

MEMORANDUM

To: Lisa Brinton, James Serrano, Don Reynolds
From: Dave Sorenson
Kimley-Horn and Associates, Inc.
Date: June 13, 2017
Subject: Supplemental Parking Analysis to the Housing Target Market Analysis

This Memorandum is the supplementary parking analysis to the Housing Target Market Analysis (HTMA) conducted by EPS and aims to describe a list of tools or strategies for the provisioning of parking supply in downtown for consideration by City decision makers, particularly in light of the HTMA. The memorandum includes a survey of current parking conditions which are the basis for evaluating parking impacts given the HTMA scenarios that identify potential new residential housing opportunities in downtown Salinas.

Parking incentives are identified as necessary for encouraging housing development in downtown. It is important to note that a well-managed parking supply in itself is necessary for economic vitality. In the end, an optimal amount of parking is needed to support the desire to increase residential development in downtown Salinas and to support existing activities in downtown Salinas.

Background

The Salinas Downtown Vibrancy Plan (DVP, 2015) was developed to restore activity, commerce and vitality to downtown Salinas. Key implementation recommendations of DVP include stimulating economic development activity by:

- 1) Creating catalyst sites through the re-zoning of public surface parking lots to allow for desired uses such as residential or mixed-use development;
- 2) Removing regulatory barriers to development and aligning the development approval process to facilitate private investments in downtown development; and
- 3) The provision of adequate parking infrastructure to support a vibrant downtown through the formation of a Parking Management District.

The City is in the process of implementing components of the Downtown Vibrancy Plan. The HTMA provides a feasibility analysis for residential development particularly along the Monterey Street corridor. At the same time the City is developing its Parking Management Plan that provides for better management of parking Citywide including specific recommendations for downtown Salinas. The HTMA aims to address the first two recommendations above while this parking analysis describes strategies that addresses the third.

The HTMA development scenarios considered create impacts to existing downtown parking supply and future parking demand. This memorandum provides supporting analysis for balancing parking demand and supply in light of potential residential development in downtown and the loss of surface public parking stalls, particularly those contemplated in the HTMA.

SALINAS DOWNTOWN HOUSING TARGET MARKET ASSESSMENT (HTMA) ANALYSIS AND FINDINGS

As mentioned, the City Community Development Department is completing the HTMA to determine feasibility of market rate residential uses in downtown, an identified component of stimulating economic development as envisioned by the Downtown Vibrancy Plan. A better understanding of the housing target market, product demand, and absorption rates will allow the City and its partners and stakeholders to prioritize housing development efforts in these target areas. The City has hired Economic & Planning Systems, Inc.(EPS) to strategize on means to build housing downtown. The HTMA makes recommendations where housing may occur in downtown and the types of housing that may be recommended.

The HTMA offers the analysis for three housing prototypes: renter occupied apartments, Owner-occupied Condo/Stacked Flats, and Owner-occupied Attached Townhouse/ Rowhouses that may be located at Lots 3 and 12 within the near term, and possibly Lot 5 in the mid-term (5+ years).¹

The HTMA recognizes the high cost of parking and that parking will be an important negotiation topic when attracting residential development to downtown. It is important to note that both the Vibrancy Plan and the HTMA propose that new parking facilities would be parking structures. At “\$15,000 and \$25,000 per structured parking space, high parking requirements can impede a project feasibility substantially...Eliminating or reducing parking requirements

¹ HTMA, Table 3-5, p 33

for catalyst development sites can help a developer's bottom line, thus improving the feasibility of downtown development." (EPS, Draft HTMA p. 39)

Indeed, the pro-forma analyses indicate that without economic incentives including reduced parking requirements, residential development does not pencil out for downtown. It is imperative that the City consider incentives for encouraging residential development in downtown. The sections that follow describe the approach taken for the parking analysis and followed by the discussion of different parking strategies that may be considered not only as incentives for encouraging development, but also tools to provide the right amount of parking supply for a vibrant downtown.

Downtown Parking Analysis

It is important to note that potential locations for residential development in downtown are proposed on existing surface parking lots. This is consistent with the DVP which recognized that these surface lots can be catalyst sites for desired development that supports economic vitality. The DVP also recognized however, that this approach takes away existing parking supply and therefore the Plan offered suggestions for handling parking needs in downtown. Those suggestions and other strategies are discussed further in this memorandum.

Furthermore, the findings outlined in HTMA indicate that encouraging the development of market rate housing in Downtown will require significant incentives that may include reduced parking requirements plus reduction of mitigation requirements for parking impacts created. It is important then to identify what these incentives are and how the City and its partners provide optimal parking supply for downtown if development is not required to replace all of parking spaces lost and/or to provide a reduced amount of parking for the development.

The first task for the development of the Parking Management Plan therefore was completion of this supporting parking analysis for the HTMA to define strategies for the City to consider in light of the findings from the HTMA. The parking scenarios described in this memorandum are based upon a review of the draft report, *Salinas Downtown Housing Target Market Analysis (HTMA)*, January 26, 2017.

