



# Certified Recommendation

Raleigh Planning Commission

CR# 11696

## Case Information: TC-4-16 / Overnight Lodging – Specialized Vehicle Parking Requirements in Downtown District (DX-)

### Comprehensive Plan Guidance

<i>Applicable Policy Statements</i>	<p><b>Policy T 6.5 Minimum Parking Standards</b> Reduce the minimum parking standards over time and as appropriate to promote walkable neighborhoods and to increase use of transit and bicycles.</p> <p><b>Policy T 6.7 Parking Demand Management</b> Discourage single occupant vehicle trips through parking supply and pricing controls in areas where supply is limited and alternative transportation modes are available.</p> <p><b>Policy ED 6.5 Lodging</b> Work with developers, investors, and other local organizations to plan and provide diverse and accessible lodging and accommodations to support tourism growth.</p>
<i>Action Items</i>	Not applicable

### Summary of Text Change

<i>Summary</i>	Amends Section 7.1.3.A.1. of the Part 10A Raleigh Unified Development Ordinance, Specialized Vehicle Parking Requirements – Downtown District (DX-), to reduce the amount of required parking for <i>Overnight Lodging</i> uses in the DX district.
----------------	---

### Summary of Impacts

<i>Impacts Identified</i>	<p><u>Adoption of TC-4-16:</u></p> <ol style="list-style-type: none"> <li>None identified.</li> </ol> <p><u>Alternative A: Eliminating required parking for Overnight Lodging within the Downtown District (DX-)</u></p> <ol style="list-style-type: none"> <li>Hotels without dedicated parking would create additional demand pressures for municipal parking decks, potentially impacting other uses dependent upon that supply.</li> <li>Hotels without dedicated parking near existing neighborhoods may generate spill-over parking onto nearby neighborhood streets.</li> </ol> <p><u>No Action Alternative:</u></p>
---------------------------	---





## Zoning Staff Report – TC-4-16

### Overnight Lodging – Specialized Vehicle Parking in Downtown District (DX-)

#### Request

<i>Section Reference</i>	
<i>Basic Information</i>	
<i>PC Recommendation Deadline</i>	

#### Comprehensive Plan Guidance

<i>Applicable Policies</i>	<p><b>Policy T 6.5 Minimum Parking Standards</b> Reduce the minimum parking standards over time and as appropriate to promote walkable neighborhoods and to increase use of transit and bicycles.</p> <p><b>Policy T 6.7 Parking Demand Management</b> Discourage single occupant vehicle trips through parking supply and pricing controls in areas where supply is limited and alternative transportation modes are available.</p> <p><b>Policy ED 6.5 Lodging</b> Work with developers, investors, and other local organizations to plan and provide diverse and accessible lodging and accommodations to support tourism growth.</p>
<i>Action Items</i>	Not applicable

#### Contact Information

<i>Staff Coordinator</i>	Eric Hodge: <a href="mailto:eric.hodge@raleighnc.gov">eric.hodge@raleighnc.gov</a> ; 919.996.2639
--------------------------	---

#### History/Overview

In 2007, parking requirements in the downtown were changed to require a flat ratio of 2.5 spaces per 1,000 square feet of floor area, or the general code requirement, whichever is less. In the 2013 with the adoption of the UDO, the downtown parking ratio requirement was lowered to 2.0 spaces per 1,000 square feet. Because hotels are often constructed with an average floor area per room of 500 square feet or greater, once all common, ancillary, and circulatory space is accounted for, downtown hotels typically default to the general ordinance requirement of one space per room.

In response to a recommendation of a consultant study on downtown hotel development, City Council requested that staff report back on the advisability of reducing or eliminating parking requirements for downtown lodging uses. The staff report found (1) that ITE data supported a significantly lower parking demand ratio for CBD hotels; and (2) that many comparable communities required less or no parking for downtown hotels in their zoning codes. Based on that report, the Council authorized a text change to reduce parking requirements for Overnight Lodging in the DX district.

