



MILPITAS PLANNING COMMISSION STAFF REPORT

February 24, 2021

APPLICATION: ZONING TEXT AMENDMENT – HOTEL PARKING REGULATIONS – CITYWIDE – ZA21-0002: A City-initiated Zoning Ordinance Text Amendment to change the minimum off-street parking requirements for hotels and other transient lodging uses within the City of Milpitas. The proposed amendments would reduce the basic off-street parking requirement for hotels and motels from 1 space per guest room or unit plus 2 spaces per manager’s unit, to 0.7 spaces per guest room or unit. It would also create a new provision to allow further discretionary reductions to the minimum parking requirements for transient lodging uses subject to the implementation of measures to reduce the demand for on-site auto parking.

RECOMMENDATION: Staff recommends that the Planning Commission consider and adopt Resolution No. 21-003 ZONING TEXT AMENDMENT – HOTEL PARKING REGULATIONS – CITYWIDE – ZA21-0002: A City-initiated ordinance modifying the regulations related to off-street parking requirements for hotels, motels and other lodging uses.

LOCATION:

Address/APN: Citywide

Area of City: Citywide

PEOPLE:

Project Applicant: City of Milpitas

Property Owner:

Project Planner: Rozalynne Thompson, Senior Planner

LAND USE:

General Plan Designation: Citywide

Zoning District:

Overlay District:

ENVIRONMENTAL: Exempt pursuant to CEQA Guidelines Section 15061(b)(3) (common sense exemption), which states that CEQA only applies to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

EXECUTIVE SUMMARY

The proposed ordinance includes new and amended definitions in Subsection XI-10-2.02 “Definitions” for hotels and other lodging uses, amends the minimum required off-street parking for these lodging uses in Table 53.09-1 “Number of Parking Spaces Required,” and adds a new Subsection XI-10-53.15 “Allowed Reductions to Required Parking for Lodging Uses” to the Milpitas Municipal Code. Together these amendments reduce the base off-street parking requirement for hotels and motels and provide a framework for further discretionary parking reductions based on the implementation of measures to reduce parking demand on site for hotels and motels. Examples of parking demand management measures included in the proposed ordinance are the provision of guest shuttles, on-site shared bicycles and/or vehicles for guest use, dedicated zones for pickup and drop-off by on-demand ride service vehicles, and free public transit passes for guests. These zoning amendments are intended to create off-street parking requirements for hotels and motels that more accurately reflect demand for on-site parking, based on changing trends in transportation choices for business and leisure travelers. The proposed amendments are also intended to further the City’s goals related to sustainable, multi-modal transportation options and to encourage hotel developers and operators to promote alternatives to private vehicles for their guests.

Background

In recent years a change has occurred in the way travelers choose to get around locally during their out-of-town trips, especially business travelers. There is a growing trend of travelers using on-demand (or app-based) ride hailing services such as Uber and Lyft instead of renting cars. According to Certify, a company that businesses use to book travel and track receipts, the number of trips taken with ride share services by business travelers in the U.S. nearly doubled in the first quarter of 2016 compared with the same period in 2015, based on data from more than 9 million receipts and expense reports. At the same time, there were 10 percent fewer trips taken in car rentals during that time period than in the first three months of 2015.

Nowhere has this trend has been more pronounced than in the technology-forward San Francisco Bay Area, where app-based ride sharing originated. In addition, our region’s public transportation systems, including Bay Area Rapid Transit (BART), Caltrain, and the Santa Clara Valley Transportation Authority (VTA) light rail, are well connected to Bay Area airports and other major destinations, offering easy and convenient ground transportation options for business and leisure travelers. These factors have contributed to a decline in private vehicle and rental vehicle usage for travelers to the Bay Area, which in turn has led to a decreased need for parking at hotels and motels.