In November 2016, Kimley-Horn, the City's parking consultant, conducted occupancy studies throughout the downtown area to establish existing demand conditions. The data, which is summarized in the following table and graphically depicted in Appendix A, confirms the City lots with capacity to absorb further parking demand are Lot 5, the Monterey Street Garage, the Permit Center Garage, and the train station parking lot. These four facilities have a combined availability of about 500 spaces. Most of this available parking is located within paid parking facilities. Other parking facilities shown in the table have very little available capacity to absorb any additional parking demand.

Occupancy of Existing Public Parking				
Facility	Capacity	Occupancy	Percent Full	Available Parking
Monterey Street Garage	436	151	35%	285
Permit Center Garage	264	173	66%	91
Train Station	105	35	33%	70
Lot 5	144	88	61%	56
Lot 2	63	38	60%	15
Lot 8	66	56	85%	10
Lot 12	112	108	96%	4
Lot 1	49	45	92%	4
Lot 3	79	76	96%	3

Park Plus Model

The November 2016 data was loaded to the Park Plus Model, the parking demand model used by the City to test for future conditions when changes to the existing parking conditions are made. A baseline model was developed that accounts for known changes in land use and parking supply that are likely to occur over the next couple of years. The following assumptions were made to land uses and parking supply in the model:

Scenario 2A (Residential Base Condition) Includes the following changes from existing conditions:

- Less vacant retail/restaurant space along Main Street
- Taylor building space filled, including retail
- County move completed (modular offices removed and employees consolidated in Administration Center and the new offices)
- Lot NN/17 (Parking lot across Alisal Street from the Post Office) combined and expanded to become a municipal/public lot with 137 total spaces
- ITC parking lot constructed with 326 parking spaces assumed to be open to the public, no commuter train service assumed in this scenario (since the Park Plus models were completed the ITC parking lot plans have been revised to include 292 spaces with the initial construction)
- Dick Bruhn building renovated with street-front retail space, 14 apartment dwelling units, and existing subsurface parking
- Greyhound site renovated with street-fronting retail, 8 apartment units and 40 on-site parking spaces.

- Rabobank building renovated with existing bank on lower level, with 52 apartment units on floors 2-6, and no parking provided.

To the residential base condition, scenarios from the HTMA development options were added. The HTMA study identified three priority sites for residential development within parking lots 3, 12 and 5. The development intensities were obtained from Table 3-3 of the HTMA and parking provided from Tables 4-2 through 4-4 of the HTMA. These development scenarios have been evaluated individually and are described below.

Scenario 2B (Lot 3 redevelopment)

- Alternative 2A as base condition
- Removal of 79 public parking spaces
- Construction of 28 for sale condominium dwelling units with 28 parking spaces dedicated for these dwelling units

Scenario 2C (Lot 12 redevelopment)

- Alternative 2A as base condition
- Removal of 112 public parking spaces used by city hall employees
- Construction of 39 apartment dwelling units with no parking spaces

Scenario 2D (Lot 5 redevelopment)

- Alternative 2A as base condition
- Removal of 144 public parking spaces
- Construction of 49 apartment dwelling units with no parking spaces

Scenario 2E (Redevelopment of Lots 3, 12, and 5)

- Alternative 2A as base condition
- Removal of 79, 112 and 144 parking spaces in lots 3, 12 and 5, respectively
- Construction of 28 for sale condominium dwelling units with 28 parking spaces dedicated for these dwelling units on Lot 3
- Construction of 39 apartment dwelling units with no parking spaces on Lot 12
- Construction of 49 apartment dwelling units with no parking spaces on Lot 5

Scenarios 2B-2D isolate the effects on parking supply and demand of redeveloping each of Lots 3, 12 and 5. Scenario 2E depicts the cumulative effects of developing all three of the lots. Appendix B contains reports and maps from the Park Plus models. The following table summarizes the results of the modeling runs, as they relate to the use of public parking spaces assuming the HTMA housing scenarios.

Public Parking Occupancy by Scenario Park + Model Results											
Facility	Capacity	Baseline (2A)		Lot 3 (2B)		Lot 12 (2C)		Lot 5 (2D)		Lots 3, 12, and 5 (2E)	
		#	%	#	%	#	%	#	%	#	%
Monterey Street Garage	435	332	76%	342	79%	341	78%	358	82%	392	90%
Lot 1	49	44	90%	44	90%	44	90%	44	90%	44	90%
Lot 2	63	52	83%	57	90%	57	90%	57	90%	57	90%
Lot 3	79	71	90%			71	90%	71	90%		
Lot 5	144	48	33%	89	62%	65	45%				
Lot 8	66	59	89%	59	89%	59	89%	59	89%	59	90%
Lot 12	112	101	90%	101	90%			101	90%		
Lot 17/NN	137	123	90%	123	90%	123	90%	123	90%	123	90%
City Garage	264	238	90%	238	90%	238	90%	238	90%	238	90%
Train Station	326	45	14%	47	14%	46	14%	46	14%	51	16%
Total Public Facilities	1675	1113	66%	1100	69%	1044	67%	1097	72%	964	72%
Total On-Street Parking	1196	693	58%	699	58%	702	59%	706	59%	759	63%

