: Grow leisure, agriculture, wine country and recreational tourism. Continue to nurture Downtown's transformation as a community gathering place. Implement Property Based Improvement District and manage parking supply. Support additional lodging investments and partner with Visit Morgan Hill to implement activations that support tourism and vibrancy.

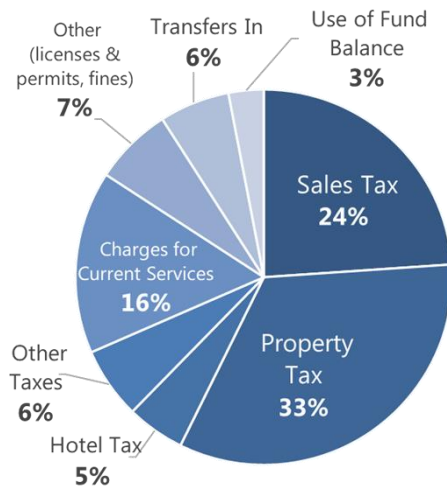
Healthcare: Grow and foster medical and diagnostic services by advancing and supporting the entitlement process for medical facilities. Promote and market Morgan Hill as a desired location for medical and diagnostic providers.

The City of Morgan Hill's Economic Development efforts focus on implementing the strategies and actions outlined in the 2017 Economic Blueprint to help build long-term fiscal sustainability and improve quality of life for residents. The primary goal of the Economic Blueprint is to attract and retain high quality jobs, attract new commercial and industrial investment, support the retention and expansion of existing businesses, and generate additional revenue for the City's General Fund to support services for the community.

The City's General Fund is the only source of funding that is discretionary and funds the majority of the City's municipal services including public safety. Over sixty percent of the City's General Fund is comprised of Sales, Property, and Transient Occupancy Taxes that are directly linked to the City's Economic Development strategies and actions. In addition to funding essential services, Economic Development efforts also focus on improving the City's job/housing ratio, amenities, placemaking,

tourism, and other activities that support quality of life for the residents that work and live in Morgan Hill.

General Fund Revenue Sources
FY 2022-23



City of Morgan Hill
EDD Statistics

2.3% Unemployment Rate

1.19 Jobs/housing Ratio

68.5% of residents commute for work

In accordance with the Economic Blueprint, the City's Economic Development Team is focused on four key industries:

Innovation and Advanced Manufacturing

The City of Morgan Hill has a significant competitive advantage of available, lower-cost industrial properties and vacant sites for future development to support the growth of innovation, advanced manufacturing, and Research and Development (R&D) users. In addition to attracting high-quality jobs, by growing our innovation economy, we also have an opportunity to improve our jobs to housing balance, reduce our residents' commute time, and create a more sustainable community. The City of Morgan Hill has about 7.2 Million Square Feet (MSF) of industrial inventory with a vacancy rate of approximately 11%. The City's industrial vacancy rate has been less than 3% in recent years which is the primary reason for new speculative development. The current vacancy rate is in double digits due to a large building that recently came on the market. The City is processing approximately 1 MSF of new development in the pipeline. Approximately 18,000 people work in Morgan Hill (employed residents) and 68% of our working residents leave the City for jobs outside the City.

In 2022, two significant industrial projects were completed: the 410,000 SF Butterfield 5 Technology Park (B5) by Trammell Crow and the 500,000 SF new Shoe Palace headquarters. New industrial investors came into our market, including Ridge Capital who purchased the 260,000 SF property formerly owned and occupied by Shoe Palace, and Invesco who purchased the B5 spec development project from Trammell Crow. The City is currently processing over 1 MSF of new industrial development with two development firms. Trammell Crow is under construction on the 501,314 SF Cochrane Technology Park (formerly known as Redwood Tech at 101) and Mersho

Investments has submitted plans for 6 industrial projects totaling 410,000 SF located within the Madrone and Morgan Hill Ranch Business Parks.

The City will continue to focus on the promotion and marketing of Morgan Hill as a premier location for commercial and industrial investment with a concentrated effort to protect and optimize the City's industrial lands for job-generating uses.

Retail

Currently, the City of Morgan Hill has 1.3 MSF of developed retail/commercial space. Given Morgan Hill's relatively small population and a shared trade area with South San Jose and Gilroy, the City has historically been viewed as "over-retailed," making retail development more challenging. While the retail vacancy rate is low (approximately 4%), the City has experienced long-term vacancies for "Junior Tenant" spaces at Cochrane Plaza (20K SF) and Laurel Oaks (20K SF) and has been challenged to attract development in three fully entitled shopping centers: Madrone Village Phase II (4.4 acres), Cochrane Commons Phase II (135K SF), and Evergreen Village (10+ acres).

The 2018 Retail Market Analysis by Lisa Wise Consulting (LWC) identified that at full build out, Morgan Hill can only support an additional 1.3 MSF of new retail development and narrowed the few sites along the Monterey Corridor that could be viable for retail development. The Retail Market Analysis reinforced the City's Economic Blueprint Strategy to develop a Retail Concentration Strategy and to prioritize retail areas so that we as a City do not undermine our own retail hubs. With this in mind, staff has provided recent land use recommendations to allow the modification of certain lands to support a mix of uses.

On July 1, 2023, AB 2011 and SB 6 go into effect. Both laws are intended to permit residential development on sites currently zoned for commercial use. City staff assessed the potential impacts on the 144 acres of vacant commercially zoned property in the City. There are 4 parcels on 3 separate sites totaling 19.56 acres that could be considered high risk for conversion, 1 parcel of 5.17 acres with some risk (potential environmental issues on this site could make development challenging), and 10 parcels totaling nearly 57 acres with some risk from AB 6 only. The remaining 32 parcels totaling 62.25 acres are protected due to their pre-existing PD zoning designation or previously already applied for a GP amendment (i.e., Cochrane Commons & Monterey Gateway). AB 2011 or SB 6 could be applied to existing developed commercial sites; however, the cost of conversion could be cost prohibitive and unlikely to occur in the City's most successful commercial centers.

