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## INTERNAL AFFAIRS COMMITTEE AGENDA

A Committee of the Chico City Council: Councilmembers Huber, Ory, and Chair Brown

**Meeting of January 7, 2019 – 4:00 p.m. to 6:00 p.m.**

Council Chamber Building, 421 Main Street, Conference Room 1

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### REGULAR AGENDA

#### **A. CONSIDERATION OF THE DOWNTOWN IN-LIEU PARKING BENEFIT AREA**

While many concepts and ideas have been considered for Chico's Downtown over the years, there still remains a lack of clarity in the current Chico Municipal Code (CMC), relating to parking requirements and opportunities within the Downtown core. Many of these topics were considered during the adoption of the 2030 General Plan. This item will discuss and consider policy as it relates to parking requirements in the Downtown In-Lieu Parking Benefit Area, as well as associated opportunity programs to be considered in order to ensure it is cost effective for future investment in the Downtown, while also collecting fees associated with mitigation efforts for more consolidated parking services. **(Report – Brendan Ottoboni, Public Works Director-Engineering)**

**Recommendations:** The Director of Public Works-Engineering recommends that the Committee approve the following recommendations for City Council consideration and direction:

1. Revise CMC language to clarify that the In-Lieu Downtown Parking fee applies to the difference in spaces built versus required in the In-Lieu Parking Benefit Area.
2. Redefine the In-Lieu Parking Benefit Area minimum parking requirements based upon the number of bedrooms rather than the number of units, as well as residential use types (i.e. student housing versus workforce housing).
3. Reduce the current parking in-lieu fee of \$18,148 to approximately \$8,000 to \$10,000 per space, consistent with similar communities and recommendations of the Parking and Access Resource Committee (PAR/C)
4. Require the "unbundling" of the parking cost for properties.
5. Re-align the In-Lieu Parking Benefit Area boundary to be coterminous with the Impacted Parking Area boundary along the centerline of Salem Street.
6. Reaffirm the City's intent to use the 85% parking occupancy threshold and continue to rely upon a portfolio of demand management strategies to mitigate parking impacts.

#### **B. BUSINESS FROM THE FLOOR**

Members of the public may address the Committee at this time on any matter not already listed on the agenda, with comments being limited to three minutes. The Committee cannot take any action at this meeting on requests made under this section of the agenda.

#### **C. ADJOURNMENT AND NEXT MEETING**

The meeting will adjourn no later than 6:00 p.m. The next regular Internal Affairs Committee meeting is scheduled for Monday, February 4, 2019, at 4:00 p.m. in Conference Rm. No. 1.

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## **SPEAKER ANNOUNCEMENT**

**NOTE:** Citizens and other interested parties are encouraged to participate in the public process and will be invited to address the Committee regarding each item on the agenda. In order to maintain an accurate and complete record, the following procedural guidelines have been implemented:

1. Speaker Cards – speakers will be asked to print his/her name on a speaker card to address the Committee and provide card to the Clerk prior to the completion of the Staff Report.
2. The Clerk will call speakers in the order the cards are received.
3. Speakers may address the Committee one time per agenda item.
4. Speakers will have three minutes to address the Committee.

**Distribution available in the office of the City Clerk**

**Posted: 01-04-19 prior to 5:00 p.m. at 421 Main St. Chico, CA 95928 and [www.ci.chico.ca.us](http://www.ci.chico.ca.us)**

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**City Clerk's Office, 411 Main St. Chico, CA 95928**



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## Internal Affairs Committee

### Agenda Report

Meeting Date: January 7, 2019

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TO: Internal Affairs Committee

FROM: Public Works Director-Engineer, Brendan Ottoboni (879-6901)

RE: Downtown In-Lieu Parking Benefit Area

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#### REPORT IN BRIEF

Thoughtful planning and development are critical to a healthy and vibrant Downtown. How development and associated impacts (i.e., parking, design guidelines, walkability, etc.) are handled, play a key role in creating a sustainable, inviting and thriving community center. For many years, Chico has looked at how to preserve Downtown and have it thrive. Planning efforts have been supported by an amazing organization in the Downtown Chico Business Association (DCBA), as well as Downtown business and property owners who have invested in the community. It is critical to see that those investments are successful, not just for today, but for a very long time. One of the main "hot" topics as it relates to a healthy downtown is parking, as is the case with many dense urban cores. Many concepts and ideas have been considered for Chico's Downtown over the years, but there remains a lack of clarity in the current Chico Municipal Code (CMC), relating to parking requirements and opportunities within the Downtown core. Many of these topics were considered during the adoption of the 2030 General Plan. This item will discuss and consider policy as it relates to parking requirements in the Downtown In-Lieu Parking Benefit Area, as well as associated opportunity programs to be considered in order to ensure it is cost effective for future investment in Downtown, while also collecting fees associated with mitigation efforts for more consolidated parking services. This discussion was spurred by a recent development proposal, which is discussed in more detail below.

#### Recommendations:

The Director of Public Works-Engineering recommends that the Committee approve the following recommendations for City Council consideration and direction:

1. Revise CMC language to clarify that the In-Lieu Downtown Parking fee applies to the difference in spaces built versus required in the In-Lieu Parking Benefit Area.
2. Redefine the In-Lieu Parking Benefit Area minimum parking requirements based upon the number of bedrooms rather than the number of units, as well as residential use types (i.e. student housing versus workforce housing).
3. Reduce the current parking in-lieu fee of \$18,148 to approximately \$8,000 to \$10,000 per space, consistent with similar communities and recommendations of the Parking and Access Resource Committee (PAR/C)
4. Require the "unbundling" of the parking cost for properties.
5. Re-align the In-Lieu Parking Benefit Area boundary to be coterminous with the Impacted Parking Area boundary along the centerline of Salem Street.
6. Reaffirm the City's intent to use the 85% parking occupancy threshold and continue to rely upon a portfolio of demand management strategies to mitigate parking impacts.

#### BACKGROUND

Dating back to the early 2000's, the planning and consideration to optimize circulation and opportunity in Downtown Chico has been discussed on many levels. This includes enforcement, traffic circulation, parking and urban planning considerations to promote business growth and economic vitality in the Downtown core. Much of this culminated with a study performed in 2008 by City staff and consultants of the Downtown Access Plan (CIP #50061). Historically, there has been consideration of long-term parking needs, which included a parking structure to handle growth. In an effort to mitigate this long-term need, a parking in-lieu

fee of \$18,148 per stall was established to address mitigation of projects that did not meet minimum parking requirements. This allows higher density, urban development to occur on parcels without the need to take up valuable land with parking. The unit cost was derived from the average cost per stall to design and construct a parking structure. Note that with natural inflation, this cost has escalated to roughly closer to \$30,000 per stall, based on recent data obtained.

At its meeting on February 17, 2009, the City Council approved postponing implementation of this fee until adoption of the 2030 General Plan, as it was considering policy relating to Downtown parking. In April 2011, the City Council adopted the 2030 General Plan. Following General Plan adoption, several Chico Municipal Code (CMC) changes ensued in order to reflect the Plan's policy framework, including an across the board 15% reduction to minimum parking requirements. The reductions, however, were made at the "macro" level, and without a clear understanding of potential long-term impacts to the City's parking program, particularly in certain areas of the community. The result is an impacted program in many areas of the City, resulting in the need to establish additional programs, such as preferential parking districts to then offset the parking issues created.