The model run shows how parking is affected by changes in parking supply and parking demand based upon redevelopment of the three parking lots. The Park Plus model assigns parking use to the most attractive nearby parking until a facility reaches 90%, or what is considered the practical capacity. At that point, the model seeks to find then next best parking. This iterative process results in parking being spread or “pushed” outward from the areas of change. The parking model includes existing on-street parking facilities and the model does show how changes affect the overall parking demand including for on-street parking facilities. This memorandum assumes that existing on-street parking supply will remain throughout the housing scenarios in the HTMA. There may be minor adjustments to on-street parking associated with driveway placement or on-site access associated with any development. The table above depicts the results that occur between 11 a.m. and Noon on weekdays, the peak occupancy time for downtown Salinas.

The model shows that the overall downtown area has enough parking to accommodate the planned uses. Public parking lots and garages increase from 66% occupied in the base condition to 72%, while on-street parking similarly increases from 58% to 63% occupied. While there is still capacity to be found, the model indicates that all public parking lots and structures will be at 90% capacity, with the exception of the ITC/Train Station lot, which will have about 240 spaces available. This lot is located on the northern periphery of downtown,

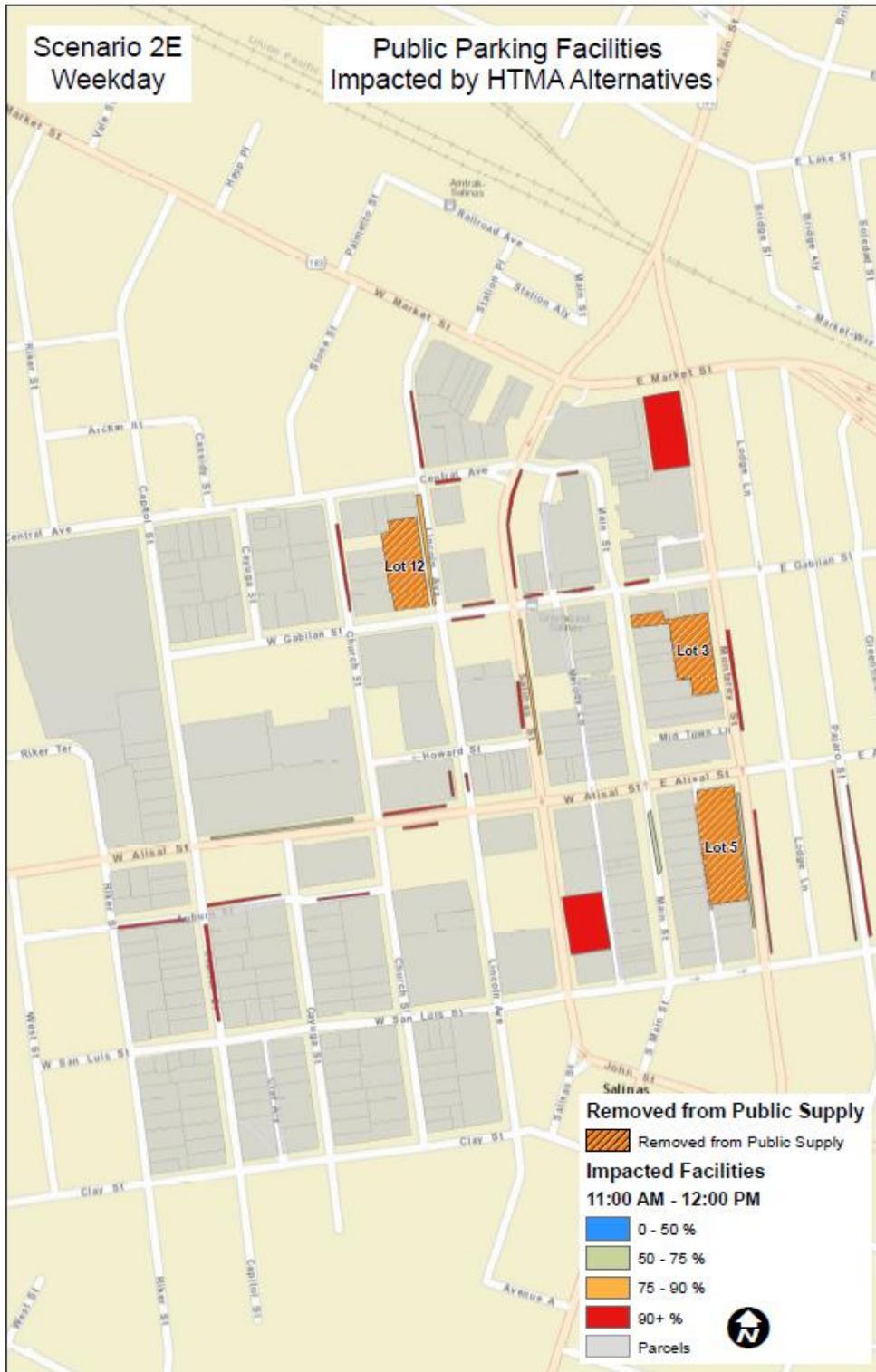
a farther distance from the downtown core and therefore, is the last to be filled. The development scenario for each individual lot is discussed later in this memorandum.

