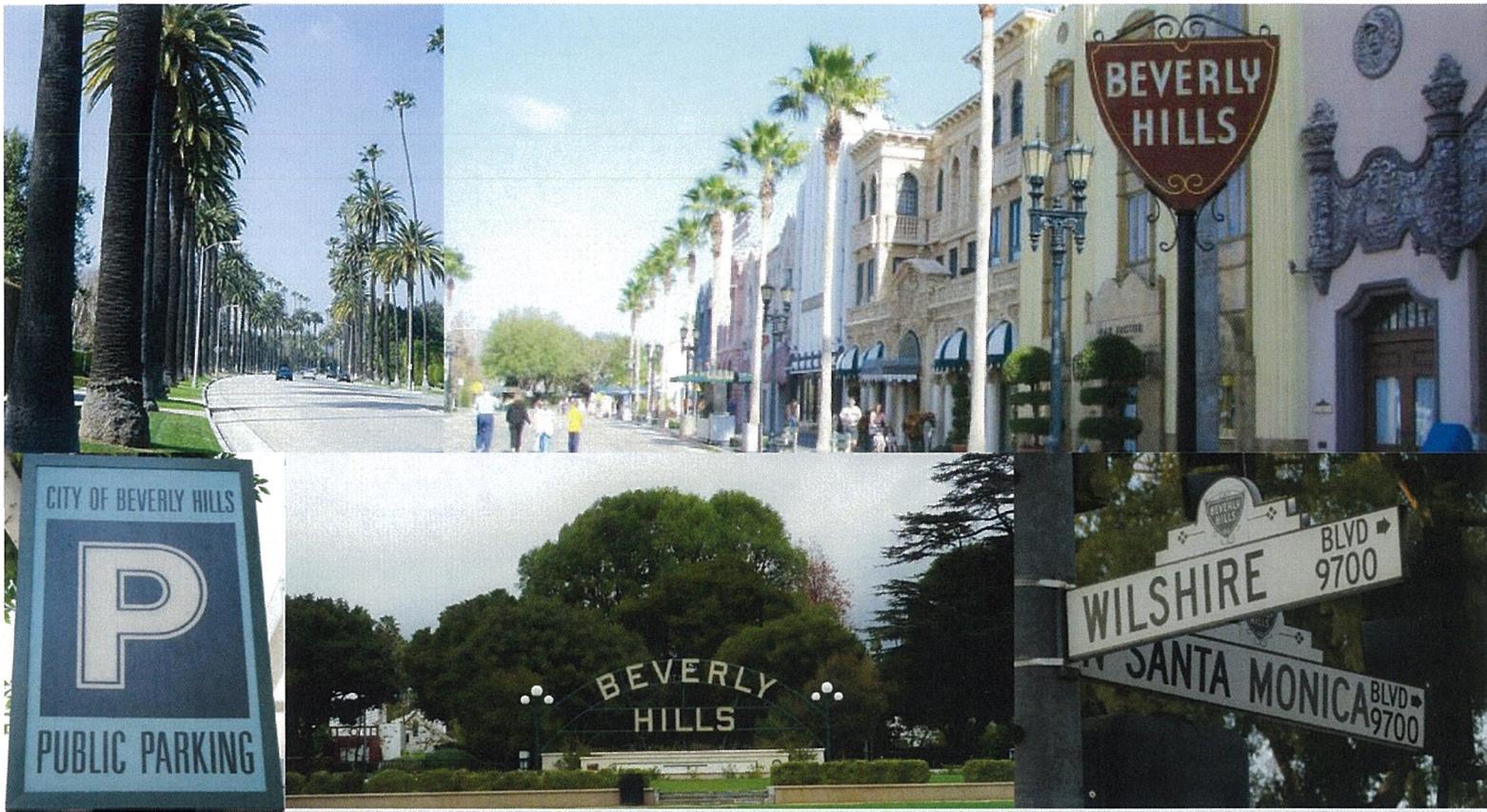


Attachment 6

In-Lieu Parking Study



BEVERLY HILLS IN-LIEU PARKING STUDY

Final Report

June 2014

Table of Contents

	Page
Executive Summary	1
Existing Parking Conditions in the Business Triangle	1
In-Lieu Program Performance.....	2
Parking and Development in Comparable Cities.....	3
Existing and Future Parking Conditions in the Expansion Areas.....	4
Cost and Feasibility of Constructing New Public Parking in Expansion Areas	4
Development Feasibility Analysis	5
Industry Best Practices.....	5
Zoning Standards on Robertson Boulevard	6
Recommendations on Parking Needs and Resources.....	7
1 Introduction.....	1-1
Study Area.....	1-1
Business Triangle.....	1-1
Potential Expansion Corridors	1-1
Parking Program Overview.....	1-3
Park-Once-and-Walk	1-3
Minimum Parking Requirements.....	1-4
In-Lieu Parking Program	1-4
2 Existing Parking Conditions in the Business Triangle	2-1
On-Street Parking.....	2-1
On-Street Parking Supply in the Business Triangle	2-1
On-Street Parking Utilization in the Business Triangle.....	2-3
Off-Street Public Parking.....	2-5
Off-Street Public Parking Supply in the Business Triangle	2-5
Off-Street Public Parking Utilization in the Business Triangle	2-9
Off-Street Private Parking	2-12
Off-Street Private Parking Supply in the Business Triangle	2-12
Off-Street Private Parking Utilization in the Business Triangle.....	2-15
3 Existing In-Lieu Program Performance.....	3-1
Policy Framework	3-1
General Plan.....	3-1
Municipal Code Parking Requirements.....	3-2
The In-Lieu Parking Program	3-5
1976 Origins of the In-Lieu Parking Program.....	3-5
1980s In-Lieu Fee Calculations.....	3-5
1994 Amendment	3-6
2013 Lease Option	3-7
How the In-Lieu Fee Works Today	3-7
In-Lieu Program Costs and Funds.....	3-11
Program Costs.....	3-11
Program Funds.....	3-11
Development and Other Impacts	3-14
In-Lieu Program Evaluation	3-15
What is working?	3-15
What needs improvement?	3-16
4 Parking and Development in Comparable Communities	4-1
Culver City	4-1
Parking Requirements.....	4-1

In-Lieu Parking Study | Final Report
City of Beverly Hills

	In-Lieu Fee Programs.....	4-2
	Commercial Lease Rates.....	4-3
	Comparability to Beverly Hills	4-3
	Santa Monica.....	4-4
	Parking Requirements.....	4-4
	In-Lieu Fee Programs.....	4-4
	Commercial Lease Rates.....	4-6
	Comparability to Beverly Hills	4-6
	West Hollywood.....	4-6
	Parking Requirements.....	4-6
	In-Lieu Fee Programs.....	4-7
	Commercial Lease Rates.....	4-8
	Comparability to Beverly Hills	4-8
5	Existing and Future Parking Conditions in the Potential Expansion Areas	5-1
	Existing Parking Supply	5-1
	On-Street Public Parking	5-1
	Off-Street Public Parking.....	5-3
	Off-Street Private Parking.....	5-3
	Existing Demand Ratios	5-7
	Existing Built Ratios.....	5-11
	Existing Code Requirement Comparisons.....	5-11
	Future Parking Required under the Current Code	5-13
6	Cost and Feasibility of Expanding the In-Lieu Program and Constructing New Public Parking in Expansion Areas	6-1
	Current Construction Costs for New Parking Facilities.....	6-1
	Surface Lot.....	6-2
	Above Grade Parking Structure	6-2
	Below Grade Parking Structure	6-3
	Above Grade Parking Structure with Automated Operation.....	6-4
	Below Grade Parking Structure with Automated Operation.....	6-4
	Combination Above Grade and Below Grade Parking Structure with Automated Operation.....	6-5
	Suitability Analysis for Municipal Parking Garages	6-6
	Conceptual Drawings	6-6
	Current Land Costs in Expansion Areas	6-6
	Development Feasibility and Pro Forma Analysis.....	6-13
	Methodology.....	6-13
	Prototype Projects.....	6-14
	Key Assumptions	6-15
	Findings	6-17
	Feasibility Under a Parking In-Lieu Fee Alternative	6-18
	Feasibility Under an Automated Parking Alternative.....	6-20
7	Industry Best Practices	7-1
	In-lieu Parking Fee.....	7-2
	Why implement it?.....	7-2
	How will it work?.....	7-2
	What are the challenges?.....	7-3
	In-lieu fees in selected California cities.....	7-3
	Old Pasadena Parking Credit Program.....	7-5
	Petaluma's In-Lieu Fee and Sunset of Minimum Parking.....	7-7
	Parking Impact Fee	7-9

In-Lieu Parking Study | Final Report
City of Beverly Hills

Why implement it?	7-9
How will it work?	7-10
What are the challenges?	7-10
Impact fees in selected California cities.....	7-10
Palo Alto's Transportation Impact Fee	7-11
Parking Improvement Districts	7-12
Why implement it?	7-12
How will it work?	7-12
Austin Parking Benefit District	7-13
Parking Assessment Zoning.....	7-14
Why implement it?	7-14
How will it work?	7-14
What are the challenges?	7-15
Old Pasadena Management District.....	7-15
Parking User Fees and Dynamic Pricing.....	7-16
Why implement it?	7-16
How will it work?	7-17
Dynamic Pricing in Redwood City.....	7-18
Public-Private Partnerships and Parking Leases.....	7-18
Why implement it?	7-19
How will it work?	7-19
San Diego's Centre City Development Corporation	7-20
Santa Monica Using In-lieu Fees for Shared Parking	7-21
8 Zoning Standards on Robertson Boulevard	8-1
Comparable Corridors	8-1
Robertson Boulevard, Los Angeles.....	8-2
Main Street, Santa Monica.....	8-2
University Avenue, Palo Alto.....	8-3
Bulk Regulations	8-4
Height Limits and FAR.....	8-4
Off-Street Parking Requirements.....	8-6
Use Requirements.....	8-12
Form-Based Requirements.....	8-14
Evaluation	8-14
9 Recommendations on Parking Needs and Resources	9-1
1. Collect and Use Parking Data.....	9-1
2. Create Parking Partnerships.....	9-1
3. Reduce Minimum Parking Requirements	9-2
4. Retain and Expand the In-Lieu Parking Program	9-2
5. Allow More Flexible Use of In-Lieu Revenues	9-3
5. Improve Parking Wayfinding Aids.....	9-3
6. Adjust the Parking Pricing Structure	9-3
Appendix A: Competitive City Parking Requirements	A-1
Culver City	A-1
Santa Monica.....	A-3
West Hollywood	A-4
Appendix B: Present Value of Parking Fee Calculations	B-1
Appendix C: Permitted Uses on Robertson and Comparable Corridors	C-1