The current industry standards for hotel parking, as specified in the Institute of Transportation Engineers (ITE) Parking Generation Manual, also supports the notion that the need for parking at hotels has declined in recent years. The 4th Edition of the Parking Generation Manual, published in 2010, gives parking supply ratios for hotels based on survey data for both urban and suburban hotels. The peak period parking demand for hotels (“General Hotel” category) is 0.64 parking spaces per *occupied* hotel room in urban areas, and 0.9 parking spaces per *occupied* hotel room in suburban areas. The average weekday hotel occupancy rate ranges from 62 percent to 69 percent, and the average weekend hotel occupancy rates are 72 percent on Saturdays and 51 percent on Sundays.

Through the review of recent applications for proposed hotel development projects in Milpitas, Planning staff has observed that the off-street parking regulations in the Zoning Code require a greater number of

parking spaces for hotels than is needed to meet the actual demand as expressed by project applicants (see discussion of 1100 Cadillac Court [Holiday Inn] and 1851 McCarthy Boulevard [proposed Marriott Aloft] in *Analysis* section on pages 4-5). The current parking requirement for hotels and motels in Table 53.09-1 (Zoning Code Section 53–Off-Street Parking Regulations), which has been in effect since 2009, is one (1) space per guest room or unit plus two (2) spaces per manager’s unit. This standard is considered outdated and not reflective of current market realities.

The current parking requirement for hotels in the Zoning Code, which results in a larger number of parking spaces being provided than what is needed to meet the actual demand, creates significant and unnecessary challenges for developers of hotel projects. Parking is expensive to build – according to a November 2019 article in the Silicon Valley Business Journal, in the San Jose area each surface parking space costs about \$33,000, and underground parking can cost up to \$75,000 per space. In addition, the less expensive surface parking option takes up a significant amount of valuable space on a project site – paved site area that could be better used for landscaping, open space amenities and/or building area that accommodates businesses, services, residential units or other land uses that benefit the community.

For these reasons, City staff is proposing to amend the parking requirements for one specific land use – hotels, motels and other lodging uses – to more accurately reflect the current real demand for parking at these establishments. The details of the proposed changes to parking regulations are based on staff’s research on the parking demand by hotels in urban and suburban areas (according to the ITE Parking Generation Manual). In addition, on September 3, 2020 staff met with representatives from Dynamic City Capital, the developer of two recently approved projects in Milpitas, the Element Hotel by Westin and the AC Hotel by Marriott; and Lodging Dynamics Hospitality Group, a hotel operator that works with Dynamic City Capital, to discuss their industry experience with parking requirements and their views on current hotel parking standards in various cities. Input and suggestions from these industry stakeholders have been incorporated into the proposed zoning amendments for hotel parking.

Proposed Amendments to the Zoning Ordinance Allow Reductions in Required Parking for Hotels and Other Lodging Uses

The proposed ordinance amends the City’s zoning regulations related to parking requirements for hotels and motels. Specifically, it amends the definitions of “hotel” and “boarding house” in Subsection XI-10-2 “Definitions” of the Zoning Code, and adds new, separate definitions for other types of transient lodging uses including motels and extended stay hotels (note: the proposed changes in parking requirements would not apply to boarding houses; the change to this definition is simply intended to make it clear that boarding houses are not considered to be in the same category of transient lodging uses as hotels and motels).

The ordinance proposes to lower the base parking requirement for hotels, motels, and extended stay hotels to 0.7 spaces per guest room or unit. This number reflects the parking demand per occupied hotel room and the average hotel occupancy rates for the general hotel land use category, based on ITE data.

The ordinance also creates a new framework to allow further reductions to the base parking requirement for hotels and other lodging uses—up to an additional 30 percent reduction, at the discretion of the decision-making authority—based on the incorporation of parking demand measures into a project proposal. These further discretionary parking reductions would be based on a point system. The ordinance includes a list of 12 measures that are relevant to hotels/motels and assigns a specific number of points to each measure. Examples of measures and corresponding point levels include:

- A shared parking agreement with owner (10 to 15 points depending on the number and percentage of shared parking spaces relative to the overall base parking requirement for the lodging facility). Shared parking must be located within 0.25 mile of the lodging use.
- Providing free monthly transit passes for hotel employees (10 points). The lodging use must be located within 0.5 mile of a bus or rail transit route with service frequency of every 15 minutes or less.
- Providing free airport shuttle service (10 points) and/or guest shuttle service to other key points such as the BART and VTA rail stations, Diridon Caltrain station, and major commercial centers (5 to 10 points).
- Providing free on-site car share vehicles (10 points) or free on-site shared bicycles for guest use (5 points).