The cumulative effect of all three changes is illustrated in the figure on the following page. This figure shows that the Monterey Street Parking Garage and Lot 2 change from having available parking to becoming filled. Many on-street parking areas also show a reduction of parking availability. This parking model indicates that while there is enough overall parking availability, the demand is greater for parking in the downtown core.

Conversion of existing parking lots to residential use results in the loss of parking supply. For example, if Lots 3, 5 and 12 were converted to residential use, a maximum of 335 parking spaces would be lost from the downtown supply. This is the amount of parking that will need to be replaced to maintain existing supply. The desired residential development will also create new demand. For the new development going into these same lots, a minimum parking supply of 116 parking spaces may be required.² This is the parking requirement for the development assuming a requirement of 1 parking space per dwelling unit). The new demand is 457 parking spaces that equates to an estimated \$11 million to \$15³ million for structured parking. Following are strategies as to how a balanced approach for providing parking can be achieved without placing 100% of the burden on the city or developer.

² HTMA, Table 3-3

³ Range of structured parking estimates of cost per space based on the HTMA cost of \$25,000 per space provided by a private developer integrated into a development parcel and an estimate of \$33,000 per space which assumes the parking is provided by the City using a contractor that must pay higher "prevailing wages.



Strategies for Balancing Parking Supply and Demand to support Downtown Residential Development

When considering parking as part of incentive packages to attract residential development downtown, it is important to note the two types of parking demand associated with new development: 1) required parking for the development (new demand); and/or, 2) replacement parking (parking supply lost when a parking lot is used for development). Parking provided by any development, particularly those that received incentives in the form of reduced parking requirements, may be required to be shared parking (described below) in which users may be required to pay for parking. The parking strategies described below will likely be, and should be used in combination with each other.

Furthermore, overall parking supply strategies need to include demand management. Revenues generated by the City's parking program need to contribute to investments that help curb the demand for parking. Investment in mobility improvements such as provision of car sharing, bike sharing, improved transit service (including rail service), convenient facilities for bicycle facilities, bicycle parking are all demand strategies employed in vibrant downtowns which reduces demand to create parking from scarce land in downtowns. With demand properly managed, future parking revenues may be used to address mobility and livability improvements in downtown instead of paying for the high cost of parking.

TRADITIONAL APPROACHES

Developer Built Parking

Developers have the traditional role of building parking within their site. The HTMA estimates that the cost to provide parking integrated with development is \$15,000 to \$25,000 per space. The lower value typically reflects surface parking or surface parking under a podium style development. The higher value is more typical of above grade structured parking integrated into a development. This range of costs for developer-built housing includes familiar parking types associated with development including surface or covered parking or structure parking or parking garages in response to parking required by the City. For certain housing types, such as owner-occupied townhome/rowhouse, providing a parking space on-site may be necessary to make the site attractive to buyers.

How much parking is the developer required to provide? Table 37-50.100 of the Zoning Code identifies the parking requirements for apartments and condominiums (see table following showing existing City parking requirements). The fourth column displays the current requirements that apply to residential in a mixed-use building in the Central City Overlay

District (downtown). The existing Code requires a development project to provide 1 to 3 parking spaces for each dwelling unit. At the estimated costs above, that means the provision of parking will cost a housing project \$75,000 for a 3-bedroom unit.

In-Lieu Payments

The City code allows payment of parking fees in-lieu instead of building parking to meet the City’s parking requirements. The fees are collected by the City and are used to provide the areawide parking when enough fees have been collected. The in-lieu provision is currently applicable to non-residential development. While allowed, in-lieu fees have yet to be used in the City and details of how in-lieu fees will be applied is limited.

As mentioned, the following table shows the existing code requirements for parking. However, the HTMA finds that providing market rate housing in downtown will require some incentives including those related to parking. The following section therefore provides a description of strategies that may be considered individually or in combination to help incentivize development in downtown and still achieve the balance of parking supply and demand.