Table of Figures

	Page
Figure 1: On-Street Parking within the Business Triangle	2-2
Figure 2: On-Street Parking Utilization within the Business Triangle	2-4
Figure 3: Public Off-Street Parking Locations within the Business Triangle.....	2-6
Figure 4: Public Off-Street Parking Capacity and Pricing in Beverly Hills	2-6
Figure 5: Parking Rates by Duration of Stay at Public Parking Facilities in Beverly Hills.....	2-8
Figure 6: Off-Street Public Parking Utilization within the Business Triangle	2-10
Figure 7: Off-Street Public Parking Utilization in Beverly Hills	2-11
Figure 8: Revenue from Off-Street Public Parking	2-11
Figure 9: Private Off-Street Parking Locations within the Business Triangle.....	2-12
Figure 10: Private Off-Street Parking Pricing in the Business Triangle.....	2-13
Figure 11: Parking Rates by Duration of Stay at Private Parking Facilities in the Business Triangle.....	2-15
Figure 12: Private Off-Street Peak Parking Utilization in the Business Triangle	2-16
Figure 13: Beverly Hills' Off-Street Parking Requirements for Selected Uses	3-3
Figure 14: Beverly Hills' In-Lieu Fee Rates, 2013/14	3-9
Figure 15: In-Lieu Program Participation Rates by Number of Spaces, 1976-2014.....	3-12
Figure 16: Average In-Lieu Fee Rate per Year, 1976-2014	3-13
Figure 17: In-Lieu Program Participation Rates Based on Associated Revenues, 1976-2014	3-14
Figure 18: Parking Requirements in Beverly Hills and Culver City	4-2
Figure 19: In-Lieu Fee Programs in Beverly Hills and Culver City	4-2
Figure 20: In-Lieu Program Costs in Beverly Hills and Culver City	4-3
Figure 21: Commercial Lease Rates in Beverly Hills and Culver City	4-3
Figure 22: Parking Requirements in Beverly Hills and Santa Monica	4-4
Figure 23: In-Lieu Fees in Beverly Hills and Santa Monica.....	4-5
Figure 24: In-Lieu Parking Costs in Beverly Hills and Santa Monica	4-5
Figure 25: In-Lieu Parking Costs in Beverly Hills and Santa Monica after 2016	4-5
Figure 26: Lease Rates in Beverly Hills and Santa Monica	4-6
Figure 27: Parking Requirements in Beverly Hills and West Hollywood	4-6
Figure 28: In-Lieu Fees in Beverly Hills and West Hollywood	4-7
Figure 29: In-Lieu Parking Costs in Beverly Hills and West Hollywood.....	4-7
Figure 30: Lease Rates in Beverly Hills and West Hollywood.....	4-8
Figure 31: Public Parking in the Potential Expansion Areas.....	5-2
Figure 32: Public Off-Street Parking Capacity and Pricing in the Expansion Areas.....	5-3
Figure 33: Parking Rates by Duration of Stay at Public Parking Facilities in Beverly Hills.....	5-3
Figure 34: Private Off-Street Parking in the Potential Expansion Areas	5-4
Figure 35: Private Off-Street Parking Pricing in the Expansion Areas.....	5-5
Figure 36: Parking Demand Ratios in the Expansion Corridors.....	5-7
Figure 37: Peak Parking Occupancy and Availability in the Expansion Corridors	5-8
Figure 38: Public Parking Peak Utilization in the Expansion Areas	5-9
Figure 39: Private Off-Street Peak Parking Utilization in the Expansion Areas.....	5-10
Figure 40: Parking Built Ratios in the Expansion Corridors	5-11
Figure 41: Parking Built to Code Comparison in the Expansion Corridors.....	5-12

In-Lieu Parking Study | Final Report
City of Beverly Hills

Figure 42: Additional Required Parking Spaces for Build Out in the Expansion Corridors	5-14
Figure 43: Redevelopment and Additional Required Parking Spaces for Build Out in the Expansion Corridors	5-14
Figure 44: Parking Structure Construction Cost Analysis	6-2
Figure 45: Suitability Analysis	6-7
Figure 46: Conceptual Ground Level Floor Plan for New Parking Structure on Olympic Boulevard	6-8
Figure 47: Conceptual Ground Level Floor Plan for New Parking Structure on Robertson Boulevard	6-9
Figure 48: Conceptual Ground Level Floor Plan for New Parking Structure on Beverly Drive	6-10
Figure 49: Conceptual Ground Level Floor Plan for New Parking Structure on Santa Monica Boulevard	6-11
Figure 50: Development Prototypes.....	6-14
Figure 51: Development Feasibility.....	6-18
Figure 52: Development Prototypes under Parking In-Lieu Fee Alternative.....	6-19
Figure 53: Development Feasibility under Parking In-Lieu Fee Alternative.....	6-19
Figure 54: In-Lieu fees in selected California cities	7-4
Figure 55: Form-based parking restrictions from the Petaluma SmartCode	7-7
Figure 56: New development impact fees among selected California cities, 2009 (n=42).....	7-11
Figure 57: Bulk Requirements in Beverly Hills and Comparable Cities.....	8-6
Figure 58: Parking Requirements in Beverly Hills and Comparable Cities (spaces/1,000 square feet)	8-7
Figure 59: Feasible FAR Calculation under Robertson’s Zoning Standards	8-10

EXECUTIVE SUMMARY

Since 1976, the City of Beverly Hills has administered an in-lieu parking program within the Business Triangle. The program was created as an option for prospective developers, or those wishing to change the uses of existing buildings, to pay a fee in lieu of building the required amount of parking on-site. The program was intended to foster a more vibrant and sustainable business environment, and to enhance the pedestrian experience by encouraging redevelopment of properties into restaurants, retail shops, theatres, museums, and other pedestrian-attracting uses. Revenue gained from the in-lieu parking program is earmarked for provision, operation and maintenance of public parking.

The most recent update to the program came in 2013, when a pilot leasing option was introduced to allow food sales and service commercial users to pay the in-lieu parking fee as an annual “lease” rather than paying the full lump sum. This option is due to expire in October 2014.

The City is interested in assessing the performance of the in-lieu program performance and exploring potential expansion of the program to five commercial corridors within Beverly Hills with a particular focus on the Southeast Area: South Robertson Boulevard, Wilshire Boulevard, Olympic Boulevard, South Santa Monica Boulevard, and South Beverly Drive.

Nelson\Nygaard has been contracted by the City of Beverly Hills to:

- Evaluate the City’s existing in-lieu program in the Business Triangle district;
- Determine the cost and feasibility of constructing new public parking in the potential expansion areas of the in-lieu program; and
- Make recommendations on parking needs and maximizing parking resources in these expansion areas.

EXISTING PARKING CONDITIONS IN THE BUSINESS TRIANGLE

Assessment of the in-lieu program is done in the context of an understanding of wider parking conditions and policies for the City. Based on the current inventory of parking spaces, there are 11,517 parking spaces in the Business Triangle, including 584 on-street spaces, 4,474 public off-street space, and more than 6,186 private off-street spaces.

Pricing policies between these different sources of parking differ markedly. City-operated facilities are priced well below the private market values with most facilities offering free parking for one and two hours followed by an hourly rate of \$6 up to a daily maximum of \$22. Private garages generally charge between \$6 and \$15 per hour.

Despite the provision of free and below-market parking in City-operated facilities, studies show parking occupancy is close to optimal within the Business Triangle, though public perception would suggest a shortage. Based on a parking survey conducted in October 2012 by Kimley-Horn as well as more recent data on public garages, parking utilization at peak times (1 p.m. on

Thursday) was 76% on-street, 76% in private garages, and 87% in public garages, bringing total parking utilization to just 80%, which is a little lower than the target of 85% utilization and suggests that there is still a surplus of parking within the Business Triangle.

Parking occupancy is not evenly distributed, however, with some facilities at almost 100% capacity while others fall below 50%. This unevenness suggests a need for the use of parking pricing to appropriately spread parking availability throughout the district. It may also suggest the need for different strategies regarding where to place monthly parking in the area as well as improved wayfinding information to help people to find available parking spaces. It is noted that the City may have other policies and priorities that interfere with optimal utilization of parking. For example, free 1-hour parking is seen as a means of attracting shoppers and visitors to the city.

IN-LIEU PROGRAM PERFORMANCE

The in-lieu parking program is one tool for achieving the community vision outlined in the Beverly Hills General Plan. This vision encompasses attracting new businesses, enhancing residential quality of life, creating a built environment that enlivens pedestrian activity, and limiting negative externalities caused by vehicles. In this context, the in-lieu program is an element in Beverly Hills' efforts to remain a competitive destination for businesses and a desirable home for residents.

Since its inception in 1976, more than \$13 million has been raised by the City through the in-lieu parking program. This is equivalent to \$19.1 million (in 2014 dollars) paid in lieu of 748 parking spaces. Although a great deal of public parking has been created over the lifetime of the program, the revenues from in-lieu fees have been used for parking maintenance rather than increasing parking supply since the fees collected are dwarfed by the cost of land acquisition and parking construction in this high-value urban area.

From a development and planning sense, however, the program can be viewed as a success. The relatively constant rate of participation in the program denotes that the in-lieu option has helped to facilitate investment in the Business Triangle, and has allowed the City to maintain a high standard of urban design and streetscape uninterrupted by fragmenting and unsightly parking lots or curb cuts/driveways in the sidewalk that may impede the pedestrian experience.

Based on this evaluation, a number of features of the present in-lieu parking program and wider parking policies seem to be working well:

- The City has provided parking through creative use of subterranean space and retail wrapping to mask structured above-grade parking facilities. While this is a very expensive way to provide parking, it has facilitated high rates of vehicle access with limited negative impacts to the pedestrian realm.
- The provision of installment options for payment of the in-lieu program provides flexibility for developers and lessees, and ensures a relatively consistent revenue stream for the City.
- Likewise, the new in-lieu lease option provides similar benefits to the installment option, though the low contribution rates are even less likely to generate sufficient funds to embark on potential parking-related projects.