## Purpose and Need

The CBD hotel market differs from suburban hotels in that the patrons are more likely to be out-of-town conventioners or business travelers, and are less likely to need a car because they are staying within an easy walk of their destination as well as other goods and services. For this reason, CBD hotels generally create less parking demand because more patrons arrive in taxis, Ubers, and via public transportation. Since Raleigh currently imposes the same parking requirement on both suburban and downtown hotels, it is very likely that downtown hotels built to the code standards would have more spaces than is necessary to serve the use.

Because of high land costs and small sites, downtown developments typically provide required parking in vertical parking structures. The per-space cost of downtown parking structures is quite high, with recent evidence supporting costs in excess of \$30,000. Staff research suggests that the current code requires twice as much parking as is needed. For a 150 room hotel, this translates into \$2.25 million in unnecessary development costs (\$15,000 per room). This figure is significant enough to make the economics of a downtown hotel less favorable, likely tipping some projects at the margin into financial infeasibility.

In addition, adopted City policy promotes pedestrian-friendly development downtown, multiple modes of transportation, and quality urban design. Requiring excessive parking encourages single-occupancy vehicle use. Excessive parking also typically negatively impacts building design and leaves less project budget available to be put towards architectural quality.

## Alternatives Considered

Two alternatives are discussed in this impact report. **Alternative A** would completely eliminate parking requirements for Overnight Lodging uses in the DX district. The amount of parking provided would be left to the developer. The **No Action** alternative would leave the current code requirements unchanged.

## Scoping of Impacts

There is no generally accepted public policy interest in ensuring that everyone who wishes to drive to a place of business have an easy time parking once they are there. Rather, the purpose of off-street parking requirements is to avoid negative externalities associated with providing fewer parking spaces than they generate a need for. These include free-riding on public parking facilities, both on- and off-street; generating congestion associated with cars circulating in search of an available space; and spill-over of parking demand onto adjacent neighborhood streets.

Recently, a number of scholars, led by Professor Donald Shoup of UCLA, have pushed back against this line of reasoning, claiming that these externalities can be better managed through the right pricing and management strategies; and that off-street parking requirements do more harm than good by driving up development costs, encouraging single-occupancy vehicle use, and undermining walkability and transit.

While these counter-arguments have been powerfully stated, most cities including Raleigh have continued to require off-street parking. However, the ideas of Shoup and others have provided the impetus for many cities, also including Raleigh, to reduce off-street requirements as a way of

encouraging more sustainable development outcomes. Over the past decade Raleigh has shown a willingness to reduce parking ratios where evidence suggests that demand is lower than previously thought. Raleigh has also adopted some pricing and management strategies, but not as aggressively as advocated by Shoup and others. The scoping of impacts therefore assumes that the negative externalities associated with under-parking of land uses is still a concern, but that these concerns must be balanced against the adverse impacts inherent to parking codes.

When first asked to look into this issue, staff from the Office of Transportation Planning prepared a memo regarding parking generation rates for CBD hotels. The memo cited data from the Institute of Transportation Engineers and the Journal of Transportation and Land Use in finding that a requirement of 0.4 – 0.5 spaces per room would be sufficient to meet the demand generated by a downtown hotel use. That memo is included as an attachment.

Potential adverse impacts of the proposed text change have been identified as follows:

1. None identified. Staff research strongly suggests that the true parking demand for CBD hotels is close to one-half space per room, or half the current code requirement. Therefore, amending the code to cut the requirement in half should result in no adverse spill-over impacts to public parking decks or on-street parking.

The adverse impacts of Alternative A (no requirement) have been identified as follows:

1. Hotels without dedicated parking would create additional demand pressures for municipal parking decks, potentially impacting other uses dependent upon that supply. A developer might decide to build a hotel without on-site parking and send patrons to a nearby municipal deck. While this could result in additional deck revenue, as many decks are starting to reach capacity, this could result in fewer parking spaces available for existing downtown businesses. Mitigating this impact is the likelihood that the hotel guests themselves would be patrons of downtown business such as restaurants, bars, and local retailers. Further, peak demand for office workers and hotel patrons are at different times of the day.
2. Hotels without dedicated parking near existing neighborhoods may generate spill-over parking onto nearby neighborhood streets. Existing downtown hotels are not located close enough to residential areas for this to be a problem, but the eastside neighborhoods are close enough to the core that a hotel located on the eastern edge of downtown could create some neighborhood spillover. Possible mitigation for this impact could include a residential parking sticker program and/or on-street management and pricing.