One of the CMC changes that occurred relating to parking was CMC Section 19.70.040.G, which reduced parking requirements to one (1) *stall per unit for residential development and zero (0) stalls per commercial development* in the Downtown In-Lieu Parking Benefit Area. Section 19R.43 – In-Lieu Parking Benefit Area Map, as attached, provided the limits of what is considered the Downtown area. For comparison, the development standard for required parking in a multi-family (residential) project located outside of the In-Lieu Parking Benefit Area would need to provide the following, as outline in CMC Section 19.70.040 – Table 4:

- 1 bed units = 1.25 stalls per unit
- 2 bed units = 1.75 stalls per unit
- 3 or more beds = 2.00 stalls per unit
- IN ADDITION, Guest parking stalls of 1 stall per each 5 units

While prudent and practical to adopt thoughtful parking reductions in a highly urbanized and dense area such as Downtown, long-term parking impacts should be considered, and if supported, an in-lieu fee should apply in order to incrementally collect funds towards mitigation efforts of a parking structure or other parking stall increases, to meet future parking needs. This would function similar to a development impact fee to a certain zone, where fees are collected to mitigate an impact.

## **RECENT DEVELOPMENT PROPOSAL**

A development proposal was discussed with a developer several months ago to construct student-housing apartments at the old "Graduate" site, located at 344 West 8<sup>th</sup> Street. Those discussions spurred this more detailed look at the City's parking standards. The parcel runs along Normal Street, between 7<sup>th</sup> Street and 8<sup>th</sup> Street. City staff interacted with the developer to better understand the proposed components, at no-cost to the developer. After dialogue, it was acknowledged by City staff that there is not enough clarity in the Municipal Code to provide clear direction regarding parking requirements, and it was therefore communicated to the developer that further clarification needed to be sought as it relates to parking policy in the Downtown area. While staff does its best to interpret City policy and codes and make development conditions as clear and concise as possible, potential neighborhood implications of the proposed development was concerning. It was determined that the Internal Affairs Committee (IAC) was the appropriate body to discuss these concerns and gain clarity on policy direction.

The proposed project location is within the boundaries of the "Downtown In-Lieu Parking Benefit Area" per CMC Section 19R.43, which extends from the Downtown core, westerly to Normal Street (centerline of roadway). For context, if the proposed development was located across the street, it would be subjected to the City's "standard" parking regulations. This project site also happens to be located in the "Impacted Parking Area", as defined by a map provided in CMC Section 19R.45, which extends from the west (South Campus Neighborhood) to its easterly most boundary at Salem Street (see attached Map). Therefore, the proposed project is located in two separate CMC sections that have conflicting goals – reducing parking

requirements and acknowledging parking impacts. This clearly has the potential to aggravate parking impacts. Since the preliminary pre-application discussions with the developer, the developer submitted an Architectural and Design Review application with City's Planning Division. The application was submitted despite the knowledge that staff was proposing to agendaize a discussion of the issue in order to gain better clarity on the intended minimum parking requirements.

The application was distributed to reviewing departments on October 4<sup>th</sup>, 2018, consistent with other development application processes. The proposal includes the following details:

- 6-story student housing style apartments
- 59 units, consisting of a total of 138 bedrooms (mix of 1, 2, 3 and 4-bedroom units), including lounge areas on some of the floor levels
- Bottom level 'podium' parking includes approximately 10 puzzle mechanical lifts, in order to provide the minimum parking based on the 'Downtown In-Lieu Parking Benefit Area' of 1 stall per unit, for a total off-street parking for 59 vehicles

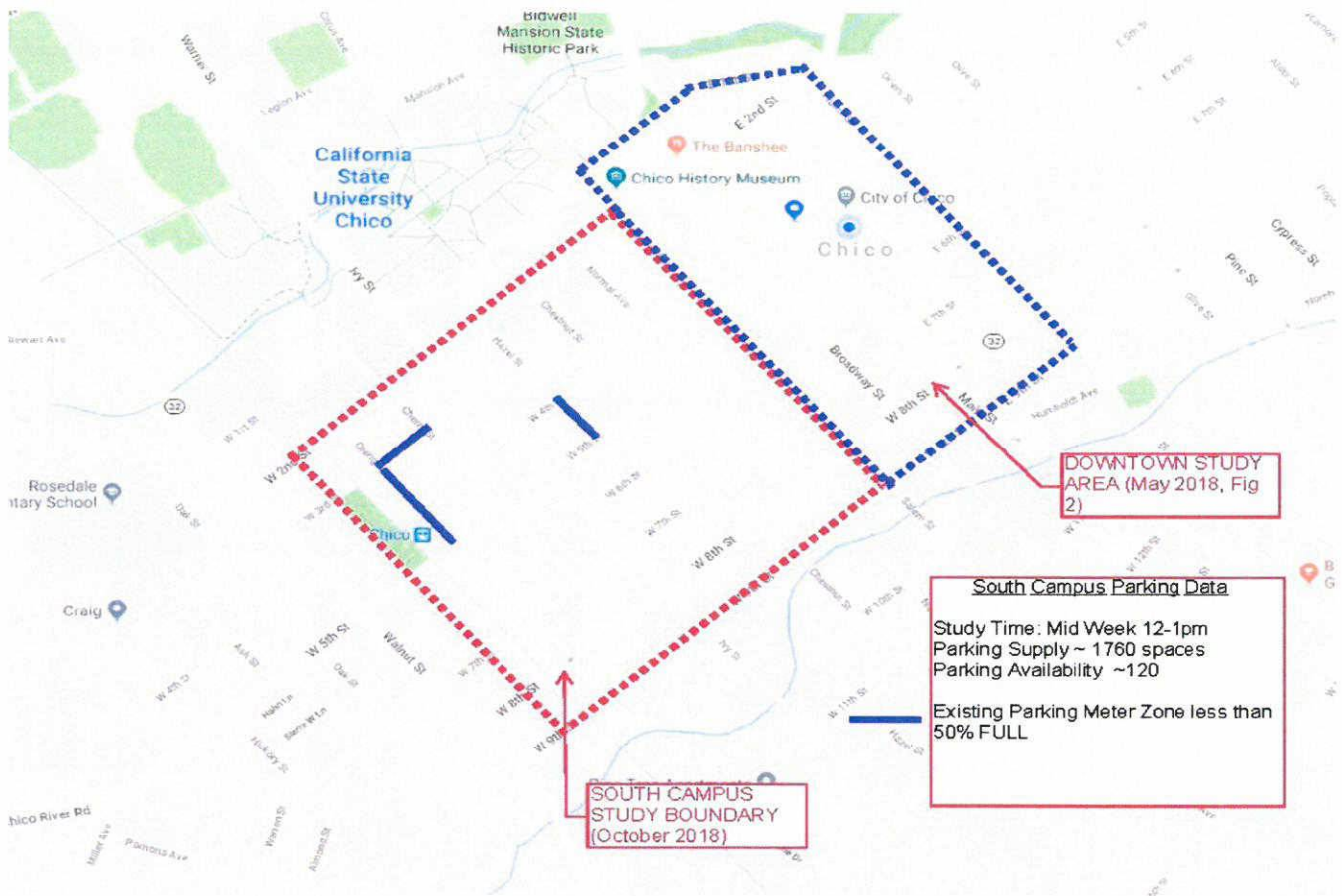
Based on the components of the application, the minimum parking for the 'In-Lieu Parking Benefit Area' are met, however, the Municipal Code language also state that "parking for new residential uses within the Downtown In-Lieu Parking Benefit Area shall be one space per unit *or as determined by land use entitlement*" (emphasis added). Staff continues to have concerns regarding the provision of parking and neighborhood compatibility. The application seems to be more consistent with the student housing aspect of the South Campus Neighborhood. The proposal is more closely related to the recent student housing projects constructed along Nord Avenue. The development proposal does not seem applicable or consistent with the intentions of the Downtown In-Lieu Parking Benefit Area, established to incentivize Downtown "live-work" development, rather than large-scale student housing located in the South Campus Area, as identified in CMC Section 19R.45 – Impacted Parking Area.