The total number of points corresponding to an applicant's proposed parking demand reduction measures would determine the possible reduction in required parking below the base requirement, as follows:

Total Points	Allowed Parking Reduction
60 points or more	30 percent
40 points or more	20 percent
20 points or more	10 percent

In addition to the options for parking demand management measures, there is a provision in the ordinance awarding 15 points for a lodging establishment located within one-half (½) mile of a fixed guideway transit station or stop (BART or VTA light rail). This provision recognizes the significant effect on reduced parking demand that is associated with land uses that are within a short walking distance of high-frequency transit service.

The attached draft ordinance (Attachment B) presents the full text of the proposed changes to the Zoning Code, including definitions, off-street parking requirements, and parking demand management measures for hotels and other lodging uses.

Analysis

To illustrate how the proposed changes in parking requirements would work for actual hotel development projects, staff analyzed one recently completed hotel project in Milpitas, the Holiday Inn at 1100 Cadillac Court, and one proposed hotel that is currently under review, a Marriott Aloft hotel located at 1851 McCarthy Boulevard.

Holiday Inn – 1100 Cadillac Court

The Holiday Inn at 1100 Cadillac Court was granted planning entitlements in 2015 and opened in March 2020. The hotel has 128 guest rooms, as well as a meeting/conference space. The off-street parking requirement for this hotel per the current Milpitas zoning code includes one space for each of the 128 guest rooms, plus one space for every four seats in the meeting area (24 spaces), for a total of 152 required parking spaces. The project was approved and constructed with 164 parking spaces.

Under the proposed new zoning ordinance amendments, the base parking requirement for the Holiday Inn would be 89 spaces (0.7 spaces per guest room x 128 rooms), plus the parking required for the meeting/conference space, which would remain unchanged (24 spaces), for a total of 113 parking spaces. Staff evaluated scenarios in which hypothetical parking demand management measures are added to the project as approved to determine the allowable reduction in required parking.

Two Parking Demand Management Measures: If the hotel added the following two measures:

- Free airport shuttle service for guests (10 points)
- Free on-site shared cars for guest use (10 points)

This would qualify the project applicant for an additional 10 percent reduction in the minimum required parking, or 11 spaces, resulting in a total of 102 required spaces.

Six Parking Demand Management Measures: In addition to the two measures noted above, if the hotel implemented four further measures including:

- Free on-site shared bicycles for guests (10 points)
- Dedicated on-site passenger pick-up/drop-off zones (3 points)
- Active marketing of the free airport shuttle, shared cars and shared bikes (3 points)
- Charging a daily fee of at least \$25 for on-site parking of private vehicles (10 points)

The resulting point total would be 41 points, which equates to an additional parking reduction of 20 percent below the base requirement. The final reduced parking requirement that could be allowed under the code would be 90 spaces.

Marriott Aloft Hotel - 1851 McCarthy Boulevard – (Proposed currently under review)

Planning staff is currently reviewing an application to construct a 216-room hotel at 1851 McCarthy Boulevard. The proposed Marriott Aloft hotel has a meeting center with approximately 6,300 square feet of indoor meeting space and 5,000 square foot of outdoor space. It also has an 850 square foot lobby bar that would be open to the general public. The required off-street parking under the current zoning code for all the components of the proposed hotel is 330 spaces.

The project as currently designed proposes a total of 267 parking spaces. This includes 102 regular (self-park) spaces, 128 stacker spaces (64 stalls with mechanical lifts, to accommodate 128 vehicles), and 37 valet parking spaces.