To support the City of Morgan Hill's sales tax revenue growth, the City's Economic Development team will utilize available incentives, financing tools, regional conferences, and broker relationships to attract new and innovative retail investments, specifically in areas of auto dealers, hotels, upscale retail, and within the Downtown corridor. Current incentive programs include use-specific programs for new auto dealerships, new or existing hotels, a Fee Freeze program, and Fee Financing Program. To further enhance commercial development, the City will continue to be flexible to allow for a broader range of uses and opportunities, consider mixed-use to support retail, and remove retail in retail dead zones.

Tourism

In 2019, the City of Morgan Hill successfully implemented the Tourism Business Improvement District (TBID), Visit Morgan Hill, to support the marketing and promotion of Morgan Hill as a regional destination for recreation, agritourism and dining. Unfortunately, immediately after its launch and hiring of its second Executive Director (Feb 2020), the COVID-19 pandemic decimated the tourism and hospitality industry. For the last two and a half years, the City's Economic Development team, working in partnership with Visit Morgan Hill, has focused on leveraging the City's Aquatics Center and Outdoor Sports Center, local wineries, festivals, and events to build back the one million visitors

annually. As tourism and hospitality begin to normalize, Visit Morgan Hill and the City's Economic Development Team are well-positioned to leverage social media channels and strategies, promote Morgan Hill as a regional destination, increase brand awareness, and drive more overnight room stays, and local spending.

Adopted by the City Council in 2022, the City will utilize the Hotel Incentive Program to promote and support new hotel and lodging investments to increase the total number of high-quality rooms, drive an increase in Transient Occupancy Tax collection, and improve the overall visitor experience. The City's Economic Development Team will partner with Visit Morgan Hill and other community organizations to support and implement unique activations that have a regional draw, bringing new visitors and increased spending to Morgan Hill.

Lastly, the City's Economic Development team will continue to nurture Downtown's transformation as a community gathering place and regional destination by implementing the new Property Based Improvement District (PBID) to enhance Downtown's safety and cleanliness, increase sales tax generation, and actively manage the District's parking supply.

Healthcare

Morgan Hill residents have long expressed the desire to gain access to a full range of healthcare and medical services. In addition to providing expanded services for residents, growing the City's healthcare industry will help create high-quality jobs for residents, many of whom are employed in the medical industry.

Santa Clara County purchased the DePaul Health Center in 2018. After completing renovations, the County will offer expanded services in 2023 to include: Primary Care, Urgent Care with extended hours and weekends, Pediatrics, Women's Health, Outpatient Pharmacy Services, Laboratory Services, and Imaging Services. In 2024, they plan to offer Skilled Nursing services.

In the last few years, the City of Morgan Hill has identified, expanded, and actively promoted available locations for new medical uses and facilities, including light industrial areas. Specifically, the City identified the southeast corner of Juan Hernandez Drive and Barrett Avenue, known as Rosewood, as a pre-zoned site for the future development of new healthcare and medical facilities. The City's Economic Development Team will proactively work with the property owner/developer to promote and market Morgan Hill as a desirable location for medical and diagnostic providers. In addition, the Economic Development Team will work internally to support the entitlement and permitting process to expedite construction of any new medical facilities.

2023 Economic Development Workplan

The City's 2023 Economic Development efforts will focus on implementing the Economic Blueprint strategies and actions to help build long-term fiscal sustainability and improve the quality of life for residents. This will be achieved by attracting jobs and commercial investment which generate revenues to support essential City services and improve critical City infrastructure. The top priorities for the 2023 Economic Development program include:

1. Supporting the entitlement of a medical/healthcare facilities; and market and promote Morgan Hill as a desired location for medical services
2. Assist with the entitlement and permit processing for new development and the tenanting of new commercial and industrial developments
3. Develop and implement a Retail Concentration Strategy and Retail Incubator Program
4. Elevate the Auto Dealer Incentive Program to attract new investment
5. Implement the Downtown Property Based Improvement District

PLANNING BRIEFING

Affordable Housing and Homelessness is one of the City's five strategic priorities. This report overviews the key elements of the Planning process.

General Plan

The General Plan is required by State Law and is the principal policy document that guides the local government land-use decision making. It is the City's long-term blueprint for the community's vision of future growth and translates into goals and policies for the physical development of the City. The last General Plan was updated in 2016 and plans the City through 2035. The General Plan includes the following elements:

- Land Use
- Circulation
- Housing
- Conservation
- Open Space
- Noise
- Safety

An Environmental Justice element is also required when the City has a disadvantaged community, and two elements are updated. A small portion of the City bounded by Dunne Avenue to the north, Tennant Avenue to the south, Church Street to the west and Hwy 101 to the east has been designated as a disadvantaged community. The Council recently approved the Housing Element in January 2023.

General Plan Consistency

A zoning ordinance is consistent with the General Plan if the various land uses authorized by the ordinance are compatible with the objectives, policies, general land uses, and programs specified in the plan (Government Code 65860). A given project need not be in perfect conformity with each and every general plan policy if those policies are not relevant or leave the municipality room for interpretation (State Office of Planning and Research General Plan Guidelines). At the same time, a project is clearly inconsistent when it conflicts with one or more specific, fundamental, and mandatory policies of the General Plan.

The City is responsible for determining whether an activity is consistent with the General Plan. The City's finding of a project's consistency with the Plan could be reversed by a court if, based on the evidence before the council, a reasonable person could not have reached the same conclusion.

General Plan Capacity and Environmental Clearance

One determinant of the amount and location of future development is the capacity of the physical infrastructure (i.e., schools, fire stations, roads, sewer trunk lines, drainage systems, utilities, etc.). As part of the General Plan Environmental Impact Report, the current and projected capacities of these systems were evaluated and compared to current levels of use, levels of use projected by the 2035 General Plan, levels of use projected by the alternatives, and overall build-out capacity. This analysis helps us evaluate the available opportunities for development as well as potential constraints.

Morgan Hill 2035 and the accompanying Environmental Impact Report assumed certain amounts and types of growth and cleared a certain amount of this development within the City. The General Plan also identifies necessary infrastructure to support this development portfolio.