Waiving parking requirements for downtown hotels would grant hotel developers the ultimate in flexibility in how they address the parking needs of their guests. Unmet parking demand may cause adverse impacts, but these impacts are speculative and mitigating factors and options exist. The Council must decide whether it is worth risking these impacts so as to provide greater flexibility to hotel developers.

The adverse impacts of taking no action (retaining the existing regulations) have been identified as follows:

1. Hotels would continue to be required to build more parking than is necessary, driving up development costs, providing a disincentive to hotels supporting the Convention Center, and worsening design outcomes. As noted above, the preponderance of evidence suggests that the current code requires twice as much downtown hotel parking as is needed. This excess parking is a burden on hotel development that works against the City's interest in more hotel rooms to support the convention center. Further, as parking ratios increase, it becomes more difficult for architects to design and developers to deliver a quality urban building.

## Impacts Summary

### Adoption of Proposed Text Change

1. None identified.

### Alternative A: Exempting Overnight Lodging from parking requirements:

1. Hotels built without parking would create additional demand pressures for municipal parking decks, potentially impacting other uses dependent upon that supply.
2. Hotels built without parking near existing neighborhoods may generate spill-over parking onto nearby neighborhood streets.

### No Action:

1. Hotels would continue to be required to build more parking than is necessary, driving up development costs, providing a disincentive to hotels supporting the Convention Center, and worsening design outcomes.

**ORDINANCE NO. (xxx-2016)**

**AN ORDINANCE TO AMEND THE SPECIALIZED VEHICLE PARKING REQUIREMENTS FOR OVERNIGHT LODGING IN THE DOWNTOWN DISTRICT (DX-)**

***NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF RALEIGH THAT:***

**Section 1.** Section 7.1.3.A.1. of the Part 10A Raleigh Unified Development Ordinance, Specialized Vehicle Parking Requirements – Downtown District – General Requirements, is hereby amended by adding the following underlined text:

**1. General Requirements**

- a. One parking space is required per dwelling unit; however, no more than 2 on-site parking spaces per dwelling unit are allowed.
- b. No vehicle parking is required for the first 16 dwelling units.
- c. One parking space per 500 square feet is required for all nonresidential gross floor area or the minimum number of parking spaces set forth in *Sec. 7.1.2.C.*, whichever is less.
- d. No vehicle parking is required for the first 10,000 square feet of gross floor area of any nonresidential use.
- e. No vehicle parking is required for the following uses and use categories up to 30,000 square feet of gross floor area provided when at least 25% of the ground floor of the building is devoted to such uses;
  - i. Indoor recreation;
  - ii. Personal service;
  - iii. Restaurant;
  - iv. Retail sales; and
  - v. Banks
- f. No combination of the reductions in paragraphs *Sec. 7.1.3.A.1.d.* and *Sec. 7.1.3.A.1.e.* shall exceed 30,000 exempted square feet of gross floor area.

- g. No parking is required for an indoor movie theater.
- h. Parking for Overnight Lodging requires only one-half of the amount specified in Sec. 7.1.2. Required Parking.

**Section 12.** All laws and clauses of laws in conflict herewith are repealed to the extent of such conflict.

**Section 13.** If this ordinance or application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given separate effect and to this end the provisions of this ordinance are declared to be severable.

**Section 14.** This text change has been reviewed by the Raleigh City Planning Commission.

**Section 15.** This ordinance has been adopted following a duly advertised public hearing of the Raleigh City Council.

**Section 16.** This ordinance has been provided to the North Carolina Capital Commission as required by law.

**Section 17.** This ordinance shall be enforced as provided in N.C.G.S. 160A-175 or as provided in the Raleigh City Code. All criminal sanctions shall be the maximum allowed by law notwithstanding the fifty dollar limit in N.C.G.S. §14-4(a) or similar limitations.

**Section 18.** This ordinance is effective 5 days after adoption.

**ADOPTED:**

**EFFECTIVE:**

**DISTRIBUTION:**

*Prepared by the Department of City Planning*