



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Waive the First Reading Beyond the Title and Introduce Ordinance No. 38.841 Amending Sections of Chapter 10 of Title XI of the Milpitas Municipal Code Relating to Off-Street Parking Requirements for Hotels and Other Lodging Uses and Making Findings of CEQA Exemption
Category:	Public Hearings-Community Development
Meeting Date:	3/16/2021
Staff Contact:	Rozalynne Thompson, Senior Planner, 408-586-3278
Recommendation:	<ol style="list-style-type: none">1) Conduct a public hearing and move to close the hearing following comments.2) City Attorney shall read aloud title of Ordinance No. 38.841.3) Move to waive the first reading beyond the title and introduce Ordinance No. 38.841 Amending Sections of Chapter 10 of Title XI of the Milpitas Municipal Code Relating to Off-Street Parking Requirements for Hotels and Other Lodging Uses and Making Findings of CEQA Exemption.

Background:

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. Based on feedback from the developers of recent hotel projects in Milpitas, this standard is based on an older format for hotel/motel properties and does not fit the format or operations of today’s lodging market. The current parking requirement for hotels has resulted in a larger number of parking spaces being provided than what is needed to meet the actual demand, and 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 hotels, motels and other lodging uses to more accurately reflect the current real demand for parking at these establishments. On February 24, 2021, the Planning Commission considered staff’s proposed amendments to the Milpitas Zoning Ordinance and voted seven to zero to recommend approval of those changes to the City Council.

Analysis:

The proposed Zoning Ordinance text amendment modifies the City’s 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. Staff notes that the proposed changes in parking requirements would not apply to boarding houses; the change to this definition simply clarifies that boarding houses are not in the same category of transient lodging 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 14 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 ($\frac{1}{2}$) 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. The February 24, 2021 Planning Commission staff report on this item is also included as an attachment to this agenda report (Attachment C).

Policy Alternatives:

Alternative 1: Not adopt amendments to the Zoning Code related to hotel parking requirements and maintain the current required parking ratio of one (1) parking space per hotel room.

Pros: Continue applying hotel parking requirements according to established standard.

Cons: Standard is considered outdated and not reflective of current market realities; discourages development by imposing an additional expense; surface parking utilizes significant space that could be used for outdoor amenities, retail, residential, or other land uses.

Reason not recommended: As discussed above, the current parking ratio is outdated and not reflective of current market realities, imposes an additional expense on development, and takes up space that could be

alternatively used for surface parking option takes up a significant amount of valuable space on a project site for landscaping, open space amenities and/or building area that accommodates businesses, services, residential units or other land uses that benefit the community.

Fiscal Impact:

No immediate fiscal impact is anticipated in the near term.

California Environmental Quality Act:

Staff has determined that the proposed Ordinance is categorically exempt from CEQA review pursuant to Section 15061(b)(3) of the California Code of Regulations (CEQA Guidelines). Introduction and adoption of this Ordinance is not subject to review under CEQA, pursuant to the “common sense exemption” 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. (CEQA Guidelines, § 15382.)

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.

Moreover, the introduction and adoption of this Ordinance is categorically exempt from CEQA pursuant to CEQA Guidelines Section 15183 (Projects Consistent with a Community Plan, General Plan, or Zoning). Section 15183 of the CEQA Guidelines provides that projects that are consistent with a Community Plan, General Plan, or Zoning for which an EIR has been certified “shall not require additional environmental review, except as might be necessary to examine whether there are project-specific significant effects which are peculiar to the project or its site.” The Circulation Element has several policies and guidelines related to encouraging and promoting multimodal transportation in Milpitas, including public transit and non-motorized travel modes such as bicycling and walking. The proposed ordinance creates incentives for new development to improve access to and use of public transit, shared passenger shuttles, bicycling, and walking as alternatives to driving private vehicles. Therefore, the proposed Amendment is consistent with the General Plan. Therefore, the proposed Amendment is consistent with the General Plan and is exempt from CEQA pursuant to Section 15183 of the CEQA Guidelines.

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.

Recommendation:

- 1) Conduct a public hearing and move to close the hearing following comments.
- 2) City Attorney shall read aloud title of Ordinance No. 38.841.
- 3) Move to waive the first reading beyond the title and introduce Ordinance No. 38.841 Amending Sections of Chapter 10 of Title XI of the Milpitas Municipal Code Relating to Off-Street Parking Requirements for Hotels and Other Lodging Uses and Making Findings of CEQA Exemption

Attachments:

- A. Draft City Council Ordinance No. 38.841 – for introduction
- B. Planning Commission Resolution No. 21-003
- C. Planning Commission Staff Report dated February 24, 2021