Relative to program goals and comparable programs, there are a number of features of Beverly Hills' in-lieu parking program that could be improved:

- Many land uses and activities are prohibited from participating in the in-lieu program, which means that developers are required to provide more parking while existing parking resources reach only 80% peak occupancy even with free and below market rates.
- The City's current minimum parking requirements are similar to comparable communities, but not in line with industry best practice which is shifting away from minimum parking regulations and toward a market-based approach.
- The application fee for Beverly Hills' in-lieu parking program is an order of magnitude higher than that of comparable communities.
- The in-lieu fee itself for Beverly Hills is also considerably higher than the fee in many comparable cities.
- There is a need to allow more flexible use of in-lieu revenues for projects that increase parking capacity or reduce trips in the most effective and efficient manner possible.
- One means of increasing capacity includes shared parking arrangements as a way to fill vacancies in underutilized private parking facilities *before* considering the development of new parking supply.
- The policy of free parking for the first one to two hours undermines the business of private operators and incentivizes driving and reparking.
- Likewise, nearly-free parking for City employees does not encourage sustainable commute patterns or reflect the cost to provide, operate, and maintain parking facilities.

PARKING AND DEVELOPMENT IN COMPARABLE CITIES

Examining the City's in-lieu parking fees in relation to comparable cities, such as Culver City, Santa Monica, and West Hollywood, helps to gauge the impact that the program has on the regional competitiveness of the City in attracting high-end retail and desirable commercial firms.

The minimum parking requirements of Culver City (1 space per 350 sf) are equivalent to that of Beverly Hills for general office, retail, and restaurant space; however Culver City allows for businesses to enter a 10-year lease program for space in public garages at the cost of \$80 per month. Over the course of the 10-year lease developers in Culver City would end up paying \$23,800 to provide the required amount of parking for 1,000 sf of development (2.9 spaces) compared to payment of between \$87,300 and \$137,300 (based on location) for an in-lieu payment and application fee in Beverly Hills paid over four years.

Minimum parking requirements in the City of Santa Monica are slightly higher than that of Beverly Hills, but uses a scheme which charges the in-lieu parking fee based on the assessed value of new development. By using a present value rate, the fee in Santa Monica works out to \$1.50/sf annually or \$12,993 in a 10-year period. Santa Monica's existing in-lieu fee program is set to expire in 2016. It will likely be replaced with a new in-lieu fee with an initial cost of \$20,000 per space, which is still lower than the lowest fee offered by Beverly Hills.

The City of West Hollywood has higher minimum parking requirements than Beverly Hills and does not offer a traditional in-lieu program. Instead the City offers a parking credit program for businesses less than 10,000 square feet located within its parking district. The program is not designed to fund construction of new spaces, but to facilitate the creation of small independent businesses and restaurants. Over the course of ten years the \$382.50 annual fee and \$650 application fee for the credit program would cost a business \$12,247—far less than the fee in Beverly Hills.

Although Beverly Hills has equivalent or lesser minimum parking requirements than that of comparable cities, its higher in-lieu fees can be seen as discouraging to small business.

EXISTING AND FUTURE PARKING CONDITIONS IN THE EXPANSION AREAS

The City of Beverly Hills is considering expanding the in-lieu parking program to five commercial corridors: South Beverly Drive, South Santa Monica Boulevard, South Robertson Boulevard, Wilshire Boulevard, and Olympic Boulevard. Along these corridors there is only one City-owned parking garage so on-street and private parking facilities play a more dominant role. Based on an inventory of private parking, there are almost 5,000 private parking spaces throughout the expansion areas, with many located along Wilshire Boulevard.

Occupancy data indicates that parking is most scarce along South Beverly Drive, where occupancies reach 83% in the peak (1 pm on Thursday). This occupancy level is close to ideal and suggests the need for shared parking arrangements, wayfinding and pricing aids to encourage optimal use of all parking resources. Other corridors have lower occupancies of around 70% on South Robertson, 60% on Olympic Boulevard, 50% on South Santa Monica Boulevard and 40% on Wilshire Boulevard. The distribution of parking between on-street and private off-street facilities suggests the need for integrated approaches to parking provision along these corridors such as shared parking through public private partnerships.

Calculations of the built ratio of parking (the amount of parking per square foot of development provide insight on the quantity of parking and potential blended parking rates. The built ratio of parking ranges from 0.72 off-street spaces per 1,000 square feet on South Santa Monica Boulevard (south of Wilshire Boulevard), to 2.9 off-street spaces per 1,000 square feet on South Robertson Boulevard. When translated to the equivalent square footage, all corridors except Santa Monica and Wilshire Boulevard dedicate more area to parking than land uses.

Comparisons to code requirements were misleading, with 140% of required parking provided on South Beverly where there is the lowest parking availability, and only 50% of required parking provided on South Santa Monica where there is a surplus of parking. Based on the ratio of improvements to land value, it may be possible to add between 1.74 and 2.98 million square feet of development along the expansion area, which translates to between 782 and 1,740 additional net parking spaces under a 30% build out scenario, and 2,690 to 5,550 spaces under an 85% build out scenario.

COST AND FEASIBILITY OF CONSTRUCTING NEW PUBLIC PARKING IN EXPANSION AREAS

As part of this study, new parking supply costs were examined in order to provide decision makers with more specific information needed to assess the feasibility of potential options. New parking supply costs include both construction and real estate costs. Construction costs for parking structures will be comparable from site to site, but real estate and land costs vary by corridor.

Several garage scenarios were developed to reflect different types of facilities (surface, above grade and below grade, with and without automated parking) and potential assemblage of parcels within the expansion areas. Based upon the CPI and Engineering Cost Index, the cost of constructing different parking facilities varies greatly depending on size and design. The lowest-

cost facility for potential opportunity sites within the study area would be a surface lot accommodating 76 stalls at a cost of \$6,247 per stall (\$0.48 million total). In contrast, a below grade structure could provide 159 stalls with a more appealing and efficient use of space but at a cost of \$86,178 per stall (or a total cost of \$10.9 million). The two facilities which provide the greatest parking capacity of 300 stalls include an above grade structure with automated operation and a combination above/below grade structure with automated operation. These facilities come at a cost of \$37,523 per stall (\$11.3 million total) and \$49,792 per stall (\$14.9 million total) respectively.

In addition to construction costs, new public parking within the expansion areas would require acquisition of land. These land costs vary according to location. The most inexpensive site is located on Olympic Boulevard, where land values are \$260 per square foot (\$6.4 million for a 159 stall garage). On South Robertson Boulevard, land values are somewhat higher at \$420 per square foot (\$9.3 million for a 152 stall garage). South Santa Monica Boulevard land values are \$600 per square foot (\$14.4 million for a 159 stall garage). And finally, land values on South Beverly Drive are \$990 per square foot (or \$21.8 million for a 159 space garage).

It should be noted that approximately \$13 million in revenue has been generated by the in-lieu program since its inception in 1976. This four-decade income is insufficient to fund even the lowest cost facility when construction and land costs are combined.

DEVELOPMENT FEASIBILITY ANALYSIS

In order to determine whether developers require a parking in-lieu fee as an incentive to develop new mixed-use projects along the Robertson Boulevard and Olympic Boulevard corridors, this analysis evaluated the feasibility of developing three prototype projects under existing parking requirements and a parking in-lieu fee. Development prototypes include:

- 3-Story Mixed Use Office/Retail on Robertson Boulevard,
- 3-Story Mixed Use Office/Retail on Robertson Boulevard, and
- 3-Story Mixed Use Rental Residential/Retail on Olympic Boulevard.

The development feasibility models show the residual land value that an owner could charge for his/her site and still attract a developer. Negative land values or those that are below current market values indicate the need for subsidies or other incentives to attract desired development projects. Under current market conditions, none of the development prototypes are feasible and would require a subsidy to attract a developer.

Although expanding the parking in-lieu fee program to the Robertson Boulevard and Olympic Boulevard corridors would improve feasibility conditions, it would not make the prototype projects feasible without an additional subsidy or incentive, or changes in existing market conditions. The City could consider reducing parking requirements and/or allowing automated parking to meet parking requirements as an additional incentive.

INDUSTRY BEST PRACTICES

As Beverly Hills continues to attract high level development and businesses to the city, particularly in underserved areas, the City will need to consider new techniques to correctly price parking, provide new capacity, and raise funds for new parking. Several strategies have been used in other California cities to meet these goals.

- Parking Impact Fees, such as those in Palo Alto, allow a city to collect revenue from new developments that are driving demand for additional parking and its associated impacts.
- Parking Improvement Districts (PIDs), such as Austin’s Parking Benefit District, are defined geographic areas which return revenue generated from on-street and off-street parking facilities within the district to finance neighborhood improvements.
- Parking Assessment Zones, such as the Old Pasadena Management District, involve defined geographic areas in which property owners are assessed in order to generate a new revenue stream, which is then leveraged for funding parking enhancements.
- Parking User Fees, such as Redwood City’s Dynamic Pricing approach, establish market values for parking spaces and adjust prices according to levels of demand to ensure that a city can actively manage parking supply through all periods of the day and year.
- Public-Private Partnerships, such as the shared parking arrangement between Washington Elementary School and San Diego’s Centre City Development Corporation, is an effective use of underutilized existing capacity which can save a city millions of dollars in the construction of new facilities and allow for space to be allocated to higher and more attractive uses.

These strategies could be considered for use within the potential expansion areas of Beverly Hills’ in-lieu parking program.

ZONING STANDARDS ON ROBERTSON BOULEVARD

Zoning standards were examined more closely in relation to potential development along the South Robertson Boulevard corridor, relative to similar corridors in Los Angeles (North Robertson Boulevard), Santa Monica (Main Street) and Palo Alto (University Avenue).

Based on this assessment, it appears that there are many potential improvements that could be made to Beverly Hills’ zoning code, including greater organization and readability. On the other hand, the City of Beverly Hills tends to be no more restrictive in categories such as height limits, minimum parking requirements, and permitted uses.