While the Municipal Code establishes a minimal criteria for parking, based on "real world" staff experience, it is expected that a 138-bedroom student housing project will generate far more than the provided 59 parking stalls. Therefore, the impacts of this proposal would spill into the neighborhood and further impact other adjoining properties. As mentioned earlier, if the same development proposal was to proceed across 8<sup>th</sup> Street, it would be required to provide 117 parking stalls. Therefore, a difference of approximately 58 parking stalls, or about twice as many. Knowing the nature of student housing, typically cars are brought to campus and parked for an extended duration. Staff routinely receive calls from property owners in the impacted parking area about "cobb-webs" growing on vehicles. The concept of an in-lieu parking area, as identified in the attached memorandum, is to consolidate parking for high urban mixed uses into lots and other areas. This provides an incentive to development to utilize a parking lot or structure as the location in which users of such a development would be able to park and walk to that destination. For this proposed development, utilizing an off-site parking structure for approximately 58 vehicles does not seem the intent of such a policy.

## **DISCUSSION**

In an effort to better understand the pros and cons of the development proposal, staff engaged the currently contracted Parking Management consulting firm, Dixon Resources Unlimited, Inc. (who appeared at an update of parking management at the October 1, 2018 Internal Affairs Committee meeting), to review the City's Municipal Code, currently and previously, and to provide a memo of best practices and potential issues as it relates to the Downtown Parking In-Lieu District. Based on the details of the memorandum prepared by an industry expert, as well as considerations with local stakeholders, below are the policy recommendations to address the concerns and issues relating to our current code and implementation.





In an effort to better understand the current parking demands, city staff has performed an evaluation of the current availability in both the 'South Campus' portion of the Impacted Parking Area, as bounded between 2nd Street to 9th Street, and Salem Street to Cedar Street, as well as the Downtown Area. See Figure above: The South Campus survey was completed during the day time, peak hour during the school year. It is noted that the area studied, with the exception of a few minor areas depicted on the figure, do not contain parking meters. Based on the survey, the occupancy details were as follows:

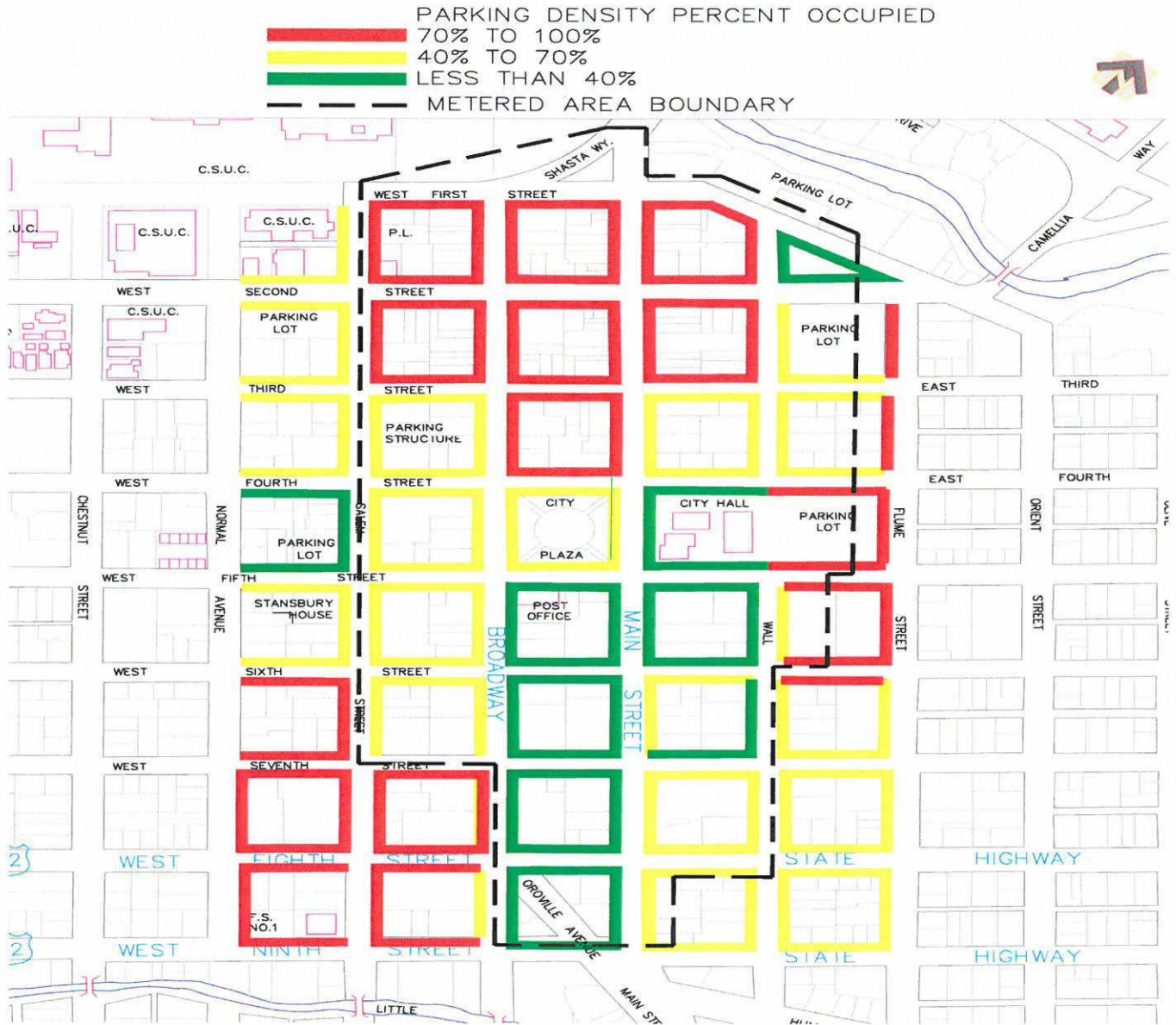
Approximate number of parking spaces	1,760
Approximate number of available parking spaces	<u>140</u>
Approximate occupancy rate	92%

Most of the available spaces were in the metered area, and therefore, the non-metered residential areas are estimated at 95% - 98% occupancy.

As for the downtown core area study, this was performed in more detail earlier this year as part of our ongoing parking management update. Overall, the combined occupancy rate during the similar time period (mid-day, mid-week while school is in session), was found to have the following data:

Approximate number of parking spaces	1,800
Approximate number of available parking spaces	<u>950</u>
Approximate occupancy rate	43%

Due to the nature of downtown, the occupancy varies in different areas. The figure below represents the occupancy by block face for the study area:

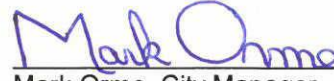


Reviewed by:



Brendan Ottoboni, Public Works Director-Engineering

Approved and recommended by:



Mark Orme, City Manager

**DISTRIBUTION:**

City Clerk (3)

**ATTACHMENTS:**

- A- MEMO - Downtown In-Lieu Parking Benefit Area review and recommendations (Dixon Resources Unlimited)
- B- CMC Section 19R.43 – In-Lieu Parking Benefit Area Map
- C- CMC Section 19R.45 – Impacted Parking Area Map
- D- In-lieu Parking Boundary & Impacted Parking Boundary



Annotation for 01/07/19 Internal Affairs Committee meeting

*Regular Item*

### **CONSIDERATION OF THE DOWNTOWN IN-LIEU PARKING BENEFIT AREA**

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**Recommendations:** The Director of Public Works-Engineering recommends that the Committee approve the following recommendations for City Council consideration and direction:

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## Chico Parking Requirement Memorandum

### Introduction

As in the City of Chico, the majority of cities throughout the United States have a set of minimum parking requirements that mandate the number of on-site parking spaces required per development. City planners often adopt parking minimums with the goal of eliminating spillover parking impacts, by ensuring that a development supplies an adequate amount of parking spaces to support the use of a property. Often times, municipalities adopt these minimum parking requirements essentially based upon a set of arbitrary numbers, which often have little basis in actual data or consideration for local demographics, resources, and parking management strategies. This is observed in many cases where minimum parking requirements blanket a large area of a municipality, despite a variety of land uses, urban forms, and demographics. Importantly, minimum parking requirements have wide-reaching impacts on how a municipality grows over time, impacting land use patterns, development intensity, and housing affordability.