Comparison of Current and Proposed Residential Parking Requirements				
Number of Units	Current Zoning Code Requirements (parking spaces per dwelling unit)			Recommended Parking for all Downtown Residential (parking spaces per dwelling unit)
	Citywide Parking Requirements	Condominium	Mixed Use in Central City Overlay District	
Studio	1.0	2.0		1.0
1 bedroom	1.5		1.0	
2 bedroom	2.0		2.0	
3 bedroom		3.0		
4 bedroom	3.0	3.0	3.0	

RECOMMENDED STRATEGIES (NEW APPROACHES)

Reduction of Residential Parking Requirements to One Space Per Dwelling Unit

Residential development in downtown Salinas can occur as new development on vacant or underused parcels, through an adaptive reuse of upper floors of buildings along Main Street or through the redevelopment of City owned parking lots. Given the costs of developer provided parking in downtown, the option to reduce residential parking requirements in downtown is one strategy to encourage the development of market rate housing. The availability of a variety of services for residents within walking distances and alternative choices for travel make downtown areas, in general, a good place to assume a lower residential parking demand.

We recommend that the City simplify and reduce parking requirements for downtown residential development to one parking spaces per dwelling unit, as depicted in the previous table. This reduced parking requirement should not include already existing on-street or curbside parking. Curbside parking is an important asset the City needs to manage to keep parking supply at an optimal level to meet the needs of downtown. The reduced parking requirement may be provided by the developer on-site or off-site in arrangement with the City.

As mentioned above, certain residential development may appeal more to customers if parking is provided. Reducing parking requirement gives the developer more flexibility in providing the amount and type of parking that the development needs in order to market the property. Thus, it is also possible that the developer may decide that more parking is needed on-site than required for the product to meet market demands. On their own, developers may also decide to provide incentives that decrease parking demand, such as providing transit passes, equipping dwelling units with bicycles or participating in car share or bike share programs.

If this recommendation is applied, then Downtown residential development potentially has lower parking requirements than the rest of Salinas which may encourage residential developers to keep downtown development as an option in considering investment in the City.

Allow In-lieu Payments for Parking for Residential Uses in Downtown

A Parking In-Lieu Fee is a mechanism that allows a developer to pay a fee to the City in exchange for not building all required parking on the development site. The City then uses the revenue to provide public parking spaces to replace the parking spaces private development would otherwise build. This type of program allows for valuable property along walkable corridors to be developed, with parking consolidated into centralized lots serving multiple

users. This encourages redevelopment into the best use of existing developable lots that are closer to downtown. It also helps achieve the increase in density near core commercial areas that support economic vitality. Parking then does not occupy the most valuable land but may be provided adequately and within reasonable walking distance to support downtown vibrancy.

The City would use In-lieu payments received to build parking structures that supply what the developer could not provide onsite as well as the optimum amount of replacement parking for existing surface parking spaces that was lost because of the development. The estimated City cost of providing parking in an above grade structure is currently about \$33,000 per space. This value presumes that the construction would be done by a contractor using prevailing wages and that the revenue control systems would be included in the construction costs. The City may consider reducing the in-lieu fees as additional incentive to attract downtown residential development but needs to be cautious as this hides the true cost of parking and may not allow a space-for-space replacement of parking supply that development would have provided. One reason for reducing is the in-lieu fee may be more than the cost for the developer to provide their parking. Other reasons for considering a lower in-lieu fee is that there are benefits of consolidating public parking supply at key locations:

- Parking can be shared among multiple users with differing peak demand times
- The City will be able to charge for parking to cover the cost difference and later help pay for future supply
- Depending on location, not all displaced parking will be needed
- Parking demand and revenues are likely to decrease in the future as shared mobility services (such as Uber or Lyft) and driverless vehicles become prevalent
- Discourages the proliferation of surface parking lots
- Improves pedestrian and bicycle circulation
- Reduces traffic congestion

Based on the above reasons, we recommend that the fee cover at least 1/3 of the current cost of providing a structured parking space, which is currently calculated to be \$11,000 per parking space.

Encourage/Require Reciprocal Shared Parking

Shared parking occurs when a parking facility serves multiple users from different sites. When these users have different peak times, the total amount of parking needed is reduced. Published studies, rates and procedures from the Urban Land Institute (ULI) can be used to compute the net amount of parking that will be needed when considering the efficiencies of shared parking. Appendix C includes excerpts from the ULI report. A simple example is parking spaces used by a restaurant that primarily serves breakfast and lunch and closes in

the early afternoon would be available for another restaurant catering more to dinner service and evening entertainment. Similarly, parking spaces used by offices during workdays may also be available for movie theatre patrons during a theatre peak operations time in the evening and weekends.

Shared parking naturally occurs in public parking facilities, such as the Monterey Salinas Garage. This facility leases monthly parking to Downtown office and shop employees, while also allowing retail customers, theater/museum attendees, students, and office visitors to park on an hourly basis. By serving a diverse range of customers, the garage benefits from shared parking efficiencies. This is one of the reasons why in-lieu fees, discussed earlier, work well in terms of providing the parking supply on public garages.

