Staff Report

REQUEST TO INITIATE TEXT AMENDMENT TO REDUCE HOTEL PARKING REQUIREMENTS IN CAMPUSTOWN

July 26, 2016

BACKGROUND:

On July 12th the City Council received a letter from the developer of the 2700 Block of Lincoln Way stating that, subsequent to Council's review of their project concept on June 14th, they now have an option to add a significant hotel to their project. The concept in June included a boutique hotel of approximately 25 rooms, approximately 500 student housing beds, and ground level commercial uses. Based upon Council's comments from June to consider a larger hotel option, the developer has since pursued an option with a national full service hotel operator that could change the project description to approximately 110 hotel rooms, 400 student housing beds, and ground floor commercial. **Although the developer is interested in pursuing the large hotel option, they do not believe they can meet the current hotel parking rate of 1 parking space per guest room, plus employee parking and parking for accessory commercial uses, such as restaurants and meeting spaces.**

The developer believes that they can provide on-site parking for 50-60% of the guest rooms with approval of valet parking. Staff and the developer have discussed the existing approval process for remote and shared parking in this area, but it does not appear that there are 50 parking spaces available in perpetuity on any nearby property to conform to the requirements of the Zoning Ordinance.

Hotel Parking Options

The hotel parking standard is divided into two components, one for guest rooms and one for commercial uses. Within Campustown and Downtown, the service uses of a restaurant or bar would not require parking if they are an independent use from a hotel, but when within a hotel they have a parking requirement. The second component of the parking is related to operation of the hotel and is based on a typical rate of 1 space per guest room and 1 for every 2 employees on the largest shift.

Option 1- Eliminate the accessory use parking requirement for bars and restaurants
The current parking rate for commercial uses is based upon the assumption that the hotel's amenities may be a destination for the broader community and not just for the occupants of the hotel. The Gateway Hotel would be an example where the meeting facilities and restaurant are utilized by the community as a whole and not just the guests of a hotel. In these circumstances where a hotel is a destination, the additional parking

requirement is appropriate. In Campustown there is no parking required of commercial uses in an effort to promote a walkable environment and efficiency in development of land. **An amendment to the hotel parking rate for CSC and DSC could delete the bar and restaurant component to make parking requirements identical for hotel related commercial uses as it is for any other type of commercial use in these zoning districts.** A large ballroom or meeting facilities would continue to have an additional parking requirement.

Options 2-Reduce the Guest Room Parking Requirement
The requirement for 1 parking space per guest room with an allowance for additional employee parking is a typical parking standard. This standard is based upon meeting demands for full occupancy during peak periods. However, hotel occupancy is on average well below 100% and would not need 1 space per room during the majority of the year. As discussed with the developer, although remote parking for hotel parking is approvable, it does not appear there is land near the site (within 400 feet) to meet a need of approximately 50 parking spaces and have it permanently available for their uses. Additionally, shared parking would not work for the site as the residential use and the hotel occupants would have overlapping peak demands.

Due to these constraints, the developer desires that the mandatory parking rate be reduced to 0.5 parking spaces per guest room. However, the developer believes that for a large hotel to ever participate in a project in this area, additional parking spaces would need to be procured by the developer to meet the operator's needs. The developer believes they may be able to secure additional offsite parking to satisfy a hotel operator, but it may not be to the standards of the City of permanently reserved spaces as required by the Zoning Ordinance.

STAFF COMMENTS:

Staff believes that the parking ratios applied to hotels within CSC and DSC are common standards to most cities. In select urban settings, some cities will reduce such parking requirements when there is a desire to promote a specific use, an avaliablity of public parking, a consistency in design character, or an expectation for users to arrive at hotel from a variety of means, not just personal vehicles. **If City Council wants to incent development of a hotel the CSC and DSC areas, then lessening the cost of development by reducing parking requirements could be done by eliminating the bar and restaurant requirement and reducing the guest room rate, this would be choosing both Option 1 and Options 2.**

Alternatively, City Council could choose to initiate a text amendment to eliminate only the bar and restaurant requirment and maintain the guest room parking rate. If City Council does not have an interest in reducing the hotel parking rates, the developer would then need to either secure offsite parking consistent with the Zoning Ordinance requirements, or to reduce the apartment units in the project to provide more space for hotel parking. However, the developer does not believe that a large full service hotel would be viable on their site without a parking reduction, but they would continue to pursue the smaller boutique hotel plan.

Applicant Letter

To: Honorable Mayor and City Council
From: Chuck Winkleblack, Hunziker Companies
RE: 2700 block of Lincoln Way
Date: July 8, 2016

Last month, the council voted to move forward the project between Hyland and Sheldon on Lincoln Way. At that time, the project included a 25 room boutique hotel on the main level. In response to inquiries as to whether the hotel could be made larger, the Developer mentioned that there was a chance as the project evolved.

Since that meeting, the Developer has tentatively agreed with a large national hotel chain to build a 110 key hotel as part of the project. However, to allow this change to be feasible, the parking requirements for a hotel would need to be modified.   The current code requires the hotel to provide 1 parking space for each hotel room plus employees and amenity/retail spaces at associated ratios. Hotels typically strive to rent at an occupancy of 60 to 65% on a regular basis. Due to the urban site, local market conditions and if the project were to meet existing parking requirements, the project would not be feasible. As the hotel only requires 100% occupancy and associated parking intermittently throughout the year, the hotel operator/Developer propose to accommodate any additional parking off site with valet or shuttle type service for those busy times.

Our request is to have staff investigate modifying the code or granting an exception to the code to change the parking to requirements to one stall for every 2 rooms as part of the agreement. In addition we are requesting to eliminate the commercial and amenity parking requirement associated with hotel to better align with CSC zoning where these uses would not require parking under existing ordinance.

This parking change would not apply to the student housing portion of the project. By changing the project to the larger hotel it reduces the number of student housing beds from a little over 500 to approximately 400. The hotel would have a full service restaurant and the building would still have retail space in addition to the larger hotel use and amenities.
If the council decides not to pursue the parking change the Developer will continue forward with the project that was presented to council in June with a 25 room hotel.

Thanks in advance for your consideration!
Respectfully submitted
Chuck Winkleblack, Hunziker Companies