The projected development patterns and growth assumptions developed during the General Plan process significantly changed within the first year of the Plan. Projections are developed during the formation of the Plan which took a couple of years to complete. Market changes led to an increase in Industrial development rather than Commercial. While the City has grown its Industrial Land uses at a faster pace than anticipated and Commercial (Retail, Service and Office) at a much slower pace, current and projected development within the City remains within the overall development umbrella studied in the General Plan.

	General Plan Existing Development 2015	Approved Development as of June 30, 2022¹	Total 2035 Horizon Year Projection	Full Buildout Projection
Residential (units)	14,969	16,293	22,400	22,400
Residents (residents)	45,171	47,738 ²	68,057 ³	68,057
Retail & Service (sq. ft.)	2,729,825	2,902,290	3,902,930	4,805,214
Office (sq. ft.)	521,788	525,428	1,150,486	2,141,804
Industrial (sq. ft.)	5,935,000	7,670,129	7,712,385	12,126,643
Public Facilities (sq. ft.)	463,000	521,565	750,377	774,377

¹ - Numbers based on yearly VTA Congestion Management reporting

² - 47,738 is a projection/estimate based on California Department of Finance (DOF) estimate of 2.93 residents per household. The DOF 2022 population estimate for Morgan Hill is 46,451

³ - General Plan policy CNF-3.4 called for a 2035 population of 58,200 residents, however, the General Plan EIR studied the buildout projection as the Horizon Year.

Zoning Ordinance

The City's Zoning Ordinance implements the Land Use Element of the General Plan by regulating the specific land uses, buildings, and structures, according to their construction, and the intensity of development. Zoning assures that neighboring land uses are compatible and contain specific requirements for development, such as density, setbacks, heights, etc. The last significant update was completed in 2018. The City team has continued to update the Zoning Ordinance annually as needed and in response to community and business concerns.

Downtown development is managed through a Downtown Specific Plan. Specific Plans supersede zoning and are between General Plan and Zoning Ordinances in the hierarchy of Guiding Documents.

Development Approval Process

The City is required to offer a planning process which requires impartial decision-making, reasonable notice, and reasonable opportunity to be heard. For each application, staff prepares notices of decision (administrative approvals), staff reports, findings of consistency with the General Plan, zoning code, resolutions, draft ordinances, technical studies for environmental review (by consultants), and all public noticing requirements in addition to meeting CEQA requirements and other applicable state and federal laws.

Primary responsibility for making land use and planning decision rests with the City Council. Some decisions are delegated to the Planning Commission or to staff. All land use decisions must conform with the City's guiding documents based on findings. Appeals procedures begin with the Development

Services Director, then elevated to Planning Commission, City Council, and if necessary, the Superior Court.

New Laws

Since 1977, the Permit Streamlining Act (PSA) has required municipalities to review and make decisions on certain land use decisions within stated time limits. With new laws, shorter time limits apply to residential units, affordable housing and mixed-use projects that are primarily residential. Failure to comply may result in a project being automatically “deemed approved.” Other recent housing-related State legislation includes:

SB330	Streamlines Affordable Housing Projects with expedited review timeline, limitations on fees and public hearings, as well as downzoning prohibitions. New legislation recently introduced to make this law permanent.
SB35	Applies to localities that have not made sufficient progress on Regional Housing Needs Allocation (RHNA). Provides streamlined and ministerial process and exempts project from CEQA for affordable infill sites near transit.
SB9	Facilitates the creation of up to four housing units in a single-family lot and allows for the subdivision of a parcel into two individual parcels.
AB2011 SB6	Permits residential development on sites currently zoned and designated for commercial zoning. AB 2011 creates a CEQA-exempt, ministerial approval process for multifamily housing developments. SB 6 requires dedication of at least 50 percent of the square footage to residential use and eligible projects may evoke SB 35 and the Housing Accountability Act.
AB2234	Extends PSA time limits to Building Permits requiring an application “completeness” letter to be issued within 30 days. Again, failure to comply, may result in a project being automatically “deemed approved.”

Recent Significant Projects

The City has recently undertaken a number of major initiatives to further implement City goals (including the General Plan) and to protect the City from penalties for non-compliance with new housing laws:

- Zoning Ordinance – Yearly and as needed updates to comply with new standards
- Housing Element – Certification of the Housing Element allows the City to obtain grants and protects the City from a number of laws (including Builder’s Remedy). Other benefits and protections will follow once the RHNA is completed.
- Industrial Zoning – New regulations adopted in advance of initiative to limit development of large warehouses capable of serving distribution uses.
- Fee Studies – Updated Planning and Engineering fees to generate improved cost recovery funding.
- Adjustment to new legislation including new processes (Objective Standards, SB330, SB35, and SB9).

The Planning Division’s key projects for 2023 include:

- Implementing new permit processes to respond to new laws including checklists and forms to better determine application completeness versus conformance with City standards
- Vehicle Miles Traveled (VMT) policy and thresholds to streamline the CEQA process in relation to impacts from VMT
- Transportation Master Plan (with Engineering) to evaluate City circulation, needed improvements based on development patterns, and to lay the groundwork for future policies in an updated Circulation Element

- Complete Form Based Code that will serve as a significant part of the Monterey Planned Development Area Specific Plan (update of Downtown Specific Plan)
- Scope future General Plan Element updates, including Environmental Justice Element



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HOUSING BRIEFING

Affordable Housing and Homelessness is one of the City's five strategic priorities. This report covers Housing. Like many other cities in the Bay Area, Morgan Hill is experiencing transformative growth and working to meet the housing needs of its current and future residents. The City's Housing Program is grounded on five key pillars as described in Sustainable Morgan Hill as follows:

Production of New Affordable Housing Units: Morgan Hill will continue to improve, preserve, and develop new safe, quality, rental, and ownership housing for residents at all income levels. The City will seek partnerships that create new housing opportunities directly aligned with the City's "fair share" Regional Housing Needs Allocation (RHNA).