Shared parking can also occur within a mixed-use development or with multiple nearby uses that share common parking. In these cases, the party that owns the excess parking can agree to provide parking to a neighboring party for financial considerations. If the parking is needed to satisfy the development's parking requirements, then a Shared Parking Agreement must be approved by the City. The Shared Parking Agreement must document that the site providing has excess parking and that receiving site will keep the agreement in place. Salinas allows shared parking for a development with multiple uses that have different peak times. The Code specifies that these uses be within 200 feet of the parking. The City can leverage other incentives provided to developer, such as reduced parking requirements, to gain their participation in shared parking agreements.

Along with other incentives, the concept of shared parking helps developers to further assess how much parking they need to provide with their project. With shared parking arrangements, a developer may not need to provide all parking that would otherwise be required or may charge others for rent of parking not in demand during certain times which may help offset the cost of parking provided.

To encourage use of shared parking between private parties, the following changes to the City's application of shared parking are recommended:

- Allow shared parking to occur between sites under different ownership
- Allow parking to be located up to 600 feet from the use requiring the parking

Allow Unbundled Parking

Unbundling parking means that parking is rented or sold separately from a residential and/or commercial building space. Two examples of unbundled parking are described below:

- An office building owner leases office space to a tenant based upon a monthly rate for the space. Separating the parking from the building space allows the tenant to decide how many, if any, parking spaces the business requires and would like to purchase. This flexibility allows the tenant to reduce parking needs if employees have options to walk, bike or take transit to work. It also allows for market priced parking to occur based upon supply and demand considerations.
- An apartment landlord offers a two-bedroom apartment with one parking space for \$1,000/month, while allowing discounts of \$100/month for those choosing not to use the parking space and charging an extra \$100/month for those wanting an extra parking space. This pricing structure allows for consumers to decide how they want to spend their transportation and parking budget based upon individual needs and available options.

Unbundled parking can reduce the overall need for parking in an area, by shifting some travel from automobile use to other modes of travel. It also offers tremendous flexibility to developers in determining how much parking their development should provide.

Additional Strategies for Addressing Downtown's Parking Supply and Demands

The City is developing a Parking Management Plan that will identify several options to pay for providing downtown parking. The following revenue sources could be used to fund the construction of new downtown parking.

Better Managed Parking Lot User Fees-Value Pricing

Certain municipal parking lots charge users for parking. Monthly parking permits are sold for the Monterey Salinas Garage (MSG), City Garage, and Lot 5 at a cost of \$40/month. Additionally, the MSG charges an hourly rate (\$0.50/hour) for parking. Other municipal lots and on-street parking is provided at no cost to users. Due to low fees for these lots and the availability of free parking, money generated from user fees is not sufficient to cover operating costs. As a result, sufficient monies are not collected to pay off debt for existing parking or to fund future parking.

The PMP will propose that each of the municipal lots charge for parking through monthly permits and/or hourly parking fees and that the City will charge for the use of on-street parking. With a comprehensive parking management strategy, it is projected that sufficient revenues will be generated to pay for maintenance, operating and administrative cost, while being able to pay for a portion of the cost to increase the parking supply.

It was earlier mentioned that the parking analysis indicates that there is adequate supply of parking in the downtown. Pricing of parking at market rates will encourage use of available parking supply and shift demand away from the heavily parked areas.

Develop an Enhanced Infrastructure Financing District (EIFD)

An EIFD is a mechanism that can be used to generate funds to pay for a variety of public improvements. An EIFD is being considered for downtown Salinas, but has not yet been established. An EIFD could generate funds for providing new parking by either collecting an assessment from all property owners within the district and/or by capturing the increased property tax revenue from redeveloped properties. The use of EIFD funds for parking supply would compete with other potential uses of these funds for other public infrastructure needs and would require approval from property owners within the EIFD. Funds generated by an EIFD are another source, along with collected in lieu fees, to build a new parking garage to maintain an optimal supply of parking for downtown.

Be Strategic with the transfer of City owned parking lots for residential development

The HTMA presumes that a land sale would occur when municipal parking lots are made available for development. It is recommended that this funding be earmarked to be used to assist in paying for the replacement of lost parking in future parking structures.

The City may also consider providing City owned property at a lower cost in exchange for providing parking and for participation in shared parking agreements and in lieu fee payments.

Examples of Application of In-Lieu Fees to Development Scenarios

Several options for introducing residential development in downtown Salinas have been proposed and are depicted in **Figure 1**. This figure assumes adaptive reuse within three buildings: Rabobank, Dick Bruhn and Old Greyhound. These developments would not be required to provide parking since they are within the footprint of existing building, and therefore, they are not included in our assessment. They are included in the model as they will generate demand for downtown parking. In the HTMA study, three surface parking lots have been proposed for residential development and are also depicted in Figure 1. City parking lots 3, 5, and 12 have been evaluated in the HTMA (Table 3.3 of the HTMA identifies assumed development intensities based upon existing zoning intensities).

