

October 28, 2002

**Honorable Mayor and Members of the
Hermosa Beach City Council**

**Regular Meeting of
November 12, 2002**

SUBJECT: DISCUSSION OF DOWNTOWN PARKING AND ZONING ISSUES IN CONNECTION
WITH EXPIRATION OF THE RESTAURANT MORATORIUM ORDINANCE.

Recommendation:

That the City Council:

1. Review the implementation measures outlined in the report and;
2. Direct staff to prepare a text amendment to the Zone Code and;
3. Refer the matter to the Planning Commission for consideration in January 2003.

Background:

A moratorium ordinance prohibiting the change of existing retail space to restaurant use will expire on November 13, 2002. The intent of the moratorium was to preserve existing downtown retail space by providing time to study potential ways to guide land use and parking demand. With the expiration of the moratorium in November, it will again be permissible to convert existing retail to restaurant use. On October 22, 2002, the Council reviewed several implementation measures relating to guiding future development to achieve a balance of uses and directed staff to refine these measures for further discussion. The intent of the proposed changes are to encourage additional retail and office uses that will ensure the continued viability of the Downtown, and to encourage uses that will help balance parking demand in the downtown.

Analysis:

The proposed regulation revisions selected by Council to encourage retail and office use and discourage increased restaurant development in the downtown include the following:

1. *Setting a new retail base line for the required parking calculation for all existing downtown uses.*
2. *Increasing the parking ratio requirement for restaurant use*
3. *Decreasing the parking ratio requirement for retail/ office use.*

Staff has surveyed twenty cities relative to parking regulations for restaurants and found that the City's regulations are similar to many cities although some are more restrictive. (Please see attached survey). The parking ratios range from 10 /1000 sq. ft. of gross floor area to 20/1000 sq. ft. of gross floor area with the higher ratios generally tied full service restaurants and larger restaurants or seating area. The City's Zone Code provides certain parking regulations that are specific to the downtown and some, which are citywide. Staff suggests that the conditions in the downtown are unique and that the proposed more restrictive standards should apply to the downtown exclusively as there does not appear to be similar use or parking problems elsewhere in the City.

Current Parking Requirement for Restaurants and Retail/Office:

- Restaurant: 1 space/100 Sq. Ft. gross floor area or 10/1000 sq. ft.
- Retail/Office: 1 space/250 SF gross floor area or 4 /1000 sq. ft.
- One in-lieu parking space fee: \$12,500/space
- Change of Use: Parking requirements are based on the Difference of the existing use and new use.

Discussion of Proposed Changes:

Staff suggests that the Council consider the following changes to the Zone Code for the Downtown area.

1. New Retail Baseline for Calculating Parking:

The proposed change to a retail baseline for calculating the parking requirement in the downtown means that all previous uses for a property which were more intensive (i.e. movie theaters, assembly areas, bars, etc.) will now be considered at the lower retail parking ratio of 4 / 1000. The requirement for additional parking will be calculated as *the difference between the parking ratio for the new use and the required parking for retail/general commercial use*. (Please see examples below). Setting the base line to the retail parking rate or reducing the requirement for retail parking further increases the requirement for restaurant conversions as shown on the attached table. This base line would be set at a specific date such as January 1, 2003 and would include all existing uses as of the cutoff date. This would mean historic uses not in place on January 1, 2003 would no longer be considered in determining parking credits.

2. New Restaurant Parking Requirement:

The proposed increase in the restaurant parking ratio means that new restaurants will provide approximately 30% more parking. This change will result in 5 additional spaces per typical downtown project (or a total of 21 spaces) which if satisfied with an in lieu payment would cost \$262,500. If a higher parking ratio was consider such as 15 spaces per 1000 sq. ft. the required parking increases to over 80% above the current standard at an in lieu fee cost of \$362,500 and at 20 per 1000 the cost increases to \$537,500. Clearly only a small increase in the parking requirement is needed to preclude retail to restaurant conversions, since it has such a large economic impact on project costs. Only a well-capitalized business can afford the cost to provide in lieu parking at 10 to 12 per 1000 and the added costs provide a significant hurdle for the development of a new or expanded restaurant. Furthermore, since virtually no on-site parking is available in the downtown, the only means to provide parking is through an in lieu payment program which can be used to eventually construct consolidated public parking in the Vehicle Parking District. In most cases, the only way to meet the existing requirement or higher one is through the in lieu program. Unless there is a reasonable likelihood that a parking lot can be built in future it may not be a good idea to accept the in lieu payments.

2. New Retail/Office Parking Requirement:

Currently, for new retail or office use, no additional parking is required based on the current code provisions. The proposal to relax parking for retail/office use means that expansions to existing commercial buildings will be required to provide 50% less parking or 50% less in lieu fees. The parking reduction would be a significant incentive to develop new retail space in the downtown. This proposed change effectively decreases the parking supply in the downtown and must also be approved by the Coastal Commission.