Preservation of Existing Affordable Housing Inventory: The City has a robust inventory of Below Market Rate housing units. Through the City's thoughtful planning, affordable housing has been integrated throughout the community and balanced throughout new developments. The City's Inclusionary Housing Ordinance further ensures future production of income-restricted units. The City will coordinate the lease up process of upcoming affordable developments to ensure residents are aware of and accessing upcoming housing opportunities.

Promotion of Housing Program: The City manages an inventory of Below Market Rate deed-restricted units and collaborates with the County of Santa Clara and local non-profits to connect residents to resources. Staff will focus on communications, engagement, and education of services with particular attention to the Spanish-speaking residents.

Prevention of Homelessness: Implement the Countywide Community Plan to End Homelessness by continuing to identify barriers, problem solving at the local level, and advance efforts to increase coordination in South County among its service providers. The City will continue to employ a balanced approach, offering resources and referrals to services, partnering with the faith-based community and non-profits to create appropriate local service points, while also utilizing available resources to reduce encampments. (This pillar is discussed in the Homelessness Briefing for the March 3, 2023, City Council Goal Setting Workshop)

Protection of Quality of Life for New and Existing Neighborhoods: The City will continue to seek quality development and balance the needs of existing and new neighborhoods.

HOUSING NEED

Morgan Hill has continued to grow at a steady 2% pace and is currently processing 1,832 housing units. The City's housing costs have increased significantly. In 2001, the median home sale price was \$472,850 and in 2023, the median price is \$1,312,000. The high costs of housing, coupled with an inventory that is 76.7% single family housing, limits who can live in our community. When evaluating housing stock against income levels, there are significant disparities in the Extremely Low, Very Low- and Low-income categories. Households who earn between 80% and 150% (\$135,000 to \$250,000) of the Santa Clara County Median Income have a particular challenge because they make too much to be eligible for Federal and State Subsidized Housing Programs, but don't earn enough to afford homes above \$1.3 million that require incomes in the \$300,000 range.

Income Levels	# of Morgan Hill Households	Existing Housing Inventory
ELI - Extremely Low-Income Households (less than or equal to 30% of the AMI)	2,135	130 Units
VL - Very Low-Income Households (31% to 50% of the AMI)	1,765	696 Units
LI - Low-Income Households (51% to 80% AMI)	1,730	370 Units
MOD - Barely above Low-Income Households to the median (81% to 100% AMI)	1,380	560 Units
ABOVE MOD - Moderate to Above Moderate Households (100% + AMI)	7,845	12,391 Units (Private Market)

AMI = Area Median Income

There are three plans that provide guidance on the Housing Program: the Housing Element of the 2035 General Plan, the City's Inclusionary Housing Ordinance (IHO), and the Countywide Community Plan to End Homelessness. The Housing Team manages and implements the City's Below Market Rate Program and the contracts to implement the City's IHO. The Housing team is also charged with implementing most of the housing programs identified in the Housing Element.

HOUSING ELEMENT

The Housing Element analyzes a community's housing needs and provides strategies to meet those needs. Every city in California is required to produce housing according to the State's Regional Housing Needs Allocation (RHNA) to ensure the planning for affordable housing needs. The RHNA process is the part of Housing Element Law used to determine how many new homes, and the affordability of those homes, each local government must plan for in its Housing Element. This process is repeated every eight years, and for this cycle the Bay Area is planning for the period from 2023 to 2031. The City of Morgan Hill's housing requirement for the sixth cycle is 1,037 units at all income levels between the years 2023 to 2031.

The 6th cycle Housing Element (2023-2031) was approved by the City Council in January of 2023. The Housing Element includes program recommendations to address the issues raised in the Plan's Affirmatively Furthering Fair Housing (AFFH) analysis that examines and identifies any housing inequities in the community. The 2023-2031 Housing Element has the following seven overarching Housing Element goals:

- **Goal 1.** Provide a diversified housing stock to meet the full range of future community housing needs
- **Goal 2.** Encourage Extremely Low-Income (ELI) housing production, increasing the availability of affordable and workforce housing
- **Goal 3.** Advance equity and inclusion throughout the City
- **Goal 4.** Preserve and rehabilitate existing housing supply
- **Goal 5.** Promote housing for people experiencing homelessness
- **Goal 6.** Provide adequate housing for groups with special needs
- **Goal 7.** Increase community outreach and promote education about affordable housing

The Housing Program is charged to implement many of the policies and programs outlined in the Housing Element and develop the Annual Housing Progress Report (APR) that is due to HCD annually in April. The APR describes the City's progress towards meeting its housing RHNA goals. In the 5th Cycle, the City was required to build a total of 928 housing units at varied income levels. The City issued 3,142 building permits during the 5th Cycle, exceeding the total number of units required by 239%. In the current 6th Cycle, the City is required to build 1,037 units. The City currently has 1,832 units in the pipeline. The Housing Division provides coordination of new affordable housing development in partnership with the Planning Division and in collaboration with nonprofit affordable housing developers and the County of Santa Clara to help facilitate financing and service coordination in support of achieving the City's RHNA goals.

BELOW MARKET RATE PROGRAM

The City manages an inventory of Below Market Rate (BMR) housing units of 560 Ownership Units (Moderate) and 23 BMR Rental Units (Low Income). These units have traditionally been required as part of the City's former Residential Development Control System (RDCS). The City contracts with HouseKeys to administer the BMR units. HouseKeys provides ongoing administration for the BMR Program including the marketing, income qualification, homebuyer education, point of sale, real estate transactions, refinance, rehabilitate and resale, monitoring and compliance. At the point of sale and resale there is a retention of the BMR units as income-deed restricted to ensure there is a healthy inventory of affordable units in the community. All new housing development is required to create BMR units that go into the inventory managed by the City.

INCLUSIONARY HOUSING ORDINANCE

In 2018, the City of Morgan Hill adopted an Inclusionary Housing Ordinance (IHO) requiring residential developments to provide 15% of the units (and 10% in Downtown) as income-restricted affordable units. This Ordinance was created after the dissolution of RDCS as a mechanism to create affordable units. Traditionally, the City's affordable housing program has yielded more moderate or above moderate units since the majority of the housing development has been for ownership. In December of 2021, the City Council amended the IHO to allow for up to 50% of the IHO affordable housing requirement to be satisfied with an in-lieu fee. This fee would provide the City with a funding mechanism through the affordable housing fund to support projects that produce units that contribute to meeting the City's RHNA requirements and the Council's housing priorities. Meeting the RHNA requirements will assist the City to have more local control over SB35 projects.