Under the proposed new zoning ordinance amendments, the base parking requirement for this project would be 151 spaces for the 216 guest rooms (0.7 spaces per room x 216 rooms), 86 spaces for the indoor/outdoor meeting spaces, and 28 spaces for the lobby bar, for a total of 265 parking spaces. Thus, the hotel would meet the base parking requirement under the new zoning regulations. The project as currently designed includes two features that are defined as parking demand management measures under the proposed zoning amendments, as follows:

Project's Currently Proposed Parking Demand Management Measures:

- Mechanical lift spaces – 128 spaces or 48.3 percent of the project's base parking requirement (10 points)
- Valet parking – 37 spaces or 14.0 percent of the project's base parking requirement (5 points)

The total of 15 points, however, does not reach the 20-point threshold for granting an additional parking reduction; thus, the total requirement for the project would remain at 265 spaces.

Staff also analyzed two hypothetical scenarios for applying parking demand management measures to the

Marriott Aloft project.

Currently Proposed Parking Demand Management Measures Plus One Additional Measure:

- Mechanical lift spaces – 128 spaces (48.3 percent of base parking requirement) (10 points)
- Valet parking – 37 spaces (14.0 percent of base parking requirement) (5 points)
- Free airport shuttle service for guests (10 points)

These measures would score 25 points under the proposed zoning amendments, which would qualify the project for a 10 percent reduction of the base parking requirement, for a total of 238 spaces.

Currently Proposed Parking Demand Management Measures Plus Three Additional Measures:

In addition to the existing measures incorporated into the project design plus the free airport shuttle, if the hotel implemented two further parking demand measures as follows:

- Free monthly transit passes for employees (10 points)
- On-site car share vehicles for guest use (10 points)

The total points awarded would be 45, which corresponds to a 20 percent parking reduction below the base requirement. The final off-street parking requirement for the project with all the above measures included would be 212 spaces.

Discussion

Staff concludes that the off-street parking requirements for these projects under the proposed zoning amendments, when hypothetical parking demand management measures are applied, are consistent with what would be the actual demand for on-site parking. This conclusion drawn from analyzing the two hotel projects as test cases is supported by the data on average peak period parking demand for hotels and average hotel occupancy rates, as indicated in ITE Parking Generation Manual (discussed in the “Background” section on page 2 of this report).

General Plan Conformance

The City’s General Plan is the primary long-range planning document that provides the vision for the future growth and development of Milpitas. The Circulation Element is the section of the General Plan that addresses transportation-related issues, principles and policies. Although the Circulation Element does not directly address or discuss vehicular parking as a component of the City’s overall transportation goals and strategies, it does include several guiding principles and implementing policies that focus on developing and supporting a balanced, multi-modal transportation network in Milpitas that encourages transit ridership, walking, bicycling, and other forms of transportation as alternatives to driving and reliance on private vehicles. In the fields of land use and transportation planning, in recent years the importance of policies and regulations for vehicle parking as part of a comprehensive approach to reducing driving and promoting sustainable transportation choices has become increasingly well understood and well documented.

The proposed zoning text amendments conform to and support many goals and policies in the Circulation Element of the City’s General Plan, as demonstrated in Table 1:

Table 1: General Plan Consistency

Policy	Conformance
<p><i>Circulation Element</i> <i>Guiding Principle 3.a-G-3:</i> Create accessible transportation networks system to meet the needs of all segments of the population, including youth, seniors, persons with disabilities and low-income households.</p>	<p>The proposed zoning amendments create a framework for transportation demand management for one specific land use type (hotels, motels and other forms of transient lodging) that encourages a range of accessible transportation choices to meet the needs of travelers visiting Milpitas for business or leisure. The zoning changes recognize that travelers increasingly prefer to use alternative means of transportation such as on-demand ride sharing, public transit, and walking, as opposed to driving personal or rental vehicles. The proposed new zoning regulations reflect this circumstance and allow developers and operators of hotels and motels to adapt to the transportation mode shift by providing reduced on-site parking and increasing access to other forms of transportation.</p>
<p><i>Circulation Element</i> <i>Implementing Policy 3.b-I-5:</i> Create a balanced multimodal transportation network that meets the needs of all users of streets, roads, and highways for safe and convenient travel in a manner that is suitable in respect to the community context of the general plan.</p>	<p>The proposed zoning changes are designed to improve the balance of the transportation network, as it relates to travelers and visitors staying in hotels/motels in Milpitas, by decreasing the emphasis on parking for private vehicles and improving the availability of multimodal options for getting around the city (ridesharing, public transit, shared passenger shuttles, bicycling and walking). The primary intent of the zoning amendments is to increase the convenience of travel to/from and within the city for out-of-town visitors by promoting multiple alternatives to driving private vehicles.</p>
<p><i>Circulation Element</i> <i>Guiding Principle 3.c-G-1:</i> Implement measures that increase transit use and other non-motorized travel modes that lead to improved utilization of the existing transportation system, such as improvements to access public transit stops and stations by walking and biking, and provide transit stops near employment</p>	<p>The proposed zoning amendments are based on a system of incentives for increasing hotel/motel guest access to transit and non-motorized travel modes (bicycling and walking) in exchange for requiring fewer off-street auto parking spaces for hotels/motels, which represents a real and substantial cost savings for developers. Specifically, the amendments are designed to create</p>