In many cases, parking minimums plan for the maximum number of vehicles that would be stored on-site to mitigate spillover parking. This often results in the excessive development of parking. A recent report released by the Research Institute for Housing America (RIHA) found that there is typically an imbalance between the amount of parking supplied versus the current parking demand<sup>1</sup>. Recognizing that parking is expensive to build, maintain, and manage—and that parking spaces utilize land that could otherwise be developed for more valuable uses—this trend of excessive parking development can ultimately have negative impacts and unintended consequences. This is what often encourages planners to reduce or eliminate parking minimums or adopt parking in-lieu fees, as described below.

### Minimum Parking Reductions

Reducing parking requirements can help prevent excessive space dedicated to parking, which adds to the cost of development and housing. Parking reductions are typically granted in cases where car ownership rates are currently, or could be, lower than the minimum parking requirements are designed to cater to. This is typically in locations that are walkable and within close proximity to major public transit stops. Ideally, parking minimums should be designed to meet the true parking needs of a location and encourage alternative mode adoption. While the City of Chico does have an urbanized downtown, it is set within a remote setting. Also, being adjacent to a university creates a unique set of parking needs and patterns. While public transit may be accessible downtown, the rural location of the City makes car ownership more likely.

### In-Lieu Fees

In-Lieu fees can be established to give developers an opportunity to pay a fee in-lieu of reaching the minimum parking requirements. These fees can be established so a municipality may develop consolidated off-site parking to offset the amount required on individual parcels. By providing this in-lieu fee alternative to developers, certain projects that would otherwise have difficulty reaching the minimum parking requirements, due to space or financial constraints, would become feasible. Revenue generated by the in-lieu fees can be used to develop more centralized public parking

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<sup>1</sup><https://www.mba.org/news-research-and-resources/research-and-economics/research-institute-for-housing-america/published-reports/2018/quantified-parking-comprehensive-parking-inventories-for-five-us-cities>



facilities and to support transportation alternatives and Transportation Demand Management (TDM) initiatives. While these fees are increasingly common, the fee amounts vary significantly. Some municipalities set their fee with the intention of financing new parking facilities, while others charge a fee that can support the ongoing operation and maintenance of existing parking facilities. Municipalities also often consider the cost of developing and encouraging alternative modes of transportation, especially when in conjunction with Transit Oriented Developments (TOD) or TDM strategies. Choosing an appropriate fee amount should be based upon the municipalities' goals and resources, and should take into account the level of parking and transit program management and oversight that will be required to ensure that reduced parking supplies does not negatively impact the community.

In-lieu fees may be established based upon a flat rate per parking space not developed, or they can be based on square footage. Some municipalities choose to determine in-lieu fee amounts on a case-by-case basis. However, uniform fee amounts are simpler to administer and for developers to plan for and utilize. In-lieu fees can be charged when a development is permitted, or they may be imposed as a property tax surcharge.

### **The Parking In-Lieu Fee Conundrum**

For municipalities, setting an appropriate parking in-lieu fee amount can be a conundrum. While a low fee will effectively encourage development, resulting in a dense, walkable environment. This strategy is often employed as a way to encourage the development of more housing. But, the low fee will likely not supply a municipality with the necessary funds to effectively manage the potential impacts of higher-than-expected car ownership. If the per parking space fee isn't commensurate to the cost of developing a parking space elsewhere, then the municipality is taking a risk. In this case, the municipality will be unable to supply the level of parking that is theoretically required to support the proposed developments. The burden of parking management, in this case, falls upon the municipality rather than the developer. This type of scenario often results in significant spillover parking impacts and congestion on-street. In many cases a preferential residential parking permit program alone will not address this issue effectively. While the developer receives an incentive, the municipality must consider the ongoing parking management support required to mitigate the impacts, including considerations for additional parking supply, enforcement, paid parking, and permit parking.

### **Chico Parking Requirements**

Currently, the relationship between parking reductions and in-lieu fees in Chico is somewhat unclear. There is not a clearly defined standard for how in-lieu fees should be measured and applied in areas that are also eligible for a reduction to the minimum parking requirement. Typically, the in-lieu fee amount is calculated based upon the number of parking spaces required versus the number of parking spaces developed. Therefore, if the minimum parking requirements have been reduced, the in-lieu fee amount would be calculated based upon the reduced parking requirement. This system should be clearly defined in the City's administrative guidelines. Currently, Chico's in-lieu fee is set at \$18,148 per space. Within Chico's In-Lieu Parking Benefit Area, developers are granted a reduction in parking requirements, but can still technically be eligible for paying in-lieu fees. Therefore, within the boundary, if a developer qualifies for an in-lieu fee, they would only be required to pay the fees based upon the reduced parking stall requirement.



→ **Recommendation:**

For developments within the In-Lieu Parking Benefit Area, that are approved for a reduced parking requirement, the in-lieu fee should be calculated using the approved reduced parking requirement as a baseline. Therefore, the difference in spaces built versus required should be based upon the reduced parking requirement allowable within the In-Lieu Parking Benefit Area.

Section 19.70.040 of Chico's municipal code defines the minimum number of off-street parking spaces required for each land use type. Importantly, there is an exception for the Downtown In-Lieu Parking Benefit Area. Within the boundaries, as depicted in Image 1, no parking is required for non-residential uses, and for new residential uses there must be **one parking space per unit**. In 2012, following policy established in the 2030 General Plan, parking reductions were provided in the Municipal Code in an effort to increase density/intensity of development, reduce project costs, and promote walkability. Based upon the recommendations within this memorandum, the City may consider revising the General Plan policy considerations for consistency. A detailed list of parking requirements are outlined in Table 1 below.

It is important to note that some of the requirements are defined based upon the unit and others are based upon the number of beds. For example, dormitory developments require 1 space per 2 beds. Similarly, multi-family housing requirements are defined based upon the number of bedrooms per unit. The challenge with the In-Lieu Parking Benefit Area boundary exception is that it boils down the requirement for parking in terms of units alone, with no consideration for bedrooms. This can pose an issue in cases where developments include multiple bedrooms per unit. While a 1 bedroom unit downtown can realistically be supported by 1 vehicle, a unit with multiple bedrooms will likely not. Therefore, it is recommended that the City redefine the parking requirement for within the In-Lieu Parking Benefit Area boundary based upon the numbers of bedrooms, rather than per unit, for all new developments.

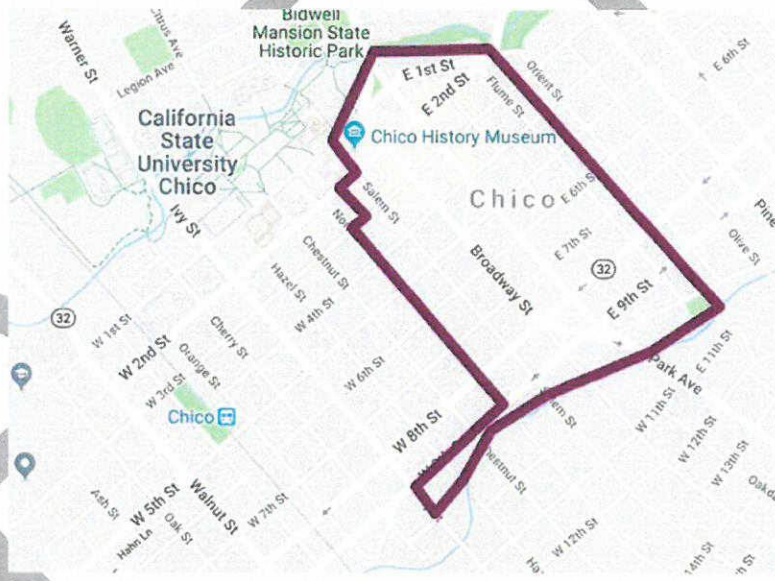


Image 1. Existing In Lieu Parking Benefit Area: Chico, CA

→ **Recommendation:**

Redefine the In-Lieu Parking Benefit Area minimum parking requirements based upon the number of bedrooms rather than the number of units.