2023 WORK PROGRAM

The 2023 Work Program includes four primary goals to support the work of our Housing Element and Countywide Community Plan to End Homelessness:

- City will seek partnerships that create new housing opportunities directly aligned with the City's "fair share" Regional Housing Needs Allocation (RHNA).
- The City will increase marketing efforts to ensure that the community is aware of and accessing upcoming housing opportunities.
- Staff will focus on communications, engagement, and education of services with particular attention to Spanish-speaking residents.
- Continue to implement the Countywide Community Plan to End Homelessness.

HOMELESSNESS BRIEFING

Affordable Housing and Homelessness is one of the City's five strategic priorities. This report covers the City's approach to Homeless. Prevention of Homelessness is defined in Sustainable Morgan Hill as follows:

Prevention of Homelessness: Implement the Countywide Community Plan to End Homelessness by continuing to identify barriers and problem-solve at the local level, and advance efforts to increase coordination in South County among its service providers. The City will continue to employ a balanced approach, offering resources and referrals to services, partnering with the faith-based community and non-profits to create appropriate local service points, while also utilizing available resources to reduce encampments.

The Housing program is focused on preserving and developing new rental and ownership housing at all income levels. The City's Housing Program is grounded on five key pillars:

- ❖ Production of New Affordable Housing Units
- ❖ Preservation of Existing Affordable Housing Inventory
- ❖ Promotion of Housing Program
- ❖ Prevention of Homelessness
- ❖ Protection of Quality of Life for New and Existing Neighborhoods

The City of Morgan Hill's housing and homelessness program implements the City's adopted Housing Element and the Countywide Community Plan to End Homelessness. The City's Housing Element promotes the production of Extremely Low-Income (ELI) housing (Goal #2) and the promotion of housing for people experiencing homelessness (Goal #5). The three key goals of the Countywide Community Plan to End Homeless suggest to:

1. Address the root causes of homelessness through system and policy change
2. Expand homelessness prevention and housing programs
3. Improve the Quality of Life for unsheltered individuals and create healthy neighborhoods for all

In 2017, the City of Morgan Hill began a partnership with the County of Santa Clara and other stakeholders to create an intentional collaborative of supportive services. Through this partnership, the City began implementing the County's "coordinated entry intake process" by interviewing and assessing homeless individuals and those at risk of homelessness through direct street outreach. This assessment takes into account medical and social risk factors and income which places the individual in a Countywide list that results in housing placement based on need and opportunity. The assessment is the first and most critical step to matching people to housing. As a result of direct outreach, Morgan Hill placed 695 people affiliated with the City into permanent Housing (397 adults and 298 children) between January 1, 2017 and September 30, 2022.

In 2017, the City also started a partnership with the County of Santa Clara's Homeless Prevention System. The City funded \$50,000 towards a Countywide rental assistance program and started supporting referrals by the Morgan Hill Unified School District. The City also launched a Safe Parking Program initially funded by a Community Oriented Policing Services grant (\$50,000) that allows individuals with vehicles to live temporarily in a safe place that offers supportive services with case management. Since 2017, the program has assisted the placement of 74 individuals to permanent housing.

In 2019, the City began an Inclement Cold Weather shelter with Community Christian Church that operates when the County issues an emergency weather alert. In 2021, thanks to the City's adoption of the Countywide Community Plan to End Homelessness, the City was able to apply for and ultimately receive a \$450,000 Capacity Building Grant from Destination Home to hire an Unhoused Specialist with a social work background to focus on relationship-building and providing direct case management. The City has also entered into an agreement with the County to allow the Unhoused Specialist to assist unhoused residents in filling out the County housing assessment that places them on the waiting list for permanent housing. The Police Department supplements this effort ensuring referrals are made to the Housing team and that officers are trained in crisis intervention techniques and partner with our psychiatric emergency response team (March 2022) or mobile crisis response team to provide resources. The Police Department has provided resources to over 720 community members since March 2021.

ENCAMPMENTS

Homelessness is a multidisciplinary issue that impacts City departments, such as Police, Fire, Public Services, Code Compliance, and Housing. As a result, a coordinated cross-departmental approach to responding to encampments allows the City to address the quality-of-life health and safety issues. Each Department has a distinct role; Housing's role is to conduct outreach, engagement, and support.

The management of cleaning up homeless encampments in the City's public right-of-way is managed by Public Services. Encampments in private property are managed through property owners with assistance or encouragement from Code Compliance, if needed. The City also collaborates with Valley Water, Caltrans, and Union Pacific Railroad to address encampments on their properties. The noticing and cleanup criteria of encampments vary depending on the location of the encampment and the agency responsible. Currently, prior to encampment cleanup, the City's Unhoused Specialist makes several attempts to connect with the unhoused individual(s) and provide resources with the intention of filling out (or updating) the County's assessment in conjunction with the Police Department's psychiatric emergency response team. While the homeless population in Morgan Hill has been steadily declining (388 homeless individuals in 2017 to 60 individuals according to the 2022 count), the City is impacted by the increased counts in adjacent municipalities and by the sunset of recent housing protections provided during the COVID-19 pandemic.

AFFORDABLE HOUSING DEVELOPMENT

There are many factors that contribute to homelessness such as substance abuse and mental health issues, however, affordable housing is a key solution to homeless prevention, in particular the production of Extremely Low-Income (ELI) and Very Low-Income units. As one example, Morgan Hill currently has 130 occupied extremely low-income housing units, and there are 2,135 households that are in the ELI category. There are 1,220 affordable rental units occupied in Morgan Hill, and 5,630 households that are living at the low income and below categories causing those with the lowest income levels to be the most "cost burdened." Data source: HUD Comprehensive Housing Affordability Strategy (CHAS).