One regulation which is more restrictive in Beverly Hills is the special setback requirements that apply to South Robertson Boulevard. Combined with the City’s minimum parking requirements, these regulations determine a feasible FAR of less than 1.1 for new development along the corridor even though the maximum allowed FAR is 2. As a result, a typical restaurant and commercial development along South Robertson would be required to set aside more than 40% of the site for parking and setback, thereby limiting the potential profitability of the development. For larger restaurant-related projects, higher parking requirements apply, which lower the feasible FAR to less than 0.7, and mean that more than two-thirds of the site would be set aside for parking and setback.

If a developer is able to assemble multiple parcels (with dining and bar areas kept below 1,000 sf), greater economies of scale could be achieved to boost the ability of developers to make profit on redevelopment projects. By assembling several parcels, developers may also be able to achieve an FAR of 2 by providing subterranean parking. Given the high land values in Beverly Hills and the high cost of subterranean parking, however, parking and setback requirements may affect the viability of potential redevelopment opportunities.

Expansion of the in-lieu program would allow developers to forego this parking requirement. In addition, the City could consider revising its parking requirements as part of its efforts to encourage greater revitalization and redevelopment along these corridors.

RECOMMENDATIONS ON PARKING NEEDS AND RESOURCES

Based on this assessment a number of strategies are recommended for meeting parking needs and maximizing the efficient use of parking resources. These recommendations are listed below:

- Collect and use parking data to shape parking policy
- Create parking partnerships with private parking operators, schools, and abutting cities
- Reduce minimum parking requirements and give credit for more efficient parking arrangements such as automated, tandem or valet parking
- Retain the in-lieu parking program including the lease option, and expand the program to the potential expansion areas
- Allow more flexible use of in-lieu revenues for streetscape improvements, travel demand management (TDM) strategies, wayfinding, and transit enhancement in any of the in-lieu areas
- Improve parking and wayfinding aids to help motorists locate available parking more easily
- Adjust the parking pricing structure to better distribute demand between on-street and off-street, public and private facilities

1 INTRODUCTION

This study seeks to evaluate the performance of Beverly Hills' in-lieu parking program, which is currently in place within the City's "Business Triangle" or Central Business District. The program and its accompanying parking conditions and arrangements will therefore be examined within the district.

In addition, the study will assess the implications for potential expansion of the in-lieu parking program to five commercial corridors within the city. This assessment will consider parking utilization in these corridors, likely costs of providing new parking supply within expansion areas, and other potential parking policies that could be considered. A particular focus will be given to the Robertson Boulevard and potential zoning changes or options for that area.

STUDY AREA

Beverly Hills is one of the premier locations in the world. The city is part of the Westside Cities subregion within Southern California, surrounded by the Westside neighborhoods of Los Angeles, and West Hollywood to the east. The city is home to 34,622 residents and a thriving business district, anchored by the Business Triangle. It attracts visitors, workers, and residents from throughout the region, across the country, and around the world. This activity brings incredible vitality, which adds to the city's attractiveness as a center for tourism, luxury retail, and high-end restaurants. It also presents a great challenge in terms of parking.

Business Triangle

The in-lieu parking program currently operates within the Business Triangle of Beverly Hills, defined as the area bounded by the centerlines of Wilshire Boulevard, Santa Monica Boulevard north roadway, and Crescent Drive.¹ This area represents the Central Business District of Beverly Hills including a mix of offices, luxury retail stores, and high-end restaurants and entertainment destinations. The in-lieu program has been in effect in the area since the 1970s.

Potential Expansion Corridors

Five potential corridors are under consideration for expansion of Beverly Hills' in-lieu program. Expansion Area A includes the three non-contiguous north-south commercial corridors of South Santa Monica Boulevard, South Beverly Drive and Robertson Boulevard. Potential Expansion Area B includes the two east-west corridors of Wilshire Boulevard and Olympic Boulevard. For each corridor, the study area includes commercial parcels along either side of the respective road. In most cases, commercial uses are only one parcel deep. Along the Santa Monica Boulevard corridor, however, commercial uses stretch to Durant Drive between Charleville Boulevard and S.

¹ Beverly Hills Municipal Code §10-3-3301A.

Lasky Drive. Given the land use conditions in the vicinity of South Beverly Drive, that expansion area also includes the built-up commercial areas within two blocks of the road (between Charleville and Wilshire Boulevards).

South Santa Monica Boulevard

The Santa Monica Boulevard study corridor connects to the southwest corner of the Business Triangle at Wilshire Boulevard and extends southwest to the city limit at Moreno Drive.

The corridor has a number of low-rise retail establishments, small offices, medical clinics, restaurants, and a fitness center. Close to the Business Triangle, there are continuous, transparent and engaging building frontages on the north side, and the high-end Peninsula Hotel on the south side of the road. As one travels further to the southwest, however, shop frontages become sparser and less attractive to pedestrians or business activity. There are long stretches of blank ground floor walls, as well as vacant properties, a large parcel under construction, unsightly surface parking lots, and unwrapped structured parking facilities. All of these elements diminish the quality of the streetscape. Despite the presence of street trees and relatively low traffic volumes (as a parallel route to N. Santa Monica Boulevard), the road lacks enclosure due to its excessive width. The six-lane road features two lanes of (2-hour) on-street parking and very wide travel lanes which allow for speeding.

South Beverly Drive

The South Beverly Drive study corridor extends due south from the Business Triangle between Wilshire Boulevard and Olympic Boulevard.

This north-south corridor is a successful commercial district that connects directly to the Business Triangle across Wilshire Boulevard. Near Wilshire Boulevard, the corridor has mostly two-story buildings with ground floor retail and high-end restaurants. There are also a number of mid-rise office buildings and structured parking garages along the roadway. The road has four travel lanes plus angle parking on both sides of the road. On-street parking has a one-hour time limit between 8 a.m. and 6 p.m. Despite the wide traffic rights-of-way, the corridor is relatively walkable, with corner bulb-outs reducing pedestrian crossing distances at intersections and angled parking providing a buffer between pedestrians and traffic. Closest to Olympic Boulevard, the corridor's urban design attributes break down, with blank walls and a large parking facility.

Robertson Boulevard

The Robertson Boulevard study corridor extends due south from Wilshire Boulevard and runs along the city's border between Gregory Way and Olympic Boulevard.

This corridor features predominantly single-story retail uses, with a small number of two and three story office buildings. Many land uses can be characterized as older, low-end retail activities including hair and nail salons, auto repair facilities, cafés, restaurants, and several vacant properties. There is also a screened educational institution (a public school) and a number of medical clinics. The road has four to six lanes, with two-hour meter parking (between 8 a.m. and 6 p.m.) on both sides. New investment along the corridor appears to have been patchy, with buildings and landscaping in different states of disrepair.

Wilshire Boulevard

The Wilshire Boulevard study corridor extends east of the Business Triangle to the city limit at N. San Vicente Boulevard.

This corridor serves as an extension of Beverly Hills' Central Business District, with mid-rise office buildings interspersed between older uses such as medical clinics, banks, low-rise offices, food sales, small scale retail, auto sales and repairs, and older entertainment uses such as theaters. The road has seven travel lanes during peak hours (7 a.m. – 10 a.m. and 3 p.m. – 7 p.m.), with the outside lanes available for on-street parking at other times. High traffic volumes, wide street widths, and a lack of human scale design, ground floor activity, transparency, or visual interest give the corridor the character of an automobile thoroughfare, rather than an economically vibrant destination. Several office, auto sales, and entertainment spaces along the corridor are currently vacant.

Olympic Boulevard

The Olympic Boulevard study corridor connects to the southern end of Robertson Boulevard and extends west to S. Rexford Drive.

Olympic Boulevard is a major east-west arterial road connecting Santa Monica to East Los Angeles through Beverly Hills. The commercial corridor between Robertson and Rexford Drive includes a mix of small scale retail, low-rise offices, medical clinics, private schools, auto sales and repairs, restaurants, gas stations, and car rental services. Most buildings are one to two stories high, with limited ground-floor activity and a lack of human scale design. There are also conventional strip mall developments at several intersections. Several parcels along the corridor are currently vacant or even boarded up. The road has seven travel lanes during peak hours, with a center turning lane and 2-hour metered on-street parking in the middle of the day (10 a.m. – 3 p.m.).

PARKING PROGRAM OVERVIEW

In order to address the challenge of parking, Beverly Hills has adopted a three-pronged strategy of Park-Once-and-Walk, minimum parking requirements, and an in-lieu parking program.

Park-Once-and-Walk

Under the Park-Once-and-Walk strategy, visitors leave their cars at one end of the downtown and access multiple destinations along pedestrian corridors, instead of driving between each site as happens in some other cities. This approach reduces traffic congestion associated with cruising for parking access, and adds foot traffic and economic vitality to the downtown.

On the other hand, it hinges on the assumption that most people will reach the area by car and therefore need somewhere to park. To help fulfill the high demand for parking, the City operates 19 public parking structures, 15 of which are located within the busy Business Triangle district. Most of these facilities are owned by the City of Beverly Hills' Parking Authority. These structures have various pricing regimes including first hour free, first two hours free, meters, and pay-as-you-go. Monthly parking rates are also available for several parking facilities, with monthly rates ranging from \$75 to \$200. All facilities also have below-market transient rates, which means that hourly parking is charged below that of private facilities.

Minimum Parking Requirements

In addition to the city's public parking, the City's zoning code has minimum parking requirements for new developments or uses within the city. These requirements aim to ensure that land use changes have adequate off-street parking for use by occupants, customers, clientele, and employees. Different uses have different parking requirements. There is no requirement for pricing of parking, and in some cases, the Municipal Code specifies that parking must be free (see §10-3-2730.3C on auctions and §10-3-2730B on free validated valet parking for medical office buildings). Given the high cost of land and build-out conditions in Beverly Hills, this policy has been perceived as a deterrent to businesspeople who wish to undertake new developments or establish new uses within the city because of the high cost of building new parking spaces.²

In-Lieu Parking Program

In the 1970s, the City Council augmented its parking program with an in-lieu parking program in the City's Business Triangle to offer developers, or those who seek to change certain building uses, the option of paying a fee in lieu of building the required parking on-site. Revenue gained from the program is to be used to fund future public parking. The city therefore achieves a more vibrant and sustainable business environment, while developers experience fewer obstacles to entering the market. In return for paying the in-lieu fee, developers receive permission to build or change uses, but they do not receive the actual physical asset of parking spaces. To meet their parking needs, they may arrange for parking in other facilities including leasing spaces from the City's existing parking supply.