<p>centers and higher density residential developments.</p>	<p>alternative means for hotel/motel guests to get to and from key destinations such as offices/business centers, airports, transit stops and stations, major shopping centers, sports stadiums, etc. The parking reductions and related incentives for alternative transportation options are a strong, effective and tangible measure that will encourage transit use, biking and walking by visitors to the city.</p>
<p><i>Circulation Element</i> <i>Guiding Principle 3.d-G-3:</i> Provide adequate bicycle parking and end-of-trip support facilities for bicyclists at centers of civic, retail, recreation, education, and work activity.</p>	<p>One of the options included in the list of measures for on-site parking demand reduction for hotels/motels is the provision of on-site, free or low-cost bicycles for guest use. This would provide convenient and easy access for hotel/motel guests to travel by bicycle to their business, civic, retail and recreational activities.</p>
<p><i>Circulation Element</i> <i>Implementing Policy 3.d-I-9:</i> Require developers to make new projects as bicycle and pedestrian “friendly” as feasible, especially through facilitating pedestrian and bicycle movements within sites and between surrounding civic, recreation, education, work, and retail centers.</p>	<p>Although the proposed zoning amendments do not impose requirements on developers, they offer a strong incentive for developers to design hotel and motel projects to be bicycle and pedestrian “friendly” by dedicating less space on the project site to vehicular parking and more space to bicycle parking, shared passenger shuttles and on-demand rideshare pickup. Shuttles and rideshare options promote pedestrian activity because they allow passengers to get where they need to go without the burden of driving and finding parking for a private vehicle, which then gives them more flexibility and convenience to take a shared ride to a primary destination (e.g. a business meeting) and then walk to/from other nearby locations (e.g. restaurants, retail stores, fitness facilities, parks, etc.)</p>

FINDINGS FOR APPROVAL (OR DENIAL)

A finding is a statement of fact relating to the information that the Planning Commission has considered in making a decision. Findings shall identify the rationale behind the decision to take a certain action.

The following are the required findings for approval of a zoning amendment:

Zoning Amendment (Section XI-10-57.02(G)(3))

1. The proposed amendment is consistent with the General Plan.

As summarized in Table 1, the proposed zoning amendments are consistent with the Milpitas General Plan. Specifically, they support implementation of the principles and policies of the Circulation Element related to improving access to multimodal transportation options and increasing bicycling and walking as convenient and viable forms of travel. By requiring developers and operators of hotels and motels to provide fewer on-site parking spaces, the zoning changes would serve to disincentivize the use of private vehicles by hotel and motel guests while incentivizing them to walk and use public transit, shuttles, rideshare options, and bicycles.