Table 1. Existing Residential Minimum Parking Requirements: Chico, CA

<b>Residential Land Use Type</b>	<b>Vehicle Spaces Required</b>
Dormitories, fraternities, sororities, and rooming/boarding houses	1 space per 2 beds; minimum 4 spaces if located within a single-family residence.
Dwelling units located on flag lots, streets, or alleys without on-street parking	1 additional space per dwelling unit shall be provided.
Dwelling units located on corner parcels with on-street parking on both frontages	Number of required spaces may be reduced by 1 space; no less than 1 space shall be provided.
Large family day care homes	In addition to the required residential spaces, 1 space for each employee and one space for drop off and pickup.
Mobile homes (in mobile home parks)	2 spaces per mobile home.
Multi-family housing	Studio unit - 0.75 spaces per unit.
	1 bedroom units - 1.25 spaces per unit.
	2 bedroom units - 1.75 spaces per unit.
	3 bedrooms or more - 2 spaces per unit.
	Guest parking - 1 space per each 5 units.
Mixed-use developments	Determined by entitlement.
Multi-family housing in a Corridor Opportunity Site overlay zone	Studio unit - 0.75 space per unit.
	1 bedroom units - 1 space per unit.
	2 bedrooms or more - 1.5 spaces per unit.
Senior housing projects	1 space per 2 dwelling units; half the spaces shall be covered.
Single-family housing	2 spaces per unit, as adjusted up or down by this table.

Single-room occupancies and specific one-bedroom apartment units	1 space per unit.
Studio apartments or single-room occupancies, designated for low or very low income households, restricted to these households for at least 30 years and located within 500 feet of an existing public transit route and/or commercial facilities supporting residential use	1 space per 2 dwelling units.

To better understand the number of spaces that should realistically be required per bedroom within the In-Lieu Parking Benefit Area, a comparative analysis was conducted with other municipalities. For the purposes of this analysis, the comparison is focused on multi-unit development standards for parking. This is because multi-unit developments within the downtown core of Chico are becoming increasingly common, and have the highest chance of impacting parking supplies downtown if not managed appropriately. It is important to note that the parking requirements outlined in Table 2 are defined based upon the number of units in Chico, Corvallis, and Sacramento, but instead by the number of bedrooms in Davis. This distinction is important because there may be developments with a significant number of bedrooms per unit, therefore impacting the likelihood of additional parking demand.

Table 2. Comparison of Central/Downtown Multi-Unit Dwelling Parking Requirements and In-Lieu Fees

Location	Population	Parking Requirement for Multi-Unit (3+) Developments	In-Lieu Fee
Chico, CA	91,567	In-Lieu Parking Benefit Area: 1 space per unit	\$18,148
Davis, CA	68,111	Central Commercial District: 1 space per bedroom for developments with 3+ bedrooms	\$4,000
Corvallis, OR	57,110	<i>Downtown:</i> .9 spaces per unit	\$10,560
Sacramento, CA	495,234	Central Business and Arts & Entertainment District: No minimum	None
		Urban District: .5 space per unit	

#### Davis, CA

The City of Davis, like Chico, is a remote college town located within northern California. The parking in-lieu program in Davis establishes parking requirements for developments with the goal of consolidating off-street parking to encourage a dense and walkable urban form of development. Originally in the 1970s, an \$8,000 fee per space not constructed on-site was established. Later in 1998, Davis began to allow further reductions for mixed-use developments within the downtown Core. This system was based upon a tiered structure, where certain developments could wave the in-lieu fee or receive varying levels of reductions based upon the type of project. However,



according to a study completed by a consultant in 2017<sup>2</sup>, the tiered system was difficult to administer consistently because of its complexity required case-by-case reviews by the City Council. As a result, in 2004, Davis adjusted their ordinances to apply only to the Central Commercial (CC) district, and the in-lieu fee was reduced to \$4,000 per space.

Within the Davis CC district, the number of required spaces for multi-family dwellings are based upon the number of bedrooms, rather than the number of units. For multi-family studios and one-bedroom units, 1 space is required. 1.5 spaces is required for two-bedroom units, and 1 space per bedroom is required for developments with 3 or more bedrooms. This is incentivizing developers to develop units with more bedrooms. A summary of minimum parking requirements within the CC is outlined in Table 3 below:

Table 3. City of Davis Central Commercial District minimum parking requirements

Central Commercial District Land Use Type	Vehicle Spaces Required
Athletic club; exercise studio; music, photography, art, and dance studios	1 space per 500 square feet of gross floor area
Retail stores and shops	1 space per 500 square feet of gross floor area
Office, service, financial institutions	1 space per 500 square feet of gross floor area
Restaurant/café	1 space for every 250 square feet of gross floor area (no parking required for outdoor seating)
Hotel	3 spaces for every 4 units
Multifamily	
Live-work/studio and one bedroom	1 space
Two bedrooms	1.5 spaces
Three or more bedrooms	1 space per bedroom

The Davis 2014 Downtown Parking Management Plan includes a recommendation to re-examine the in-lieu parking fee policies and procedures. The study found that the City’s parking in-lieu fee program “may exacerbate downtown parking problems, particularly during peaks.”<sup>3</sup> A key recommendation that came out of this study was to consider increasing the in-lieu parking fee to better reflect the cost of developing substitute parking downtown. This takeaway should be considered in relation to Chico, and highlights the importance of ensuring that in-lieu fees will allow the City to sustain and manage the parking operation and mitigate spillover parking impacts. While the in-lieu fee amount in Davis less than half that of Chico’s, the minimum parking requirement in Davis for multi-family units is based upon bedrooms instead of units.

### Corvallis, OR

The City of Corvallis, OR is a similarly sized city located next to a university, which is why it was selected for this analysis. Corvallis has a 1 space minimum per unit in downtown for new residential developments. Unlike Davis and Chico, Corvallis also requires new development in

<sup>2</sup> <https://cityofdavis.org/home/showdocument?id=7925>

<sup>3</sup> <https://cityofdavis.org/home/showdocument?id=11000>

downtown to provide 1 parking space per 1000 square feet of commercial space and 1 space per unit. Corvallis allows for reductions of up to 10% of the total number of required spaces if developments are near transit centers and up to 10% if the development meets the needs for additional bicycle parking beyond the minimum. Corvallis also has an in-lieu fee for new developments in two overlay zones downtown. The current fee is \$10,560 per parking space, but is updated annually. The fee is collected by the City before the issuance of occupancy permits. The fee is directed into a fund which is reserved for future additions of public parking in Corvallis.

**Sacramento, CA**

This analysis also includes the City of Sacramento because it is a nearby metropolitan city. In Sacramento, all parking minimums were eliminated from the Central Business District in 2012, and for some nearby urban areas more flexibility was introduced. Parking requirements are organized using 4 land use designations based on their General Plan. Additionally, projects that have certified TDM plans can reduce their parking requirement by up to 35%. What makes Sacramento’s program unique compared to the other cities in this analysis is that reductions are directly linked to whether a developer is actively building for and encouraging alternative modes of transportation. A summary of the residential parking minimums is outlined below in Table 4.