The in-lieu parking program was initially implemented in 1976, and subsequently updated a number of times including in 2013, when a pilot leasing option was introduced which allowed food sales and service commercial users to pay an annual "lease" rather than "buying out" permission to not build parking spaces under the usual in-lieu program. This pilot program was initiated at the request of an applicant seeking to open a new restaurant and jazz club, and the opportunity to seek this option is due to expire in October 2014. A detailed history of the City's in-lieu parking program can be found in Chapter 3 of this report.

The in-lieu program is currently implemented within the Business Triangle district of Beverly Hills. As recommended in the General Plan, the program is now under consideration for wider implementation along several commercial corridors outside of the Business Triangle.³ The present study will evaluate the in-lieu parking program with a view to informing future parking investment and parking management policies within both the Business Triangle and potential program Expansion Areas.

² See Beverly Hills Ordinance 76-O-1608, effective June 17, 1976; as well as Lopez, Matt. "Beverly Hills In-Lieu Pilot Parking Program Approved." *Beverly Hills Courier*, August 23, 2013.

³ City of Beverly Hills, General Plan Policy Cir 4.10 calls for the city to investigate potential "extension of the In-Lieu Fee Program to commercial districts throughout the City".

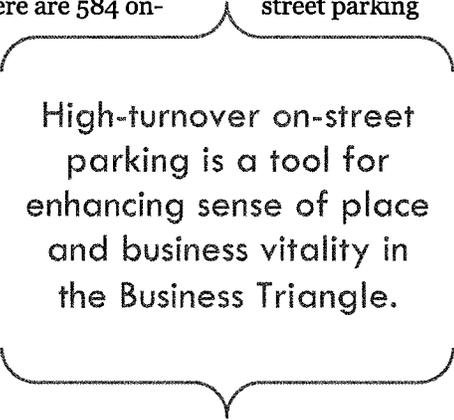
2 EXISTING PARKING CONDITIONS IN THE BUSINESS TRIANGLE

The Business Triangle has a relatively large supply of various forms of parking including on-street parking, off-street public parking structures, and off-street private parking facilities.

ON-STREET PARKING

On-Street Parking Supply in the Business Triangle

Beverly Hills' on-street parking represents the most convenient source of parking for the large number of retail customers and visitors to the area. There are 584 on-street parking spaces within the Business Triangle.⁴ This on-street parking provides direct access to shops, creates a buffer between pedestrians and vehicle traffic, and narrows the street rights-of-way for through vehicles, which in turn, reduces vehicle speeds and creates a more pedestrian-friendly environment. In this way, high-turnover on-street parking is a tool for enhancing the sense of place and business vitality in the Business Triangle. The location of on-street parking is shown in Figure 1.



High-turnover on-street parking is a tool for enhancing sense of place and business vitality in the Business Triangle.

⁴ Kimley-Horn and Associates, On-Street Parking Analysis, 2011; City of Beverly Hills, GIS Data 2014.

Figure 1: On-Street Parking within the Business Triangle



The City has implemented a rather innovative approach to its on-street metering technology by using regular single-space parking meters that have been retro-fitted with small solar panels to support coin and credit card payment.⁵ These flexible payment options further enhance the convenience of the City's on-street parking supply, which contribute to making Beverly Hills a great place to visit.

The City's on-street parking spaces are charged at a rate of \$2 per hour between the hours of 8 a.m. and 9 p.m. While this rate is higher than that of the City's parking garages, which are free for the first two hours, it is still substantially lower than the price charged in nearby private parking garages—between \$5 and \$15 per hour. If the City wishes to adopt a more consistent approach to its total parking supply, this pricing structure should be reviewed periodically and incrementally adjusted in conjunction with changes to parking fees at public and shared parking garages. Generally, on-street parking should cost more than off-street parking but may vary by location according to average demand. Off-street public parking should be charged at a rate that is relatively consistent with market prices at private facilities.

For on-street parking spaces within the Business Triangle, time limits have been set at one hour between 8 a.m. and 6 p.m., and three hours between 6 p.m. and 9 p.m.⁶ This strategy aims to generate parking turnover through government regulation. A more market-based approach would employ dynamic pricing, where parking turnover is generated by meter prices that are set

⁵ <http://www.parkingtoday.com/article/details.php?id=856>.

⁶ Communications with Chad Lynn, 14 March 2014.

according to parking demand at specific times and locations. Examples of dynamic pricing are discussed further in Chapter 7.

The exception to both time limits and parking pricing is placard vehicles. In California, all vehicles with a valid Disabled Person (DP) or Disabled Veteran (DV) placard or license plate are entitled to free, time-unlimited parking in any time-limited curb zone, metered parking space, or blue curb zone. The initial rationale behind this policy was that people with disabilities may have difficulty in handling coins, turning a dialing and getting up and down unramped curbs.⁷ Subsequent advocates for the policy also highlighted equity arguments for the policy, since those with disabilities are overrepresented among the poor. Parking researchers have found that this state policy is detrimental to local efforts to manage parking (since it reduces on-street parking turnover), ineffective at reducing inequality, and conducive to placard fraud, which undermines accommodations for those with disabilities.⁸ Given the changes that have occurred in parking meter technology and ADA standards over the past several decades, the rationale for the policy is no longer valid.

In the absence of appropriately coded duration survey data, it is unclear how much Beverly Hills' on-street parking supply is affected by both legitimate and fraudulent use of placards as well as scofflaw parking, but research in Los Angeles suggests that placard parking and other non-



Photo credit: Jan Chiochase. 2009

payment may constitute a significant portion of on-street parking usage by time.⁹ Information on the presence of placards or other non-payment would be beneficial in understanding the nature and scale of placard parking within Beverly Hills and should be included as a standard element of future parking duration studies in the City.

On-Street Parking Utilization in the Business Triangle

According to parking utilization data, peak parking occupancy for on-street parking in the Business Triangle is 76%. This data represents 1 p.m. Thursday parking utilization rates as estimated by a parking occupancy survey, which was taken over two days in October 2012 and calibrated using transactional data from the City's IPS meters. Transactional data for metered

⁷ Williams, Jonathan Andrew. Master's Thesis: Meter Payment Exemption for Disabled Placard Holders as a Barrier to Managing Curb Parking. University of California, Los Angeles, 2010.

⁸ Manville, Michael and Jonathan Williams. "Parking without Paying" Access No. 42, Spring 2013.

⁹ Manville, Michael and Jonathan Williams. "Parking without Paying" Access No. 42, Spring 2013.

In-Lieu Parking Study | Final Report
City of Beverly Hills

parking in Beverly Hills may underestimate actual occupancy due to the presence of placard parking and meter violations, therefore it is possible that true occupancies were slightly higher than calculated. Nevertheless, the data probably provides an adequate understanding of parking at the peak time of day, day of the week, and season of the year.

Peak parking occupancy of 76% (446 out of 584 spaces) suggests that there is only a limited amount of additional capacity in Beverly Hills' on-street parking, and therefore parking meter rates may be close to optimal under present conditions. If free parking is eliminated in public parking garages, a higher or dynamically-set meter parking fee may be required in order to maintain on-street utilization rates of around 85%.¹⁰

On the other hand, the distribution of this parking was quite uneven across the Business Triangle during the observation periods. As seen in Figure 2, some street segments—particularly those in the western portion of the Business Triangle—were operating between 96 and 100% of capacity. Other street segments within the vicinity, however, displayed much lower occupancy rates of less than 50%. In the case of Rodeo Drive, this unevenness can be seen on either side of the same street, yet surveyors could not identify any justification (such as street sweeping or filming) for this large difference.¹¹

Figure 2: On-Street Parking Utilization within the Business Triangle



¹⁰ 85% is the target peak parking occupancy rate for parking best practice case studies including the City of San Francisco and the University of California, Davis. At this rate, the site maintains a small amount of parking availability, while maximizing the efficiency of its use of parking resources.

¹¹ Communications with Brett Wood of Kimley-Horn, March 13, 2014.

In the absence of an alternative explanation, this unevenness in on-street parking occupancy suggests that there may be opportunity to employ some mix of dynamic or tiered pricing, wayfinding, and realtime parking aids to guide visitors through the area and better distribute parking demand in order to maintain an appropriate parking occupancy of one free space per street block, which is equivalent to about 85% occupancy.

OFF-STREET PUBLIC PARKING

Off-Street Public Parking Supply in the Business Triangle

Beverly Hills has twenty (20) public parking garages that provide 6,451 off-street parking spaces in different locations throughout the City. As shown in Figure 3, fifteen of these parking garages, accommodating 4,747 spaces, are located within the Business Triangle.¹² There are another 1,385 parking off-street city-owned parking spaces within walking distance of the Business Triangle, including the City's parking garage on Civic Center Drive, and sizable facilities on Rexford Drive, S. Beverly Drive, and W. Third Street.

Within the Business Triangle there are two basic types of off-street public parking: gated parking garages representing ten (10) facilities with 4,350 parking spaces, and metered parking lots representing five (5) facilities with 397 spaces. The location of City operated public on-street and off-street parking within the Business Triangle is shown below. Metered parking lots are located along Santa Monica Boulevard.

¹² City of Beverly Hills, Off-Street City Parking Information, February 2014.

In-Lieu Parking Study | Final Report
City of Beverly Hills

Figure 3: Public Off-Street Parking Locations within the Business Triangle



As shown in the table below, all City-operated gated parking facilities in the Business Triangle provide free parking for the first hour or two. This fee structure means that most of the City’s public parking supply within the Business Triangle is essentially free parking for most patrons. This usage is confirmed by statistics on parking gate entries, which is discussed in the next section.

