



CITY COUNCIL STAFF REPORT

DATE: May 7, 2014 NEW BUSINESS

SUBJECT: DISCUSSION OF COMMERCIAL PARKING REQUIREMENTS

FROM: David H. Ready, City Manager

BY: Community & Economic Development Department

SUMMARY

This is a discussion of a number of approaches to deal with parking issues that impact the redevelopment of commercial spaces outside the downtown area, including a possible text amendment that would allow for commercial structures of under 3,000 square feet in buildings constructed prior to 1980 and in the C-1 and C-2 zones to be re-tenanted with more intense uses than were previously established without providing additional parking. Staff is seeking direction from the City Council on its preferred way to address parking issues in street-facing commercial areas (not shopping centers) outside the downtown.

RECOMMENDATION:

Direct staff as appropriate.

STAFF ANALYSIS:

The Palm Springs Zoning Code (PSZC) requires that uses vacated for 180 days or more lose their non-conforming status, and any new use to be established must meet all zoning code requirements including parking. Historic structures, or even those 30-35 years old, by their very age, often have insufficient parking for their former or existing use. Often built as retail stores or offices, in order to redevelop the properties these buildings would have to provide for new, expanded and upgraded parking. Unlike the downtown, in the C-1 and C-2 areas, an "in lieu" fee is not available to attract a restaurant or entertainment use.

ITEM NO. 50

On July 3, 2013, the City Council adopted two Special Economic Development Focus Incentive Areas located along the major corridors south of Ramon Road and north of Tachevah Road, along the entryways into the Downtown and Uptown areas. Generally the zoning in these areas is C-1 and C-2.

The Special Focus Incentive Area Program is a collection of several City incentives to create an inducement to redevelop vacant properties or spur stalled development projects in the area. The four types of investments that the City approved include:

- assisting stalled vacant land projects
- renovating and repositioning major vacancies as catalyst projects
- creative uses of the Hotel Incentive Program for small, dilapidated hotels
- extending the Facade Improvement and Interior Remodel programs for the area

In addition, the program encourages the City to *look at other design or code changes in these areas to remove disincentives to reuse*. A number of the projects in the Incentive Area have been restaurants or entertainment-related uses, which is unsurprising, given the exiting building stock and the lack of critical mass of retail space. The main challenge facing these projects is meeting current parking codes. An additional challenge is the fees charged due to the intensification of land use, such as new sewer connect fees. This discussion is only on the parking issue.

There is recent precedent within the City to changing parking requirements to incentivize the development of harder-to-develop properties. On January 15, 2014, the City Council approved a change to the Zoning Code that allowed a change of use – including an intensification of land use – in Class 1 historic buildings without triggering any additional parking requirements. In the staff report, the example used for the Class 1 parking changes was a 3,000 square foot retail space in the Central Business District area (bounded by Amado and Baristo, Museum Drive and Indian Canyon) that, hypothetically, was able to provide 8 parking spaces and make an in lieu parking fee payment of \$4,290.00 (\$2,145.00 per space) to meet the existing retail parking requirement of 10 spaces. In the event of a new restaurant tenant wanting to move into that space, however, the parking requirement would jump to 50 spaces: e.g. a typical restaurant would require parking under the Zoning Code at 1 space per 4 seats, and assuming 50% “back of house” and 1 person per 30 square feet for seats, that yields a requirement of 50 parking spaces, or an additional in lieu payment in the CBD of over \$84,000 to cover the 40-space shortfall.

The Downtown is mostly zoned Central Business District (“CBD”), as described above, while the C-1 and C-2 areas are generally the retail and commercial areas north and south of downtown. Unfortunately, the “in lieu” parking option, as expensive as it is in the CBD, does not even exist in the C-1 and C-2 zones. The primary requirement in those zones is to provide the parking on site, or try to qualify for a limited number of off-site options available through the formal variance process.

One idea would allow for existing buildings meeting the criteria above (spaces smaller than 3,000 square feet, built in 1980 or earlier, in C-1 or C-2) to receive relief from parking requirements, breathing new life in the form of viable tenants. While costing the City no actual outlay of funds (or even lost fees since no in lieu fees are currently paid in these areas), this is a significant gain for the entire community.

Staff has analyzed the Incentive Zone applications and determined that in most cases, the applicants leveraged much more private funding for the projects than the required match in the application; and, in the case of the "catalyst" projects, there were significant additional "hurdles" for the space to be competitive in the commercial market, mainly due to the relatively high cost per square foot of renovation vs. the current competitiveness of the location within the Palm Springs market. In the case of the Arrive Enterprise, LLC project on North Palm Canyon Drive, the provision of parking in an older neighborhood commercial district is a direct impediment.

The Sandfish Property is a vacant commercial space in a building constructed approximately 40 years ago and had has not had a successful tenant in over 5 years. There remains a mismatch between the projects themselves and the more marginal (compared to downtown) location on North Palm Canyon Drive, and it would not have been economically feasible without an incentive program. All of the economic activity on the block of North Palm Canyon Drive between Stevens Road on the south and Vista Chino Road on the north is at a low level, characterized by a high degree of vacancy, a pre-school, apartments, the accounting office, two restaurants, a closed restaurant (Pizza Hut), condominiums associated with a hotel on Indian Canyon Drive (Desert Sun), and a liquor store. The one new retail business that has moved into the area in the past year is a trade vendor to the Arrive group, and another office that has been leased is the architectural offices of the project architect.