Land Use	Central Business and Arts & Entertainment District	Urban District	Traditional District	Suburban District
1. Residential Uses				
Single-unit, duplex dwelling	No minimum requirements	1 space per dwelling unit, except on lots equal to or less than 3,200 square feet in the Central City, where there is no minimum requirement	1 space per dwelling unit, except on lots equal to or less than 3,200 square feet in the Central City, where there is no minimum requirement	1 space per dwelling unit
Secondary dwelling unit	No minimum requirements	No minimum requirements	No minimum requirements	No minimum requirements
Multi-unit dwelling (3 units or more)	No minimum requirements; maximum 1 space per dwelling unit	0.5 space per dwelling unit	1 space per dwelling unit	1.5 spaces per dwelling unit
Fraternity or sorority house; dormitory	No minimum requirements	1 space per 3 occupants	1 space per 3 occupants	1 space per 3 occupants
Residential hotel (SRO)	No minimum requirements	1 space per 10 dwelling units, plus 1 space for manager	1 space per 10 dwelling units, plus 1 space for manager	1 space per 10 dwelling units, plus 1 space for manager



In Sacramento, certain alternatives and modifications to the minimum parking requirement are outlined in the municipal code. One or more of the following alternatives may be substituted for required off-street parking spaces, per code section 17.608.060:

- a. **Additional bicycle parking.** Four non-required bicycle parking spaces may be substituted for one on-site vehicle parking space, up to a maximum of two spaces or 10% of the required on-site vehicle parking spaces, whichever is greater.
- b. **Carsharing.** One carshare space may be substituted for four required on-site vehicle parking spaces. "Carshare space" means a parking space reserved for a vehicle that can be rented or reserved for short periods of time, such as by the hour or minute.
- c.  **Scooter and motorcycle parking.** One scooter or motorcycle space may be substituted for one on-site vehicle parking space, up to a maximum of two spaces or 10% of the required on-site vehicle parking spaces, whichever is greater.
- d. **Shared parking.** Required off-street parking facilities may be shared between two separate land uses upon demonstrating that the uses utilize the parking spaces at different times.
- e. **On-street parking.** Each on-street parking space directly adjacent to the subject parcel may be substituted for one on-site vehicle parking space. If the parking in the street is unmarked, each 24 feet of adjacent street frontage that can be legally parked shall equal one on-street parking space.
- f. **Shared bicycles.** Shared bicycles provided on-site for the use of employee commutes and off-site trips may be substituted for up to a maximum of two spaces or 10% of the required on-site vehicle parking spaces, whichever is greater. Two shared bicycles are equivalent to one on-site vehicle parking space.
- g. **Transportation management plan.** The required number of on-site vehicle parking spaces for a development site or use shall be reduced by 35% if a transportation management plan permit has been approved under chapter 17.700.

In this case, a transportation management plan can include strategies such as the formation of a Transportation Management Association, establishment of parking fees, subsidies for public transit, development of a shuttle or vanpool program, etc.

While TDM strategies may be effective at encouraging the use of alternative modes of transportation for certain trips, it does not necessarily discourage car-ownership when implemented by developers. Based upon Chico's remote location, car trip reductions could be achieved for short trips around town, but these alternative modes may not realistically replace the convenience of a car when accessing more remote locations. While the level of accessibility by transit and bike is improving in Chico, allowing additional parking reductions based upon TDM strategies alone is not recommended at this time.

### Chico In-Lieu Parking Benefit Area Requirements

If the City of Chico converts the In-Lieu Parking Benefit Area parking minimum requirement from 1 space per unit to in terms of bedrooms, the City should consider requiring fewer spaces per bedroom. Out of the comparable cities, Davis is the only city that requires 1 space per bedroom for developers with 3 or more units. However, Davis also has a significantly lower in-lieu fee in comparison to Chico. This makes it more likely that developers do not reach this standard. On the other end of the spectrum, the City of Sacramento does not require any parking spaces within the Central Business District. However, this is not realistic for Chico because of the size of the City.



In the case of a 3 bedroom per unit development in the City of Davis, 1 parking space per bedroom is required. Therefore, the in-lieu fee per unit would amount to \$12,000. This is still \$6,000 less than the current per unit in-lieu fee in Chico. However, in the case of a 5 bedroom development in Davis, the in-lieu fee could amount to \$20,000, which is almost \$2,000 more than Chico's fee per unit. It is assumed that the majority of student housing projects have fewer than 5 bedrooms per unit. Therefore, the City of Chico should consider lowering the in-lieu fee amount to be more consistent with the Davis. Additionally, the City of Corvallis requires .9 spaces per unit and has an in-lieu fee of \$10,560. This is approximately \$8,000 less than Chico's fee amount. Both Davis and Corvallis are similarly sized communities adjacent to a university and likely face similar development and parking impacts due to the demand for student housing.

→ **Recommendation:**

Redefine parking space requirements per bedroom within the In-Lieu Parking Benefit Area. Based upon the City's priority of incentivizing denser development patterns in the downtown, a lower threshold for parking spaces per bedroom should be considered, below other development standards. Proposed minimum parking requirements for the In-Lieu Parking Benefit Area are outlined below in Table 4.

Table 4. In Lieu Parking Benefit Area Recommended Parking Requirements

<b>Residential</b>	
Studio or 1 bedroom	.75 spaces per unit/bedroom
2 bedrooms	.5 spaces per bedroom
3 or more bedrooms	.25 spaces per bedroom
Guest Parking	No requirement
<b>Non-Residential</b>	1 space per 1,000 square ft of building
<b>Redevelopment Projects</b>	Above parking requirement applied only to increase in developed space.

→ **Recommendation:**

After redefining the in-lieu fee requirements based upon the number of bedrooms, rather than the number of units, the City should reduce the parking in-lieu fee amount to \$8,000 to \$10,000 per space to be more consistent with the City of Davis and the City of Corvallis.

### Unbundling Parking

Another strategy the City of Chico should consider within the In-Lieu Parking Benefit Area is requiring the unbundling of parking. "Unbundling" of parking means that renting or leasing of parking should be separate from the rental agreement and leases. The City of Seattle recently approved this approach in an effort to reduce car ownership. When the cost of parking is absorbed into the price of the lease or rent, renters are not incentivized to give up their vehicle. The true cost of the parking space is unknown in this scenario. And, those who don't have a car are stuck paying the same amount in rent as those who do. Therefore, the unbundling of parking is a more equitable approach to parking management.

Unbundling parking requirements would also pass some of the burden of parking management onto the property owner, encouraging them to price parking based upon demand. In this case, if a property is developed with less parking than ends up being required to meet the true needs of their tenants, the property owner will be more likely to raise their parking rates, manage a wait



list, or find ways to discourage car ownership. If the cost of parking is bundled in with the rent, then the property owner has little incentive to manage parking demand. While this may cause certain spillover parking impacts, this risk is likely minimal in the In-Lieu Parking Benefit Area; the majority of on-street parking in the downtown area is already regulated with paid parking and/or time limits, therefore long-term storage of vehicles by residents is already limited. If spillover parking impacts were to extend into surrounding residential areas, the City would have the opportunity to implement a residential permit program to safeguard the parking. Ultimately, if the City wants to discourage car ownership and make the reduced parking requirements more successful at meeting the true demand, unbundling the cost of parking is recommended.

→ **Recommendation:**

Require the “unbundling” of the parking cost for properties.

**In-Lieu Parking Benefit Area Boundary**

The current in-lieu district covers the downtown core from roughly Flume St to Normal Ave and from 1st St to 9th St. The zoning inside the district is mostly mixed residential, commercial and office districts. The City should consider adjusting the boundaries to be consistent with the downtown boundaries established in the 2030 General Plan (Image 2)

Concept #8 in the downtown element of Chico’s General Plan states that “maintaining an adequate parking supply is integral to supporting a vibrant downtown.”. Additionally, one of the goals was to establish a “Park Once and Walk” environment for downtown. These concepts have the potential to integrate effectively with an in-lieu fee program. By collecting fees in-lieu of on-site parking stalls, the City may have the opportunity to consolidate developed parking to encourage residents and visitors to store their car and walk between destinations, rather than drive throughout downtown. Dispersed parking supply, with ample parking stalls provided at each destination, can encourage driving.



Image 2. Proposed In-Lieu Parking Benefit Area / Downtown Boundary per General Plan 2030

By aligning the In-Lieu Parking Benefit Area with the boundaries of downtown Chico, the City’s strategies for parking will better align with the General Plan downtown element goals.

→ **Recommendation:**

Align the In-Lieu Parking Benefit Area with the downtown Chico boundaries, as defined by the 2030 General Plan, or reduce the area to match adjacent property uses.