Figure 4: Public Off-Street Parking Capacity and Pricing in Beverly Hills

Location	Spaces	Hourly fee	Free parking	Quantity Discounts				Hours (M-F)
				Early bird flat fee	Evening flat fee	Daily max	Monthly rate	
345 N Beverly Drive	287	\$6	2 hours	-	\$5	\$22	-	7am–12am
9510 Brighton Way	249	\$6	2 hours	-	\$5	\$22	\$155	8am–9pm
440 N Camden Drive	364	\$6	1 hour	\$7	\$5	\$22	\$145	6am–11pm
450 N Rexford Drive	530	\$2	2 hours	-	\$0	\$16	\$105	24 hrs
438 N Beverly Drive – 439 N Canon Drive	408	\$6	2 hours		\$5	\$22	\$200	6am–1am
241 N Canon Drive – 242 N Beverly Drive	641	\$6	2 hours	\$7	\$5	\$22	\$125	24 hrs

In-Lieu Parking Study | Final Report
City of Beverly Hills

Location	Spaces	Hourly fee	Free parking	Quantity Discounts				Hours (M-F)
				Early bird flat fee	Evening flat fee	Daily max	Monthly rate	
461 N Bedford Drive	471	\$6	2 hours	n/a	\$5	\$22	\$155	6am-10pm 6-12am Th/F
333 N Crescent Drive	515	\$6	1 hour	\$5	\$2	\$10	\$95	7:30am-10pm
221 N Crescent Drive	713	\$6	1 hour	\$5	\$2	\$10	\$95	6am-12am
9361 Dayton Way	221	\$6	1 hour	-	\$2	\$16	\$95	6am-10pm
SM-1 485 N Beverly Dr	72	\$2	-	-	-	3-hr limit	-	8am-6pm
SM-2 485 N Rodeo Dr	69	\$2	-	-	-	3-hr limit	-	8am-6pm
SM-3 485 N Camden Dr	72	\$2	-	-	-	3-hr limit	\$125	8am-6pm
SM-4 485 N Bedford Dr	71	\$2	-	-	-	3-hr limit	\$125	8am-6pm
SM-5 485 N Roxbury Dr	113	\$2	-	-	-	3-hr limit	\$125	8am-6pm
450 N Crescent Dr	481	\$6	-	-	\$5	\$22	\$105	7am-11pm
Outside of the Business Triangle								
216 S Beverly Drive	233	\$6	2 hours	-	\$5	\$22	-	6am-12am
9333 W Third Street	510	\$4	-	n/a	\$5	\$10	\$135	24 hrs
321 S La Cienega Blvd	319	\$2	2 hours	-	\$0	\$10	\$85	6am-11pm
Civic Center Dr (employees only)	112	-	-	-	-	-	\$1	

Source: City of Beverly Hills, Off-Street Parking Information, February 2014

The provision of free public parking within the Business Triangle introduces a number of challenges in terms of parking management.

Firstly, any commodity that is provided free of charge will be over-consumed by customers, thereby resulting in an apparent scarcity of the good. While free 1- and 2-hour public parking may be desirable for encouraging parking turnover, it also encourages overconsumption of City parking facilities by those who might otherwise use alternative modes or park in private facilities. This underpricing and shifting of demand from private to public facilities undermines the economic viability of private parking operators, who have to compete with City-subsidized free parking for customers. As the use of realtime parking aids becomes more prevalent, private sector players are likely to be increasingly disadvantaged within Beverly Hills' parking market. As discussed in the following sections, private parking garages already experience significantly lower patronage than public garages. Given these effects, the City may wish to consider alternative ways of achieving the goals of generating parking turnover and preventing parking spillovers without distorting the market through free parking.

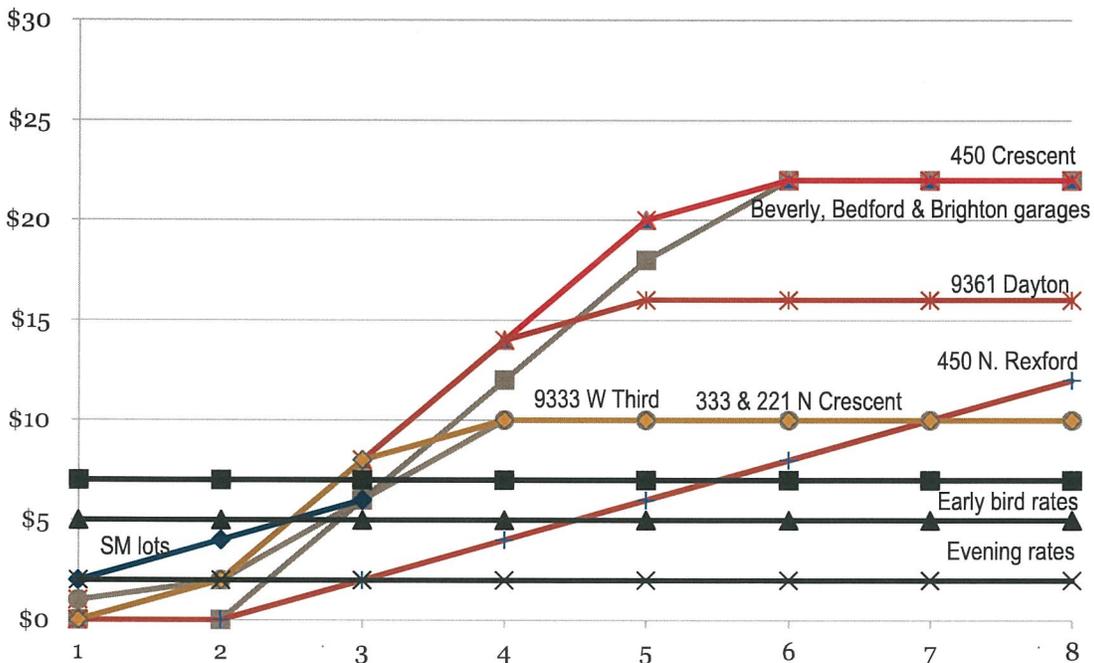
Secondly, the provision of 1- or 2-hour free parking encourages serial reparking—where visitors and employees shuffle or move their cars every hour or two in order to avoid paying parking fees. This reparking activity increases traffic congestion and reduces garage efficiency. Increased traffic congestion, in turn, increases pedestrian exposure and reduces quality of life within the district. It also undermines the City’s policy of Park-Once-and-Walk by encouraging visitors to move their cars rather than walk between nearby destinations within the Business Triangle.

Finally, the City’s free parking policy makes it difficult to plan for future parking supplies, since there is no way of calculating the actual demand for a commodity when the usage data is based on a situation where it is given away for free.

Beyond the period of free parking, parking in the City’s gated facilities is charged at a rate of \$6 per hour up to a daily maximum of between \$10 and \$22. In addition to daily maximums, the public garages also provide other quantity discounts in the form of flat rate early bird parking fees, flat rate evening fees, and monthly parking rates. The variety of fee structures at the City’s public garages are represented in Figure 5 below. As the parking fee increases from zero over the length of a parker’s stay, there is greater incentive to relocate one’s car in order to continue to get free parking.

1- or 2-hour free parking encourages serial reparking... [which] increases traffic congestion, reduces garage efficiency, damages economic vitality, and impinges on pedestrian safety in the district.

Figure 5: Parking Rates by Duration of Stay at Public Parking Facilities in Beverly Hills



Source: City of Beverly Hills, Nelson\Nygaard, February 2014

The flat, non-zero portions of this figure show flat rate quantity discounts such as daily maximums and early bird rates that are available at public parking facilities. These quantity discounts have been adopted with the goal of reducing parking spillovers to adjacent neighborhoods by making City garages more attractive.¹³ Like free parking, however, the use of quantity discounts encourages over-consumption of parking resources. In this case, those who are encouraged to over-consume parking through early bird and monthly rates are the people who would be most likely to respond to commuter subsidies and sustainable transportation improvements—employees and long-term visitors to the area. For this reason, the City may wish to reconsider policies of early bird and monthly parking rates along with alternative strategies (such as residential permit parking) aimed at reducing parking spillovers to residential areas. Evening rates may be justified on the basis of encouraging higher rates of usage during off-peak times.

In the City's off-street metered lots, parking is charged at the rate of \$2 per hour, with a three hour maximum time limit. As discussed in relation to 1- and 2-hour free parking, the use of time limits at these lots tends to encourage serial reparking and therefore undermines Park-Once-and-Walk. Best practice parking management relies on dynamic pricing rates to generate optimal parking turnover, with no time limits.

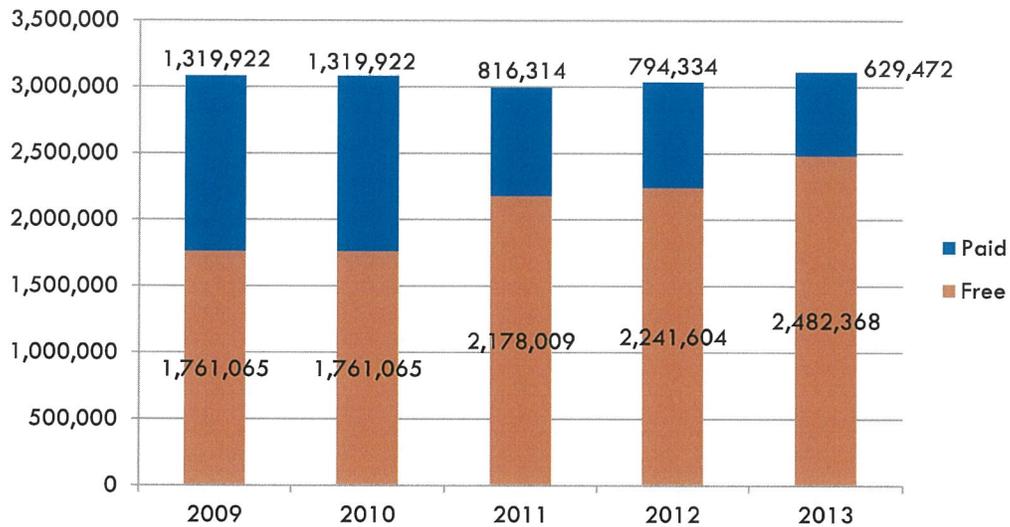
Off-Street Public Parking Utilization in the Business Triangle

According to parking utilization data from 2012 to 2014, peak parking occupancy for off-street public parking in the Business Triangle is 87% (4,113 out of 4,747 spaces). This data represents 1 p.m. parking utilization rates taken over several months. Other than the metered parking, which may be slightly underestimated (as discussed above), the ticket data from public parking garages would provide a more accurate view of utilization for the peak time of day, day of the week and season of the year though it does not provide information on usage patterns such as exiting the garage to repark.

Based on a rate of 87%, the City's parking garages are operating at close to optimal levels. However, as shown in Figure 6 this capacity is unevenly distributed—with one garage near Rodeo Drive and a couple of the metered lots close to 100% full during the peak while many other facilities are operating at only 0-50% capacity during the peak. Occupancy rates in the Business Triangle monthly parkers and vehicle storage, which could potentially be reassigned by the City.