The current application for Sandfish is a case in point of the parking impediment. The small restaurant space (1,288 square feet) sits within a multi-tenant building that also shares its parking with a small apartment complex located to the rear. The total site contains 22 residential units, a commercial/office space and a second commercial space that previously was a small meat market and now is proposed to be Sandfish, with 61 total seats, 45 inside and 16 outside.

There are two parking lots available to the applicant, in this case: the residential lot and the "West" lot. There are 9 spaces currently in the West lot. At 1 space for every 3 seats, the restaurant requires 21 parking spaces. Assuming the office space is the same size as the restaurant, about 1,288 square feet, the office requires 7 parking spaces, at 1 space per 200 square feet. The former market previously occupying the restaurant space, also parked at 1:200, would have required 7 spaces. Thus the West lot, even with the previous lower-intensity uses, did not conform to the minimum requirements for off-street parking. Adding to the issue is the residential units served by the residential lot, which has 22 spaces. Assuming all of them are 1 bedroom apartments, the residential use would require 1.25 spaces per unit plus 1 guest space

for each 4 units. Thus 22 1-bedroom units would need 28 spaces for residents plus 6 guest spaces (34 total). Therefore, there is no surplus of parking in the residential lot to allocate to the commercial buildings.

The applicant has been working with Planning on a variety of solutions to meet the parking need, and possibly develop a combination of solutions to get the project approved. One important aspect, however, is that by being required to address the parking issue at all, the applicant is also required to reconfigure the parking lot to attempt maximize parking there, incorporate code-required shade, and meet the City's current parking lot landscaping requirements. Only after addressing the reconfiguration of the parking lot itself, would the City support a variance seeking relief from the remainder of the required spaces, or a valet parking solution for evenings and weekends. The estimated cost of reconfiguring the parking lot approached the hard cost of renovating the small (1,288 square foot) space into the restaurant.

Alternatively, the City has suggested a number of approaches, such as slightly reducing seating; maximizing parking on site by redesign of the lot; verifying that the adjacent office doesn't normally use all 7 of "their" spaces (if their regular daily use is only 3 or 4 cars, that use is currently "grandfathered" as non-conforming because it has been an office use for years); proposing the restaurant instead as a "food market" instead of a restaurant (to support a variance application for continuance of a previous use with inadequate parking); or, as a last resort, a valet plan; the combination of approaches was felt to give the Planning Commission enough comfort to approve the restaurant project.

Planning staff recommended that the parking lot improvements are worth doing. Reconfiguration, they felt, would increase the parking from 9 spaces to 17 (in the West lot) and bring the shade component up to contemporary code requirements and demonstrate that the applicant is working to maximize solutions to the parking needs on site- which is the first preference. The Valet scheme for nights and weekends "as needed" helps solve the balance of the problem.

However, reconfiguration would not attain the total 21 spaces needed for restaurant. As buildings begin to be improved and parking landscape/shading upgrades could be made to the West lot, would they also have to be done with the residential parking lot? If the applicant can't attain the required spaces even with an expensive parking lot reconfiguration, does that improve their chances of applying for a parking variance due to the financial hardship of revamping the parking lot(s) and that the space needed for the parking doesn't exist without tearing down buildings?

For a valet plan, a likely scenario could be some sort of valet agreement with the Riviera Resort as supplemental, peak time parking. The applicant has indicated that they have a valet arrangement worked out with the Riviera, but there is still some technical work to be done with Planning on the verification of the arrangement.

The last possibility is to apply for a Variance request only, asking for a full waiver of the parking requirements. Under the current code, Planning would be unable to support such a request, but that doesn't preclude the applicant from applying for it and taking their chances with the Planning Commission. If none of those alternatives are acceptable to the Planning Commission, it is likely that a restaurant at that site – or anywhere on this block – will *never* be economically feasible.

How to Limit the Ordinance Amendment

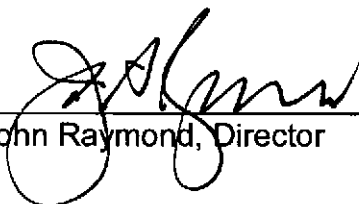
By limiting the amendment in three ways – by zoning designation, by size of space, and by age of the structure – the City would limit the possibility that such changes to the code would create widespread parking impacts in the community. It would not apply in the core of downtown (CBD), which already has some advantages due to the in lieu parking fee and the new parking relief related to historic buildings, which are concentrated in the downtown core.

By limiting the application of the relief to smaller owners or tenants (3,000 square feet or under), the City reduces the potential that a large commercial building in a C-1 zone (e.g. 10,000 square feet or larger) would change land uses and create a parking shortfall numbering in the hundreds of spaces. Finally, by limiting it to older spaces (1980 or earlier), it uses the same rationale that the historic parking ordinance did – that the buildings were developed under different land use patterns and development standards, and that requiring a contemporary user to bear all of the cost to bring the space up to current code places an undue economic burden on the building and the surrounding area.


Looking at the land use patterns in the City, the ordinance could apply in parts of Uptown and the area north of Uptown; in the area south of Ramon, and possibly parts of Sunny Dunes; and, possibly some commercial sections of Ramon near the airport. Other areas of the City are too new, too large, or in a different zoning designation.

FISCAL IMPACT:

There would be no drop in in-lieu fees paid, since they are not collected in the C-1 and C-2 areas.



John Raymond, Director



David H. Ready, City Manager