The In-Lieu Fee is calculated by multiplying the spaces subject to an In-Lieu Fee by \$11,000, the per space rate proposed. In-lieu fees will allow the City to build parking when the development cannot provide replacement or required parking. For the scenario where all parking required is built by the developer, the assumed cost for this parking is \$25,000 per

space, consistent with HTMA assumptions for developer provided structured parking. The land cost is based upon an assumption of \$522,720/acre, the value used in the HTMA study. Development scenarios and parking evaluations for each of the sites and scenarios is described in the following paragraphs.

All scenarios assume the proposed parking requirement of 1 space per unit. This results in a reduction of required parking by of 0 to 2 spaces per dwelling unit, depending on the zoning. This relaxation of the parking regulation is more reflective of downtown development needs and provides tremendous flexibility to potential developers. The following scenarios demonstrate the use of in-lieu fees and the costs of providing parking. The City may consider a different mix of incentives for each given scenario.

Municipal Lot 3

Lot 3 is an 0.59-acre parcel located on the west side of 200-block of Monterey Street. This 79-space parking lot is currently used for 2-hour time limit parking that is open to the public. The HTMA study identifies this as a Tier 1A priority that should be redeveloped immediately or in the very near term. The HTMA study proposes that this lot redevelop with 28 for sale townhomes with one parking space per unit. The following table identifies potential development costs associated with parking and land sales for this property.

- This scenario would displace 79 public parking spaces, requiring an In-lieu fee of \$869,000 to compensate for the loss of this parking.
- The developer will provide 28 parking on site at an assumed cost of \$700,000.
- The land cost is assumed be \$308,405, based upon per acre assumptions in the HTMA study.
- The total cost for parking and land acquisition for Lot 3 is \$1,877,405.

From a parking supply perspective, the loss of 79 parking spaces can be accommodated in the near term, primarily by pushing parking to the Monterey Street Parking Garage (MSG) and Lot 5. Lot 3 is located less than 600 feet from the MSG, which has sufficient parking to accommodate the 79 spaces lost.

Redevelopment of Municipal Lot 3 Parking and Property Purchase Costs								
Parking Displaced		Required Parking		Parking Built		Property Purchase		Total Cost for Parking and Land
# of Spaces	In-lieu Fee \$11,000/space	# of Spaces Not Built	In-Lieu Fee \$11,000/space	# of Spaces	Cost \$25,000/space	Acres	Cost \$523,000/acre	
79	\$869,000	0	\$0	28	\$700,000	0.59	\$308,570	\$1,877,570

In this case, the collection of the in-lieu fees is the incentive because the development is not required to pay full cost of replacement parking. There is adequate parking in the near term to absorb the increase in parking demand. The fee collected will be used by the City to build a future parking structure when demand increases. The City can also look at requiring shared parking agreements since there is a mix of land use types in the area. The City can also consider encouraging unbundling the parking so the developer may offer parking to residents or others at a fee.

Municipal Lot 12

Lot 12 is an 0.82-acre parcel located on the west side of Lincoln Avenue, north of Gabilan Street. This 120-space parking lot is currently used for City employee parking during working hours. During evenings and weekends, this lot is available to the public. The HTMA study identifies this as a Tier 1B priority that should be redeveloped in the near term. The HTMA study assumes Lot 12 will be built with 39 apartment units with no parking.

- This scenario would displace 112 public parking spaces and would not construct 39 parking spaces for the apartments. This would result in 159 parking spaces subject to an In-Lieu fee totaling \$1,232,000.
- The scenario assumes that 39 required parking spaces would not be built, which would result in an in-lieu fee of \$429,000.
- It is assumed that the property purchase cost would be about \$429,000.
- This would result in a total cost of \$2,090,000 for parking and land.

Redevelopment of Municipal Lot 12 Parking and Property Purchase Costs								
Parking Displaced		Required Parking		Parking Built		Property Purchase		Total Cost for Parking and Land
# of Spaces	In-lieu Fee \$11,000/space	# of Spaces Not Built	In-Lieu Fee \$11,000/space	# of Spaces	Cost \$25,000/space	Acres	Cost \$523,000/acre	
112	\$1,232,000	39	\$429,000	0	\$0	0.82	\$428,860	\$2,089,860

The redevelopment of Lot 12 would displace 112 parking spaces used by City employees. These spaces could be temporarily accommodated at one of the following locations, none of which are adjacent to city hall:

- Lot 17 after the County consolidates their operations (700 feet from city hall)
- City Garage (850 feet from city hall)
- On-street (with changes to time limits)

Ideally, a new parking facility jointly shared by County and City employees would provide government parking in closer proximity to the workplace. This parking could be located on County property, Lot 8, or on the property occupied by the downtown police station.