¹³ Correspondence with Timothea Tway, 4 April 2014.

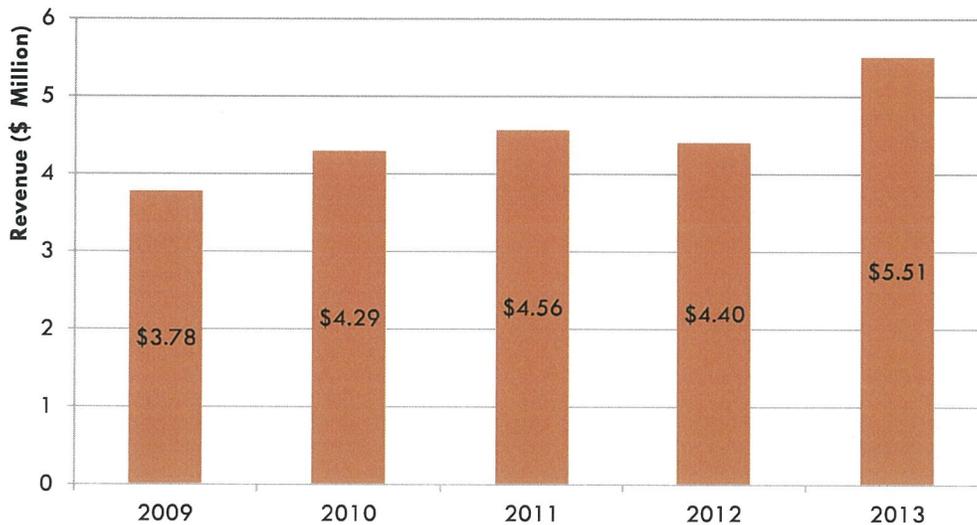
Figure 7: Off-Street Public Parking Utilization in Beverly Hills



Source: City of Beverly Hills, Nelson\Nygaard, February 2014

In 2013, the City generated \$5.51 million from paid parking in its off-street parking garages. A shift to hourly rates would result in lower utilization for public garages, but higher revenue collection per entry. This shift would enable private garages to better compete within the city, and would provide a more consistent message to customers in relation to parking once and walking.

Figure 8: Revenue from Off-Street Public Parking



Source: City of Beverly Hills, Nelson\Nygaard, February 2014

OFF-STREET PRIVATE PARKING

Off-Street Private Parking Supply in the Business Triangle

In addition to on-street parking and public garages, the Business Triangle has 39 private parking facilities that have been identified through a parking inventory effort thus far. This includes facilities that are open to the public, in addition to small surface lots that are associated with private businesses. These facilities provide 6,186 parking spaces for customers, employees and visitors to the district, bringing the total public and private parking space count to 11,517.¹⁴ The private parking inventory is in progress and may underestimate the actual number of private parking spaces within the study area.

A number of additional parking facilities can be found within walking distance of the Business Triangle—particularly on the southern side of Wilshire Boulevard. While these facilities may not provide optimal access to land uses within the district, they may provide back-up capacity during times of extra high demand such as special events.

Figure 9: Private Off-Street Parking Locations within the Business Triangle



The pricing structure for privately held garages differs dramatically from that of public garages in the Business Triangle. This difference is illustrated in Figures 10 and 11, which may be compared with public parking pricing in Figures 4 and 5.

¹⁴ City of Beverly Hills, GIS Data, February 2014.

In-Lieu Parking Study | Final Report
City of Beverly Hills

Figure 10: Private Off-Street Parking Pricing in the Business Triangle

Location	Operator	Hourly fee	Free parking	Quantity Discounts				Hours (M-F)
				Early bird flat fee	Evening flat fee	Daily max	Monthly rate	
9777 Wilshire Blvd	Valet Parking Service	\$8	-			\$20	\$165	7am-6pm
9725-9735 Wilshire Blvd	Imperial Parking Industries	\$7	-			\$15.75	\$140	6am-6:30pm
Medical Center, 465 N Roxbury Dr	Unified Valet Parking	\$9	-	\$9		\$18		8am-6pm
441 N Roxbury Dr	ABM	\$9	-			\$18	\$145	6:30am-7pm
435 N Roxbury Dr	Modern Parking	\$8	-			\$16.50		7:30am-6pm
9701 Wilshire Blvd	Standard Parking	\$7	-			\$15.75		7am-7pm
The Roxbury, 450 N Roxbury Dr	Standard Parking	\$8.60	-			\$17.50		6am-8:30pm
415 N Bedford Dr	Modern Parking	\$8.60	-			\$16.50	\$160	7am-7:30pm
9665 Wilshire Blvd	LAZ Parking	\$15	-		\$7	\$30		7am-4pm
436 N Bedford Dr	Modern Parking	\$8.60	-			\$16.50		6:30am-6:30pm
410 N Bedford Dr	Hodes Parking	\$9.00	-	\$8		\$13.50	\$150	8am-6pm
9601 Wilshire Blvd	ABM	\$9.40	-			\$18.80		5am-11:30pm
433 N Camden Dr	Central Auto Parks	\$6	-			\$14		6am-7pm
9595 Wilshire Blvd	Standard Parking	\$8	-		\$8	\$18		8am-6pm
Camden Medical Arts, 414 N Camden Dr	ABM	\$8.40	-			\$18.90	\$174	7am-7pm
468 N Camden Dr	Modern Parking	\$6	-	\$7		\$16		8am-5:30pm
417 N Rodeo	Hodes Parking	\$11	-			\$24		7am-6pm
436 N Rodeo Dr	ABM	\$7	-			\$15	\$125	6:30am-6:30pm
The Rodeo Collection, 421 N Rodeo Dr	Hodes Parking	\$11	-			\$24		7am-6pm
Kenquest Properties, 499 N Canon Dr	Hodes Parking	\$8	-	\$7		\$12	\$150	8am-6pm
Wilshire Beverly Center, 9465 Wilshire Blvd	ABM	\$9	-			\$20.25		7am-9pm
Rodeo Drive Public Parking, 9471 Dayton Way	Hodes Parking	\$11	-		\$5	\$15		24 hours
9475 Brighton Way	Allied Parking Services	\$5	-			\$15		11am-6pm
9355 S Santa Monica Blvd	-	\$6	\$2/2h	\$6	\$5	\$22		24 hours?
Two Rodeo Parking, 9480 Dayton Way	ABM	\$10	2 hrs	\$7	\$7	\$15		7am-12am
421 N Beverly Dr	Towne Park	\$9	-			\$22.50	\$150	7:30am-8pm
9440 Santa Monica Blvd	ABM	\$9	-			\$18		7am-6:30pm
Village On Canon Parking, 301 N Canon Dr	ABM	\$8.20	-		\$4	\$16.40	\$173	7am-12am

In-Lieu Parking Study | Final Report
City of Beverly Hills

Location	Operator	Hourly fee	Free parking	Quantity Discounts				Hours (M-F)
				Early bird flat fee	Evening flat fee	Daily max	Monthly rate	
Beverly-Canon Gardens Parking, 235 N Canon Dr	-	\$6.00	2 hrs	\$7	\$5	\$22.00		24 hours
253 N Canon Dr	-	\$3.00				\$13.50	\$110	8am-5pm
270 N Canon Dr	Valet Parking Service	\$6	-			\$12		9am-5pm
300 N Canon Dr	Ace Parking	\$7	validn		\$5	\$14		9am-12am
9359 Brighton Way	Express Valet Parking	\$6	\$8/2h			\$15		
MGM Place Parking, 9472 Dayton Way	ABM	\$9	1 hour		\$2	\$20.25		7am-12am
Sunrise Assisted Living, 201 N Crescent Dr	Hodes Parking	\$6	-			\$6		8:30am-4pm
Le Grand Passage, 345 N Crescent Dr	Valet Parking Service	\$2.50		\$5		\$7.50		7am-10pm
Platinum Equity & Paradigm, 373 N Crescent Dr	Express Valet Parking	\$8	-	\$5		\$8	\$120	7am-11pm
Beverly Hills North Buidg, 415 N Crescent Dr	Standard Parking	\$7	-			\$14		8am-6pm
9355 Wilshire Blvd	-	\$6	1h w validn			\$15		24 hours

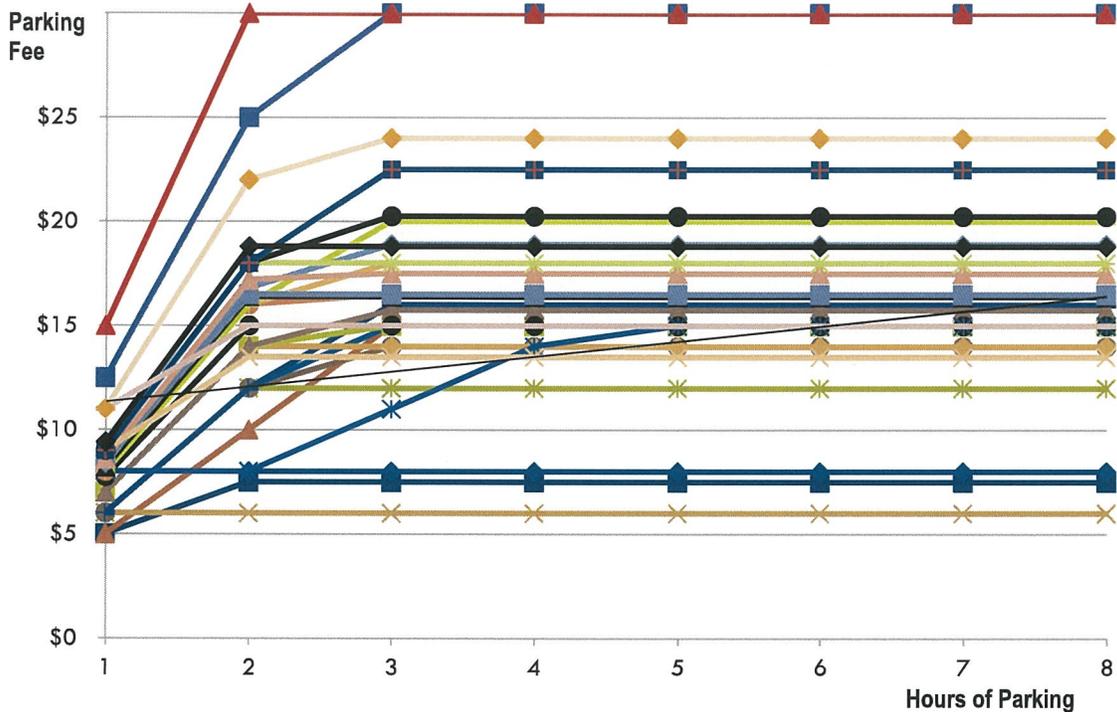
Source: ParkMe Parking Information, March 2014

In contrast to the public garages which offer free parking for the first hour or two, only three of the 39 privately-held facilities offer free 1- or 2-hour parking. Typical hourly rates at privately held garages are also significantly higher than that of private facilities, ranging from \$6 per hour—the maximum hourly rate for public garages—to \$15 per hour.