Despite the elimination of the Redevelopment Agency statewide, and then subsequently the suspension of the Residential Development Control System (RDCS) in 2019, the City has continued to support the creation of affordable housing through the City's Inclusionary Housing Ordinance that requires income-restricted units in every development. Additionally, the City has partnered with the County of Santa Clara to fund affordable housing projects in Morgan Hill with Measure A funds (a \$950 million Affordable Housing Bond). Since 2016, the City has invested \$5.6 million, and the County has invested \$17.2 million in Morgan Hill, resulting in 153 new very low affordable housing units. The Housing Briefing for the March 3, 2023, City Council Goal Setting Workshop provides additional detail on the City's production of affordable housing units.

SUSTAINABLE MORGAN HILL



Vision

To sustain a safe, inclusive, socially responsible, environmentally conscious, and economically sound community.



Choose Morgan Hill

The City of Morgan Hill is the best community for people to live, work, visit, and operate their businesses.



City Council Ongoing Priorities

- Enhancing Public Safety and Quality of Life
- Protecting the Environment and Preserving Open Space and Agricultural Land
- Maintaining and Enhancing Infrastructure
- Supporting our Youth, Seniors, and Entire Community

- Fostering a Positive Organizational Culture
- Preserving and Cultivating Public Trust
- Preserving our Community History
- Enhancing Diversity and Inclusiveness
- Advocating for Local, Regional, and State Legislative Initiatives



2022-2023 Strategic Priorities

- Fiscal Sustainability
- Affordable Housing and Homelessness
- Community Outreach, Engagement, and Messaging

- Economic Development
- Transportation



These strategic priorities were established prior to the COVID-19 pandemic. In light of recent events, we recognize that all of these goals and priorities will be viewed through the lens of recovering from the global pandemic, and we will continue to have equity, public health, and financial responsibility in mind.



2022-2023 STRATEGIC PRIORITIES

Fiscal Sustainability

The City will continue to be financial stewards of its resources and assets to ensure long-term fiscal sustainability. Through the budget development process, the City, within the fiscal sustainability path, will prudently carry out the City Council's priorities, while maintaining adequate fund balance reserves. The City will continue to explore new or expand existing revenue sources to ensure fiscal sustainability.

Affordable Housing and Homelessness

Morgan Hill will continue to improve, preserve, and develop new safe, quality, rental, and ownership housing for residents at all income levels. To the extent possible, the City will respond to and reconcile new housing initiatives and legislative mandates. The City is guided by the vision of its General Plan, a long-term plan for the physical development of the community. The vision includes the preservation of agriculture, incentives to foster infill development, and new housing for families of various sizes, ages, and incomes. Like many other cities in the Bay Area, Morgan Hill is experiencing transformative growth and working to meet the housing needs of its current and future residents. The City's Housing Program project is grounded on five key pillars:

- **Production of New Affordable Housing Units:** Morgan Hill will continue to improve, preserve, and develop new safe, quality, rental and ownership housing for residents at all income levels. City will seek partnerships that create new housing opportunities directly aligned with the City's "fair share" Regional Housing Needs Allocation (RHNA).
- **Preservation of Existing Affordable Housing Inventory:** The City has a robust inventory of Below Market Rate housing units. Through the City's thoughtful planning, affordable housing has been integrated throughout the community and balanced throughout new developments. The City's Inclusionary Housing Ordinance further ensures future production of income-restricted units. The City will coordinate the lease up process of upcoming affordable developments to ensure residents are aware of and accessing upcoming housing opportunities.
- **Promotion of Housing Program:** The City manages an inventory of Below Market Rate deed-restricted units and collaborates with the County of Santa Clara and local non-profits to connect residents to resources. Staff will focus on communications, engagement, and education of services with particular attention to the Spanish-speaking residents.
- **Prevention of Homelessness:** Implement the Countywide Community Plan to End Homelessness by continuing to identify barriers and housing problem solve at the local level, and advance efforts to increase coordination in South County among its service providers. The City will continue to employ a balanced approach, offering resources and referrals to services, partnering with the faith-based community and non-profits to create appropriate local service points, while also utilizing available resources to reduce encampments.

- **Protection of Quality of Life for New and Existing Neighborhoods:** The City will continue to seek quality development and balance the needs of existing and new neighborhoods.

Community Outreach, Engagement, and Messaging

The City's Communications, Outreach, and Engagement Plan defines the messages, priorities, strategies, and tools the City will use when communicating with the community. Through the Plan, the City will tell the Morgan Hill story and work to build trust with the community and ensure that we provide effective engagement. Through effective application of communication strategies, the Plan will ensure that all City Council Members, Commissioners, and teammates have the tools to provide accurate, timely, and relevant information to the community. The Plan aligns communication resources with the goals to set clear communications expectations for the community, ensuring that the City can continue providing excellent services that reflect the strength of the City's outreach initiatives while supporting the implementation of the City Council's strategic priorities.

- Encourage community engagement through audience-appropriate two-way communication, and ensure opportunities for constructive feedback
- Share accurate, non-biased information promptly through a variety of communication channels
- Work directly with the Council, staff, and community partners to ensure communication and outreach efforts, objectives, and outcomes align with the strategic priorities and promote community understanding
- Keep City teammates informed and involved in public dialogue to aid in telling the Morgan Hill story

Economic Development

The City's Economic Development efforts focus on implementing the Economic Blueprint strategies and actions to help build long-term fiscal sustainability and improve quality of life for residents. This will be achieved by attracting jobs and commercial investment which generate revenues to support essential City services and improve critical City infrastructure. The Economic Blueprint is focused on advancing economic prosperity and vitality by attracting investment, development, and jobs in four key industries:

- **Healthcare:** Grow and foster medical and diagnostic services by advancing and supporting the entitlement process for medical facilities. Promote and market Morgan Hill as a desired location for medical and diagnostic providers.
- **Innovation and Advanced Manufacturing:** Grow existing companies, attract new industry, and grow high-quality jobs. Support and advance the entitlement and permit process of new developments. Promote and market Morgan Hill as a premier location for commercial and industrial investment.
- **Retail:** Grow retail offerings and strengthen commercial nodes. Develop a retail incubator program and a retail concentration strategy. Utilize incentives and available tools to attract new investments that increase both jobs and revenue to the community.