Again, in lieu fees collected in this case would be used with similar fees from other development to build a parking structure. The land purchased cost can also be directed towards the provision of a new parking garage. For the incentives provided, the City can also look at requiring shared parking agreements. The City can also consider encouraging unbundling the parking so the developer may offer parking to residents or others at a fee.

Municipal Lot 5

Lot 5 is a 1.03-acre parcel located on the west side of 300-block of Monterey Street. This 144-space parking lot is currently used for 2-hour time limit parking that is open to the public and monthly permit parking. The HTMA study identifies this as a Tier 2 priority that should be redeveloped in the mid-term (5+ years). The HTMA study assumed Lot 5 to redevelop as 49 apartment units with no parking.

- This would scenario displace 144 public parking spaces resulting in an In-Lieu fee of \$1,584,000.
- This scenario would not construct 49 required parking spaces, subject to an In-Lieu Fee of \$539,000.

- The land cost of this parcel is \$539,000.
- The total cost for parking and land acquisition for this scenario is \$2,612,000.

Redevelopment of Municipal Lot 5 Parking and Property Purchase Costs								
Parking Displaced		Required Parking		Parking Built		Property Purchase		Total Cost for Parking and Land
# of Spaces	In-lieu Fee \$11,000/space	# of Spaces Not Built	In-Lieu Fee \$11,000/space	# of Spaces	Cost \$25,000/space	Acres	Cost \$523,000/acre	
144	\$1,584,000	49	\$539,000	0	\$0	1.03	\$538,690	\$2,661,690

Lot 5 is located about 1,200 feet from the Monterey Salinas Garage (MSG) and about 1,000 feet from the Salinas Garage, which is beyond the distance that residents would expect to walk to reach parking. In this case, the parking demand impacts are more severe particularly when considering the added impacts of the development of the Rabobank and Bruhn building.

Again, the City would require in lieu fees collected to address the 144 displaced parking supply. The land purchased cost can also be directed towards the provision of a new parking garage. Even with the larger parking impacts, there is still adequate parking supply although these may be farther away from the area. Value pricing of parking to encourage use of other parking spaces would also be recommended. For the incentives provided, the City can also look at requiring shared parking agreements. The City can also consider encouraging unbundling the parking so the developer may offer parking to residents or others at a fee. With unbundled parking residents have the option to use less expensive parking located farther from their home or high priced parking closer to their home.

Summary of Recommendations

A balanced solution is necessary to provide the optimal amount of parking, incentivize downtown residential development, and effectively manage parking resources. The following options and strategies are recommended to address downtown parking needs:

- Reduce parking requirement for residential development in downtown to **1 parking space per dwelling unit**.

- Allow In-Lieu Payments for Residential Development in Downtown. Collect in-lieu fees from developers who don't provide their full parking requirements and price this fee at 1/3 of the cost to provide structured parking.
- Encourage/Require Reciprocal Shared Parking. Development receiving parking incentives for building residential units in downtown could participate in shared parking use agreements. The City should current requirements to allow shared parking agreements between lots of different ownership provided that the parking is within 600 feet of the use needing parking.
- Allow Unbundled Parking. For projects that are able to provide parking, allow developers to unbundle parking from their development. This allows the developer to determine how parking is provided for development, allowing the developer to charge for parking. Again, city can encourage shared parking. Unbundled parking allows for properties to increase their development intensity, bring more people, jobs or retail opportunities to downtown, thereby increasing the vibrancy of the area. It also increased the affordability of uses by allowing the consumer to decide how much, if any, parking they desire to purchase/rent.
- Better Management of Parking Facilities User Fees. Establish parking prices at levels to encourage the efficient use of existing adequate parking supply; this includes on-street parking, surface parking lots and parking structures. Highly desired parking should cost more than, less desired remote parking. This will also help city pay for new parking facilities, invest in downtown parking infrastructure and cover parking management operations costs. Use a districtwide approach for providing parking, including an enterprise fund that is used to collect revenues and pay for operating costs and provision of new supply.
- Consider the use of Enhanced Infrastructure Financing District which provides for funding of public parking, when the value of property is enhanced.
- Be Strategic in the transfer of City-owned property for residential development. In selling surface parking lots, consider the value of the land and the cost to replace parking lost (as an in-lieu fee) when establishing the sales price. For desired developments, such as downtown market priced housing, balance these revenues with the need for the development to cover costs and make a profit.

Downtown residential development is an important component of the Downtown Vibrancy Plan. The HTMA recommends that the City consider incentives to improve the market for downtown development. This Memorandum therefore provides some tools and strategies that can be offered as options to developers to increase the feasibility of providing downtown

housing. These tools are considered as best practices for managing parking supply and demand. Particular tools and options deployed will vary depending on each development's need for incentives and the benefits that development contributes toward making downtown more vibrant.

Regardless of the strategies used, the City will need to be responsive to parking needs. Managing the parking demand and providing an optimal amount of parking supply needs to be maintained to support a vibrant downtown.