**Use of Revenue**

In most cases, revenue from parking in-lieu fees is meant to be utilized to fund the development or purchase of additional parking supply. The purpose of this funding strategy is to create centralized parking supply to offset the reduction in parking on individual parcels. However, this



is often not a realistic goal for a number of reasons. One consideration is that the in-lieu fee per space in most communities is significantly lower than the estimated cost of developing a parking space. The goal of developing additional parking supply in a downtown core is also increasingly unrealistic due to constraints on land availability and traffic congestion. Therefore, the City should consider a portfolio of options for utilizing parking in-lieu revenue. Demand management strategies may include, but are not limited to the following:

- Adjusting public transit routes, route frequencies, or hours of operation.
- Implementing bike lanes, bike valet, or secure bike parking.
- Widening sidewalks and improvements to pedestrian walkability.
- Shuttle routes to/from remote parking options.
- Carpool incentive programs.
- Increased supply through new developments or shared parking agreements (leveraging private property for public parking).

The parking industry standard target for parking occupancy is 85%. This occupancy target minimizes traffic congestion from drivers looking for parking, while also ensuring that valuable space is not being dedicated for parking that isn't needed. Therefore, if the parking occupancy rate within the in-lieu parking benefit area reaches above 85%, this is an ideal opportunity for the City to begin to implement demand management strategies utilizing the parking in-lieu funds.

→ **Recommendation:**

When the In-Lieu Parking Benefit Area reaches above 85% occupancy, the City should rely upon a portfolio of demand management strategies to mitigate parking impacts.

**Summary of Recommendations**

- For developments within the In-Lieu Parking Benefit Area, that are approved for a reduced parking requirement, the in-lieu fee should be calculated using the approved reduced parking requirement as a baseline. Therefore, the difference in spaces built versus required should be based upon the reduced parking requirement allowable within the In-Lieu Parking Benefit Area.
- Redefine the In-Lieu Parking Benefit Area minimum parking requirements based upon the number of bedrooms rather than the number of units.
- Redefine parking space requirements per bedroom within the In-Lieu Parking Benefit Area. Based upon the City's priority of incentivizing denser development patterns in the downtown, a lower threshold for parking spaces per bedroom should be considered, below other development standards. Proposed minimum parking requirements for the In-Lieu Parking Benefit Area are outlined in Table 4.
- After redefining the in-lieu fee requirements based upon the number of bedrooms, rather than the number of units, the City should adjust the parking in-lieu fee amount to \$3,500 per space to be more consistent with the City of Davis and the City of Corvallis.
- Require the "unbundling" of the parking cost for properties.
- Align the In-Lieu Parking Benefit Area with the downtown Chico boundaries, as defined by the 2030 General Plan, or reduce the area to match adjacent property uses.
- When the In-Lieu Parking Benefit Area reaches above 85% occupancy, the City should rely upon a portfolio of demand management strategies to mitigate parking impacts.



APPROVED BY: [Signature]  
DIRECTOR OF PUBLIC WORKS  
DATE OCT. 1937  
DRAWN BY: [Signature]  
CHECKED BY: [Signature]

CMC 19R.43

BENEFIT AREA  
PLAT DELINEATING IN-LIEU PARKING

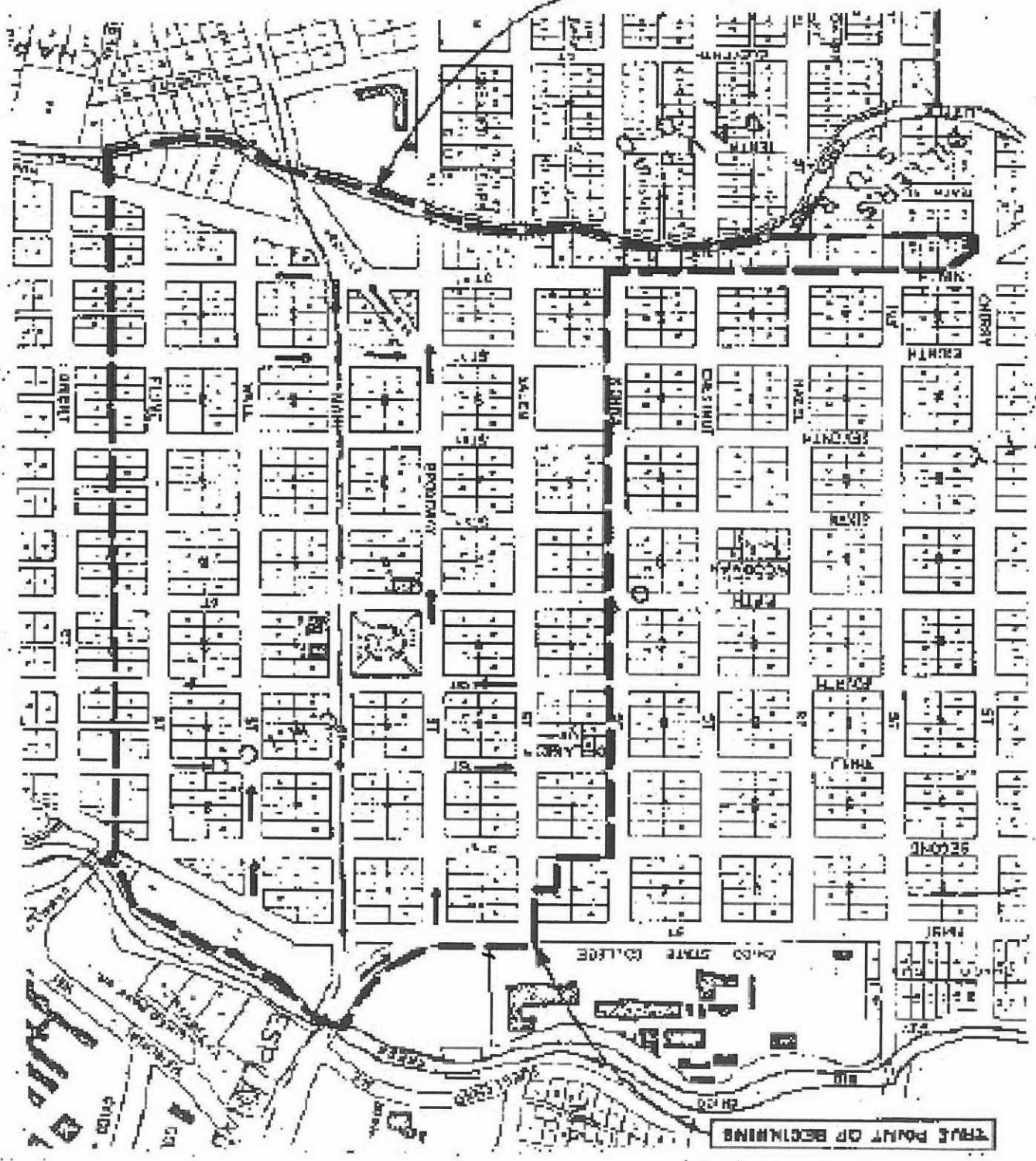
CITY OF CHICGO  
DEPARTMENT OF PUBLIC WORKS

