

## **Residential Hotel Proposed Incentives**

Developers of affordable housing often point to the fact that they are required to construct dedicated parking facilities that ultimately go largely underutilized. The cost of providing parking, especially when developing in an urban setting, can contribute a tremendous amount to the cost of construction. However, there is also a significant concern that if sufficient parking is not provided a negative impact on the surrounding communities could result.

Environmental factors may impact the parking demand of a particular project. Studies have provided data to correlate reduced parking demand and a project's proximity to mass transit, as well as reduced automobile ownership for low-income households. These issues should be considered in the discussion of parking requirements.

Within downtown, parking requirements for Single Room Occupancy Hotels are 0.2 spaces per unit, while parking for Living Units are 0.7-0.9 spaces per unit. The Working Group has recommended that parking for the Hybrid unit retain the 0.2 space per unit requirement of the SRO. In addition, they would recommend that that a deviation for further reduction be allowed with findings. Findings could include demographic characteristics (household size and income), access to public transportation, availability of alternative parking, and unit sizes.

Existing parking requirements outside of downtown are one space per room. However, reductions are allowed for very-low income housing (0.5 per room), within a transit area (0.5 per room), or for very-low income housing within a transit area (0.25 per room). Further parking reductions may be justified outside of downtown; however, there is insufficient data to rationalize reductions at this time. It is recommended that any future parking reductions for Residential Hotels be studied further prior to implementation. The Committee could direct staff to include Residential Hotels in the parking study being prepared in response to Affordable Housing Task Force recommendations if they wish to pursue further reductions.

A second incentive that was examined by the Working Group is water and sewer capacity fee reduction. Two methods for a reduction were discussed by the Group. The first was a proposal by the Coalition that recommended a 40% water and sewer fee capacity reduction based on a theory that SROs use 40% less water and need 40% less sewer capacity than traditional hotels. Based on a superficial analysis of water usage, by comparing 10 SROs and 10 hotels of similar sizes, water usage appears to be substantially less in SROs. The Committee could direct staff to perform a more comprehensive analysis of the data if they would like to pursue water and sewer fee reductions in this manner. However, a second alternative seemed more viable to the Working Group.

Existing City water and sewer capacity charge policies allow for reductions for multiple living units based on the application of a density formula. The basis for the reduction is that an increase in units per acre and smaller unit sizes will result in less water and sewer capacity needs. The Working Group has recommended that water and sewer capacity charges for Residential Hotel development be calculated using this density formula.