Several sections of the Zone Code will require revisions in order to implement the proposed changes. Section 17.44.030 must be revised relative to proposed parking ratios for retail, office and restaurants. Section 17.44.010 must be revised to include a definition of the Vehicle Parking District (VPD). Section 17.44.040 must be revised for parking requirements in the downtown. Section 17.44.140 must be revised relative to setting a new baseline for parking. Section 17.44.190 must be revised relative to VPD parking.

Conclusion:

The current requirement of 10 spaces per 1000 sq. ft. for restaurant parking and the associated requirement to provide parking through the in lieu program presents a huge financial burden for any business. Changes to the ratio at 12 / 1000 or 15 /1000 further increase the parking hurdle without any real effect on discouraging conversions, since even at the current rate only the most financially secure businesses can hope to accommodate parking demand through the in lieu parking program. (Please see the attached tabulated information). In view of the hurdles currently in place, staff suggests that the best solution to creating parking balance among downtown uses is to set the baseline for calculating parking at the retail rate commencing from January 2003 and omitting any new parking restrictions. This control in conjunction with the in lieu fee program will continue to discourage retail to restaurant conversions due to cost. The City may accept in lieu parking solely at its discretion and providing parking in lieu for a project is always subject to discretionary permit and may ultimately be reviewed by the City Council. Since public parking is well supplied in the daytime, and since no additional parking is required to occupy an existing downtown space, it is unnecessary to make changes to the retail parking requirements.

Sol Blumenfeld, Director
Community Development Department

Concur:

Stephen R. Burrell,
City Manager

Attachments:

1. Parking Survey
2. Parking Examples

Newparkdowntwn

EXAMPLES OF NEW PARKING ALTERNATIVES

Assume: 2700 Sq. Ft. conversion to restaurant.

Existing retail space with no additional on-site parking

Retail baseline at existing requirement of 1/250 square feet.

Parking Ratio Current and Alternatives	Number of Spaces Required¹	% Increase over current requirement²	Cost of Parking In- Lieu Fee ³
<i>Current Requirement: 10 spaces per 1000 Sq. Ft.</i>	16	0	\$200,000
Alternative 1: 12 Spaces Per 1000 Sq. Ft.	21	31%	\$262,500
Alternative 2: 15 Spaces Per 1000 Sq. Ft.	30	86%	\$375,000
Alternative 3: 20 Spaces Per 1000 Sq. Ft.	43	169%	\$537,500

¹ Assume existing retail in 2700 square foot space converted to restaurant. Based on difference in requirement between existing use (retail) and restaurant use. For example:

2700 sq. ft. restaurant @ 10 per 1000 sq. ft. = 27 spaces required

Existing retail use @ 4 per 1000 square feet = 11 spaces required

Required for change of use 27 – 11 = 16 spaces

² 21 – 16 = 5 additional required

5(new required)/16 (current required) = 31%

³ 16 X \$12,500 = \$200,000

RETAIL / OFFICE PARKING ALTERNATIVES

Assume: 2700 Sq. Ft. second story addition (2500 Sq. Ft.*) over existing building, no on-site parking. (200 sq. ft. allocated for stairs).

<u>Retail/Office parking ratio</u>	Number of spaces required	% of current requirement	In-Lieu Fee
Current Requirement: 4 spaces per 1000 square feet	10	0	\$125,000
Alternative 1: 3 space per 1000 square feet	8	80%	\$100,000
Alternative 2: 2 spaces per 1000 square feet	5	50%	\$62,500

IMPACT OF CHANGING RETAIL BASELINE REQUIREMENT TO 2/1000 SQ. FT. ON TYPICAL RESTAURANT PROJECT

Parking Ratio Current and Alternatives	Number of Spaces Required⁴	% Increase over current requirement⁵	Cost of Parking In- Lieu Fee⁶
Current Requirement: 10 spaces per 1000 Sq. Ft.	22	38%	\$275,000
Alternative 1: 12 Spaces Per 1000 Sq. Ft.	27	69%	\$337,500
Alternative 2: 15 Spaces Per 1000 Sq. Ft.	36	125%	\$450,000
Alternative 3: 20 Spaces Per 1000 Sq. Ft.	49	206%	\$612,500

⁴ Assume existing retail in 2700 square foot space converted to restaurant. Based on difference in requirement between existing use (retail) at proposed new baseline and restaurant use. For example:
 2700 sq. ft. restaurant @ 10 per 1000 sq. ft. = 27 spaces required
 Existing retail use @ 2 per 1000 square feet = 5 spaces required
 Required for change of use $27 - 5 = 22$ spaces

⁵ $22 - 16 = 6$ additional required
 $6(\text{new required}) / 16 (\text{current required}) = 38\%$

⁶ $22 \times \$12,500 = \$275,000$