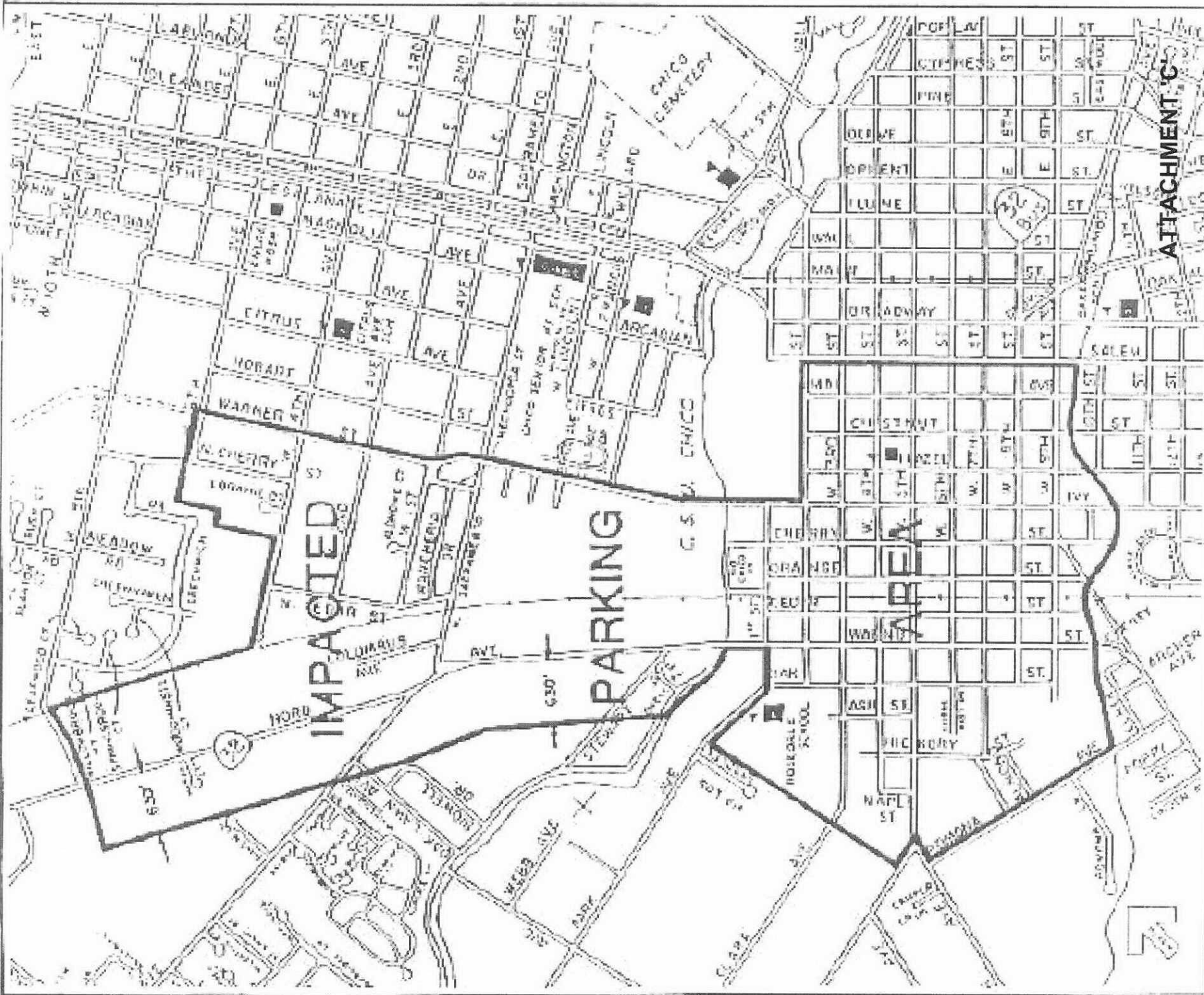


EXHIBIT "B"

ATTACHMENT 'B'

BOUNDARY LINE OF  
PARKING DISTRICT





ATTACHMENT 'C'

**CITY OF CHICGO**

**PLANNING OFFICE**

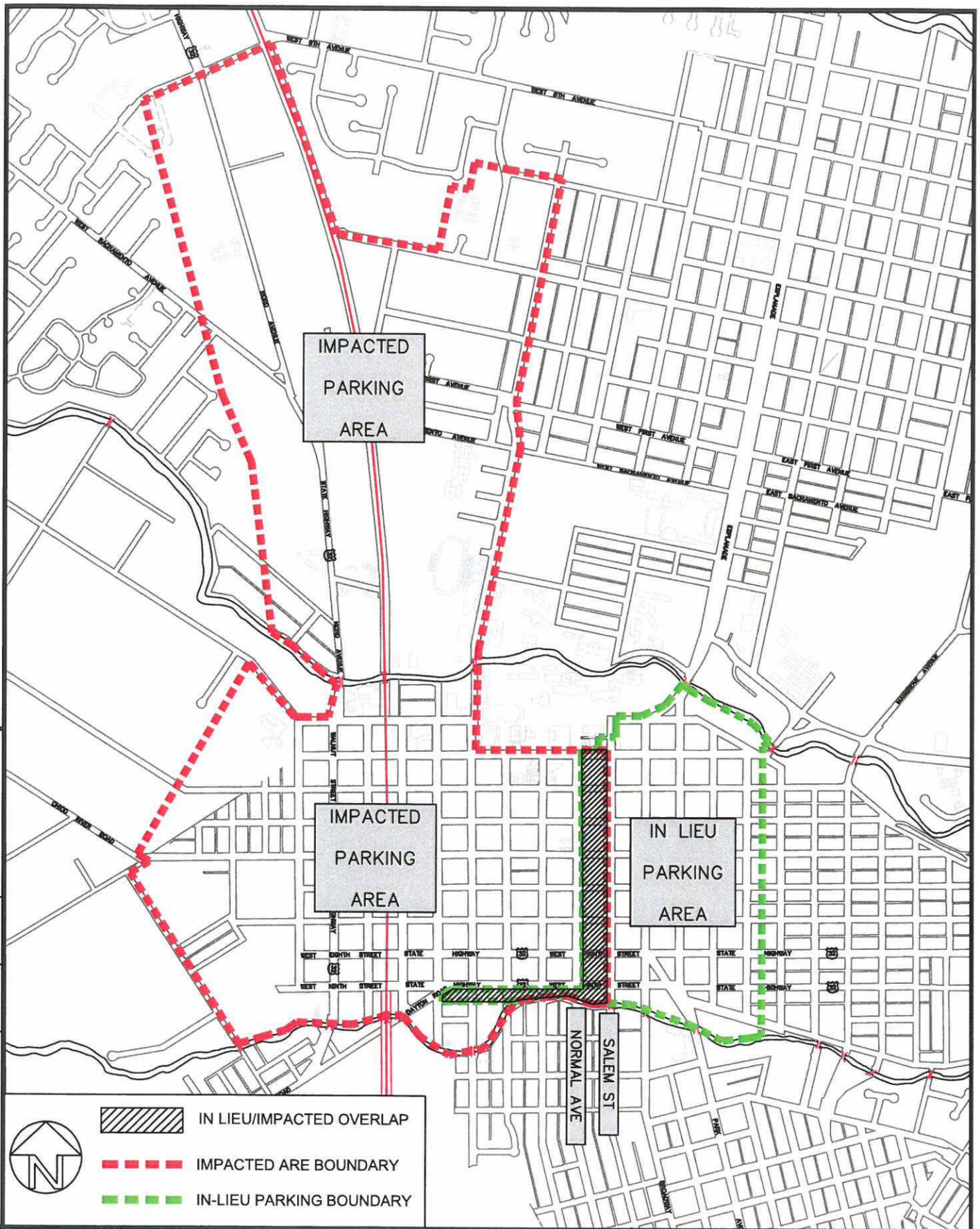
EXHIBIT "B"

IMPACTED PARKING AREA 'A'





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DRAWN BY: RA  
 CHECKED BY: *[Signature]*  
 DATE: 12/17/87  
 APPROVED BY: *[Signature]*  
 PLANNING OFFICE





REVISION	BY	DATE


 IN LIEU/IMPACTED OVERLAP  
 IMPACTED ARE BOUNDARY  
 IN-LIEU PARKING BOUNDARY

CITY OF CHICO PUBLIC WORKS/ENGINEERING

DRAWN BY: RB      DATE: 10/26/18  
 CHECKED BY: BK      SCALE: NTS  
 APPROVED BY: \_\_\_\_\_  
 for the DIRECTOR OF ENGINEERING

IN-LIEU PARKING BOUNDARY AND IMPACTED PARKING BOUNDARY

ATTACHMENT 'D'