2. The proposed amendment will not adversely affect the public health, safety and welfare.

The proposed zoning amendments will not adversely affect public health, safety, and welfare because they will, in effect, correct an existing provision of the Zoning Code that is outdated and does not reflect current market realities, planning industry best practices, or City of Milpitas policies related to sustainable, multimodal transportation. Requiring more parking for new developments than is needed based the actual demand the project will generate is a policy that reflects and favors reliance on private automobiles and driving as the dominant mode of transportation. In this respect, the current zoning standard for hotel parking is contrary to the public health, safety, and welfare because it encourages and facilitates the use of private automobiles, which results in traffic congestion, carbon emissions, and the use of urban land for parking instead of for more ecologically sustainable uses. The proposed amendments will improve the situation by allowing less parking for hotels and incentivizing hotels operators to offer, and hotel guests to use, alternative and more sustainable modes of transportation such as public transit, ridesharing, bicycling and walking. Therefore, the proposed amendments will positively affect public health, safety and welfare.

ENVIRONMENTAL REVIEW

Pursuant to Section 15061(b)(3) of the California Code of Regulations (CEQA Guidelines), staff has determined that the introduction and adoption of this ordinance is not subject to review under CEQA. CEQA Guidelines Section 15061(b)(3), also known as the “common sense exemption,” states that CEQA only applies to projects that have the potential for causing a significant effect on the environment, and where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. A “significant effect on the environment” means a substantial, or potentially substantial, adverse change in any of the physical conditions within the area affected by the project.

This ordinance would lower the required number of parking spaces for hotels, motels, and similar lodging uses. Under standard environmental review methodology for evaluating potential traffic impacts of projects, vehicle trips for a proposed hotel are generated by the number of rooms, not by the number of parking spaces. Since there would be no changes to the number of hotel rooms based on this ordinance, there would be no increase in vehicle trips or traffic impacts associated with hotel projects. In the case of hotel guests using on-demand rideshare (e.g. Uber or Lyft) instead of driving and parking their own vehicles or rental vehicles, the number of vehicle trips corresponding to each hotel room would remain the same (i.e. one trip from the hotel to a business meeting and back, whether the trip is made in a rideshare vehicle or a private/rental vehicle). In the case of hotel guests walking or using public transit, guest shuttles, or bicycles instead of driving and parking a private/rental vehicle on site, the number of vehicle trips corresponding to each hotel room would decrease, resulting in lower environmental impacts

from hotel projects.

Therefore, it can be seen with certainty that there is no possibility that the ordinance in question would have a significant effect on the environment; accordingly, the ordinance is exempt from CEQA review.

PUBLIC COMMENT/OUTREACH

Staff provided public notice of the proposed zoning amendments in accordance with City and state public noticing requirements. A notice was published in the *Milpitas Post* on February 12, 2021 (two Fridays before the meeting). A public notice was also provided on the City's website and posted at City Hall. At the time of preparation of this staff report, no comments from the public had been received.

CITY COUNCIL REVIEW

This project requires review by the City Council and is tentatively scheduled on the March 16, 2021 Council agenda. A final recommendation by the Planning Commission is needed at the February 24, 2021 meeting.

CONCLUSION

The proposed zoning text amendments modify regulations related to required off-street parking for hotels and other lodging uses. The draft ordinance would reduce the parking requirement from the current standard of 1 space per guest room or unit plus 2 spaces per manager's unit to 0.7 spaces per guest unit. In addition, the ordinance would allow further discretionary reductions in required parking (up to 30 percent below the base parking requirement) in exchange for implementation of parking demand management measures, such as shared parking agreements, free guest shuttle service, and on-site free or low-cost bicycles and car share vehicles for guest use. Hotel projects located within one-half mile of a fixed transit station or stop would also be eligible for an additional, discretionary parking reduction. The adoption of this zoning text amendment would enact parking standards that are more reflective of actual current parking demand for hotels and would result in multiple benefits for Milpitas, including decreased rates of driving private or rental vehicles and increased use of sustainable forms of transportation such as transit, walking, bicycling and ridesharing.

RECOMMENDATION

STAFF RECOMMENDS THAT the Planning Commission:

- 1. Open and Close the Public Hearing; and**
- 2. Adopt Resolution No. 21-003 recommending that the City Council adopt an Ordinance amending the off-street parking requirements for hotels, motels and other lodging uses, and determining the ordinance to be exempt from CEQA.**

ATTACHMENTS

A: Resolution No. 21-003

B: Ordinance No. xx.xxx