- **Tourism:** Grow leisure, agriculture, wine country and recreational tourism. Continue to nurture Downtown's transformation as a community gathering place. Implement Property Based Improvement District and manage parking supply. Support additional lodging investments and partner with Visit Morgan Hill to implement activations that support tourism and vibrancy.

Transportation

The City has clearly identified traffic and transportation issues facing Morgan Hill as regional in nature. Morgan Hill will continue to partner with the City of Gilroy to advocate for improvements and funding for the South Santa Clara County Transportation Corridor. The City will actively advocate on regional transportation planning issues. Locally, the City will prioritize funding for Vision Zero safety strategies over congestion management. The City will take actions to implement its goal to create a culture that prioritizes safety, creates livable streets, and seeks to eliminate traffic fatalities. Safety of pedestrians, bicyclists, drivers, and passengers is paramount.

- Complete construction of Hale Avenue Extension
- Advocacy will include:
 - Working with the Valley Transportation Authority (VTA), Caltrain, the County, the HSRA and the State to enhance service, secure funding for transportation projects and road maintenance, and protect the community from negative impacts of regional projects
 - Expansion of Highway 101 between Morgan Hill and Gilroy to reduce pass-through traffic and improve commute traffic for South County residents
 - Electrification of commuter rail from San Francisco to Gilroy
 - Funding for priority projects in the South County
- Advocate for grade separations and the design of a Downtown station and emergency response design solutions as it relates to the High-Speed Rail Authority's (HSRA) project
- Advocate for the ongoing provision of funding of innovative local transit services that matches the needs of the Morgan Hill Community and supports paratransit needs.

SUSTAINABLE MORGAN HILL



Vision

To sustain a safe, inclusive, socially responsible, environmentally conscious, and economically sound community.



Choose Morgan Hill

The City of Morgan Hill is the best community for people to live, work, visit, and operate their businesses.



City Council Ongoing Priorities

- Enhancing Public Safety **and Quality of Life**
- Protecting the Environment and Preserving Open Space and Agricultural Land
- Maintaining and Enhancing Infrastructure
- Supporting our Youth, Seniors, and Entire Community



2022-2023 Strategic Priorities

- Fiscal Sustainability
- Affordable Housing and Homelessness
- Community Outreach, Engagement, and Messaging

- Fostering a Positive Organizational Culture
- Preserving and Cultivating Public Trust
- Preserving our Community History
- Enhancing Diversity and Inclusiveness
- ~~Advancing Regional Initiatives~~
- **Advocating for Local, Regional, and State Legislative Initiatives**

- Economic Development
- Transportation



These strategic priorities were established prior to the COVID-19 pandemic. In light of recent events, we recognize that all of these goals and priorities will be viewed through the lens of **recovering from** the global pandemic, and we will continue to have equity, public health, and financial responsibility in mind.



2022-2023 STRATEGIC PRIORITIES

Fiscal Sustainability

The City will continue to be financial stewards of its resources and assets to ensure long-term fiscal sustainability. Through the ~~upcoming biennial~~ budget development process, the City, within the fiscal sustainability path, will prudently carry out the City Council's priorities, while maintaining adequate fund balance reserves. The City will continue to explore new or expand existing revenue sources to ensure fiscal sustainability.

~~, to address the City's unfunded needs and liabilities.~~

- ~~— Continue community conversations about services, funding, and priorities~~
- ~~— Employ a sustainable budget strategy~~
- ~~— Prudently enhance Public Safety services, including staffing the third fire station and additional police officers and equipment, as well as staffing and equipment to maintain and enhance the City's infrastructure~~

Affordable Housing and Homelessness

Morgan Hill will continue to improve, preserve, and develop new safe, quality, rental and ownership housing for residents at all income levels. To the extent possible, the City will respond to and reconcile new housing initiatives and legislative mandates. The City is guided by the vision of its General Plan, a long-term plan for the physical development of the community. The vision includes the preservation of agriculture, incentives to foster infill development, and new housing for families of various sizes, ages, and incomes. Like many other cities in the Bay Area, Morgan Hill is experiencing transformative growth and working to meet the housing needs of its current and future residents. The City's Housing Program project is grounded on five key pillars:

- **Production of New Affordable Housing Units:** Morgan Hill will continue to improve, preserve, and develop new safe, quality, rental and ownership housing for residents at all income levels. City will ~~seek~~Seek out partnerships with non-profit housing developers to ~~that~~ create new housing opportunities directly aligned with the City's "fair share" Regional Housing Needs Allocation (RHNA).
- **Preservation of Existing Affordable Housing Inventory:** The City has a robust inventory of Below Market Rate housing units. Through the City's thoughtful planning, affordable housing has been integrated throughout the community and balanced throughout new developments. The City's Inclusionary Housing Ordinance further ensures future production of income-restricted units. The City will coordinate the lease up process of upcoming affordable developments to ensure residents are aware of and accessing upcoming housing opportunities.

- **Promotion of Housing Program:** The City manages an inventory of Below Market Rate deed-restricted units and collaborates with the County of Santa Clara and local non-profits to connect residents to resources. Staff will focus on communications, engagement, and ~~education~~ education of services with particular attention to the Spanish-speaking residents.

— **Prevention of Homelessness:** Implement the Countywide Community Plan to End Homelessness by continuing to identify barriers and housing problem solve at the local level, and advance efforts to increase coordination in South County among its service providers. The City will explore opportunities to respond to changes that are beneficial to the community as well as compliant with the law.

~~The City of Morgan Hill will collaborate with Santa Clara County and the City of Gilroy to continue to build a South County unhoused response system that integrates County Safety Net Services and provides rapid response to people in need. The City will continue to employ a balanced approach, offering resources and referrals to services, partnering with the faith-based community and non-profits to create appropriate local service points, while also utilizing available resources to reduce encampments. and code compliance to protect private and public property.~~

- **Protection of Quality of Life for New and Existing Neighborhoods:** ~~Morgan Hill will continue to improve, preserve, and develop new safe, quality, rental and ownership housing for residents at all income levels. To the extent possible, the City will respond to and reconcile new housing initiatives and legislative mandates. The City will continue to seek quality development and balance the needs of existing and new neighborhoods. explore opportunities to respond to changes that are beneficial to the community as well as compliant with the law.~~

~~The City of Morgan Hill will collaborate with Santa Clara County and the City of Gilroy to continue to build a South County unhoused response system that integrates County Safety Net Services and provides rapid response to people in need. The City will continue to employ a balanced approach, offering resources and referrals to services, partnering with the faith-based community and non-profits to create appropriate local service points, while also utilizing code compliance to protect private and public property.~~

- ~~Develop and implement~~ Implement a local unhoused strategy to serve Morgan Hill's unhoused resident population
- ~~Seek out partnerships with non profit housing developers to create new housing opportunities directly aligned with the City's "fair share" Regional Housing Needs Allocation (RHNA)~~
- ~~Work with the non-profit owner of affordable units to rehabilitate and extend the life of vital housing supplies~~
- ~~Engage the community to participate in the Housing Element Update~~ Implement the 6th Cycle Housing Element of the General Plan to respond to new production mandates

- ~~• Engage the community in decisions about how to accommodate new housing and continue to update design criteria which guide quality development~~
- ~~— Promote Housing Programs through Community Engagement~~
- ~~• Continue to respond to the new and proposed housing legislative and policy matters to the benefit of the community~~

Community Outreach, Engagement, and Messaging

The City's Communications, Outreach, and Engagement Plan defines the messages, priorities, strategies, and tools the City will use when communicating with the community. Through the Plan, the City will tell the Morgan Hill story and work to build trust with the community and ensure that we provide effective engagement. Through effective application of communication strategies, the Plan will ensure that all City Council Members, Commissioners, and teammates have the tools to provide accurate, timely, and relevant information to the community. The Plan aligns communication resources with the goals to set clear communications expectations for the community, ensuring that the City can continue providing excellent services that reflect the strength of the City's outreach initiatives while supporting the implementation of the City Council's strategic priorities.

- Encourage community engagement through audience-appropriate two-way communication, and ensure opportunities for constructive feedback
- Share accurate, non-biased information promptly through a variety of communication channels
- Work directly with the Council, staff, and community partners to ensure communication and outreach efforts, objectives, and outcomes align with the strategic priorities and promote community understanding
- Keep City teammates informed and involved in public dialogue to aid in telling the Morgan Hill story

Economic Development

The City's Economic Development efforts ~~will~~ focus on implementing the Economic Blueprint strategies and actions ~~in the areas of healthcare, innovation, retail, and tourism,~~ to help build long-term fiscal sustainability and improve quality of life for residents. This will be achieved by attracting jobs and commercial investment which generate revenues to support ~~general essential~~ City services ~~and improve, critical City, improving access to fast and reliable wireless connectivity, and increasing telecommunications infrastructure.~~

The Economic Blueprint Program is focused on advancing economic prosperity and vitality by attracting investment, development, and jobs in four key industries:

~~Healthcare: Grow and foster medical service and diagnostic diagnostic services by advancing and supporting the industry by attracting services and facilities. Support the entitlement process for a medical facilities. Promote and market and market and promote Morgan Hill as a desired location for medical and diagnostic providers services.~~

Innovation and Advanced Manufacturing: Grow existing companies, attract new industry, and grow professional high-quality jobs. Support and advance the entitlement and permit process of new developments. Create a culture of Customer Success Manager to assist with the processing permit applications that support the tenanting of new. Promote and market Morgan Hill as a premier location for commercial and industrial investment developments.

Retail: Complete an Industrial Land Preservation Policy. Grow retail offerings and strengthen commercial nodes. Develop a retail incubator program and a retail concentration strategy. Utilize incentives and available tools to attract new investments that increase both such as Auto Dealers that bring jobs and revenue to the community.

Tourism: Grow leisure, agriculture, wine country and recreational tourism. Continue to nurture Downtown's transformation as a community gathering place. Implement Property Based Improvement District and manage parking supply. Support additional lodging investments and partner with Visit Morgan Hill to implement activations that support a tourism and vibrancy environment. Complete an Industrial Land Preservation Policy. Implement Downtown projects and programs that support outdoor living, including updating the Parklet Program, managing the Al Fresco Program, managing and improving parking supply, and launching a Property Based Improvement District

- Economic Development Outreach and Education/Awareness Campaign focused on attracting advanced manufacturing, office, innovation, and medical users
- Manage incentive programs such as the Auto Dealer Incentive Policy and the Fee Freeze Program to attract investment that brings jobs and revenue to the community

Transportation

The City has clearly identified traffic and transportation issues facing Morgan Hill as regional in nature. Morgan Hill will continue to partner with the City of Gilroy to advocate for improvements and funding for the South Santa Clara County Transportation Corridor. The City will actively advocate on regional transportation planning issues. Locally, the City will prioritize funding for Vision Zero safety strategies over congestion management. The City will take actions to implement its goal to create a culture that prioritizes safety, creates livable streets, and seeks to eliminate traffic fatalities. Safety of pedestrians, bicyclists, drivers, and passengers is paramount.

- Complete construction of Hale Avenue Extension
- Advocacy will include:
 - Working with the Valley Transportation Authority (VTA), Caltrain, the County, the HSRA and the State to enhance service, secure funding for transportation projects and road maintenance, and protect the community from negative impacts of regional projects
 - Expansion of Highway 101 between Morgan Hill and Gilroy to reduce pass-through traffic and improve commute traffic for South County residents
 - Electrification of commuter rail from San Francisco to Gilroy

- Funding for priority projects in the South County
- Advocate for grade separations and the design of a Downtown station and emergency response design solutions as it relates to the High-Speed Rail Authority's (HSRA) project
- Advocate for ~~paratransit and transportation for older adults~~ the ongoing provision of funding of innovative local transit services that matches the needs of the Morgan Hill Community and supports paratransit needs.
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