This difference in parking rates gives a competitive advantage to City-owned lots, particularly for those who intend to park for short durations or are willing to repark their car every couple of hours. In order to compete with public garages offering free first hour parking, most privately held lots therefore offer more attractive daily rates of between about \$14 on the low end to about \$22 on the higher end (with a number of facilities falling outside of that range). This strategy targets those who stay in the district for longer durations, but do not visit frequently enough to invest in the cheaper monthly parking that is offered by the City-owned facilities. The difference in pricing strategies results in different utilization of private and public parking facilities. Private facilities typically reach daily maximum occupancy (which is lower than capacity) within two to three hours, whereas City lots take as long as five to six hours to reach their daily maximum occupancy.

In order to compete with public garages offering free first hour parking, most privately held lots... offer more attractive daily rates.

Figure 11: Parking Rates by Duration of Stay at Private Parking Facilities in the Business Triangle



The price difference between public and private players in Beverly Hills’ parking market skews both parking demand and economic performance of private actors in the market. This results in underutilization of private facilities while City lots are closer to capacity. As realtime parking aids and parking-related navigation devices become more prevalent, the City’s competitive advantage may put stress on public garages while other parking resources remain underutilized.

Off-Street Private Parking Utilization in the Business Triangle

As suggested by pricing differentials, there is a large amount of underutilized capacity in privately held parking facilities. During peak observation periods, most of the city’s privately-held facilities (that were accessible to surveyors) had parking occupancies of 50-75%. Those within the western portion of the Business Triangle were more likely to have slightly higher occupancies than those in the east. Private parking facilities to the south of Wilshire Boulevard are generally underutilized, with peak occupancies of less than 75%.

The relatively low occupancy rates at private parking facilities suggests that there is potential to more efficiently use the city’s parking resources through strategies such as shared parking.

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City of Beverly Hills

Figure 12: Private Off-Street Peak Parking Utilization in the Business Triangle



3 EXISTING IN-LIEU PROGRAM PERFORMANCE

POLICY FRAMEWORK

Parking is a major concern within Beverly Hills. And yet, the provision of an ample supply of low-cost parking is a means to an end, and not an end in itself. The more fundamental ends of business vitality, residential quality of life, and efficient circulation are outlined in key policy documents such as the City's General Plan.

General Plan

The Beverly Hills General Plan establishes a community vision of the types of values, procedures, and physical elements on which future growth and development will be based. The General Plan outlines key community goals within Beverly Hills, including the following goals that are relevant to this study:

- Encouraging symbiosis between a vibrant business community and the residential quality of life
- Attracting new businesses in existing industries and new industries
- Locating and designing buildings to energize and enliven pedestrian activity, especially in the business triangle and the commercial corridors
- Using the scale of development to foster a sense of place and identity rather than a sense of anonymity
- Moving vehicles into, out of, or through Beverly Hills as expeditiously as possible
- Limiting negative effects caused by vehicles (Beverly Hills, 2010, pp. 20, 66, 103)

As described in the General Plan, parking contributes to these goals in several ways. It helps employees and clientele to access businesses within the city, and it helps reduce cruising congestion on the streets. On the other hand, the cost of building parking can impede new private investment and regeneration of the city.

The Beverly Hills General Plan outlines several policies which hold the potential to mitigate the conflict between creating districts that offer a highly attractive walking environment while simultaneously providing sufficient parking.

- Policy ES 3.3 encourages strong public transportation links throughout commercial corridors that connect to the Business Triangle.
- CIR 4.9 supports measures that work to reduce parking demand and the space required for parking.

- CIR 4.1 proposes implementation of Transportation Demand Measures to reduce the need to expand parking facilities in light of future developments and further growth.
- CIR 4.7 aims to manage parking costs in order to discourage single occupant vehicle trips.
- LU 11.6 seeks to expand parking supply in underserved commercial districts.
- LU 11.7 requires commercial and office districts to be linked to parking areas and garages.

The above policies in the Beverly Hills General Plan confirm that the city recognizes the need to manage parking demand and encourage sustainable travel patterns, particularly to and from the Business Triangle. At the same time, the community desires more parking capacity or parking options for underserved commercial corridors outside of the Business Triangle.

Municipal Code Parking Requirements

In addition to providing public on-street and off-street parking, the City requires applicants for the development of new structures and those seeking to establish new uses for existing structures to provide a supply of off-street parking spaces “to accommodate the motor vehicles used by the occupants, customers, clientele, and employees of such structure[s] or use[s]” (Municipal Code §10-3-2730).

Parking Minimums

The City’s minimum parking requirements are articulated in the City’s Zoning Code (Municipal Code §10-3-2730), which specifies development standards and regulations for specific categories of land uses and activities.

The City requires many commercial uses such as offices and retail use to provide one off-street parking space per 350 square feet of development—equivalent to 2.9 parking spaces per 1,000 square feet of development.

A number of land uses have higher parking standards as specified under the zoning code and displayed in Figure 13. For example, public assembly areas are required to provide one space per 28 square feet (36 spaces per 1000 sf); eating and bar facilities larger than 1,000 square feet in floor area are required to provide one space per 45 square feet of floor area (22 spaces per 1,000 sf); and exercise clubs are required to provide one space per 100 square feet (10 spaces per 1,000 sf).

In some cases, lower rates of parking provision are required. For example, medical offices and laboratories are required to provide one space per 20 square feet of floor area; and outdoor dining on public rights-of-way do not require any additional parking. Additionally, the Planning Commission may waive parking requirements for outdoor dining on private property.

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City of Beverly Hills

Figure 13: Beverly Hills' Off-Street Parking Requirements for Selected Uses

Land Use	Off-Street Parking Spaces Required	Spaces/1000 sf
Commercial uses not otherwise specified	1 space per 350 sf floor area	2.9
Public assembly areas without seats	1 space per 28 square feet	36
Theater, auditorium, public assembly (includes secondary schools)	1 space per 4 seats	
Eating and bar facilities	Total dining and bar area of 1,000 sf or more: First 9,000 sf: 1 space per 45 square feet Beyond 9,000 sf: 1 space per 65 square fee	22 15
	Total dining and bar area of less than 1,000 sf: 1 space per 350 sf floor area	2.9
	Outdoor dining on public right-of-way: no additional parking required ¹⁵	0
Exercise club	1 space per 100 sf floor area	10
Hotel	1 space per rentable room/unit	
Elementary schools and childcare (excluding family daycare homes)	1 space per classroom	
Medical office	1 space per 200 sf floor area ¹⁶	5.0
Medical laboratory	1 space per 200 sf floor area ¹⁷	5.0
Manufacturing	1 space per 500 sf floor area	2.0
Warehouse	1 space per 1500 sf floor area	0.7
Uses not mentioned	Greater of the number of spaces required for a "similar" use or 1 space per 500 sf floor area	2.0

Source: Beverly Hills Municipal Code, 2014

¹⁵ The Planning Commission may also waive the parking requirement for outdoor dining on private property.

¹⁶ Medical office buildings constructed before December 6, 1989, that received building permits before December 16, 2005, to restripe parking areas to increase the number of parking spaces and permit additional medical floor area in the building, shall maintain on site free validated valet parking for all medical patrons and maintain posted signage in the parking garage and all medical offices indicating the availability of free validated valet parking for patrons as required by the zoning code at the time such projects were permitted. Any building area converted to medical use on or after December 16, 2005, which relies on a valid restripe permit shall also comply with these requirements

¹⁷ This provision is rarely used, however, buildings constructed after July 1999 may provide parking for medical laboratory uses at less than 1 space per 200 square feet of floor area upon the granting of a minor accommodation and provided the parking ratio is at least 1 space per 350 square feet. Buildings constructed before July 1999, with an existing parking ratio that satisfies the city's 1961 parking requirements, may satisfy the 1 space per 200 square feet requirement for new medical laboratory use by any combination of tandem and compact spaces, and restriping provided a parking attendant is present whenever access to the site is permitted. Any building constructed before July 1999, with an existing parking ratio that satisfies the city's 1961 parking requirements, but less than 1 space per 200 square feet may convert commercial space to medical laboratory space upon the granting of a minor accommodation.

Parking in Mixed Use or Joint Use Areas

For mixed-use projects, “the total requirements for off-street parking shall be the sum of the requirements for the various uses” (Municipal Code §10-2730D). The City’s additive approach to mixed use development parking requirements means that in planning for off-street parking supply, developers are not able to take advantage of the potential parking and transportation advantages associated with mixed-use environments. For example, mixed use commercial environments tend to result in lower parking demand due to the time-of-day differences in parking demand (between, say, offices and restaurants), as well as the increased likelihood that patrons of one use will walk or at combine trips (trip chain) within the area.

This characteristic is partially addressed in the joint use clause of the parking code. Under this clause, the Planning Commission may authorize the shared or joint use of off-street parking facilities. Up to fifty percent (50%) of the parking facilities of a use considered to be primarily a daytime use may be used to satisfy the parking facilities required by this article for a use considered to be primarily a nighttime use. The Planning Commission may also grant reduced parking in certain circumstances. While these accommodations address time-of-day differences in parking demand they do not systematically reflect the trip reduction effects associated with mixed use development.

The City’s additive approach to mixed use development parking requirement means that... developers are not able to take advantage of the potential parking and transportation advantages associated with mixed-use environments.

Requirement Purpose

The off-street parking requirements in the Beverly Hills municipal code appear to have been established with the objective of requiring individual applicants to fully accommodate all of the potential demand for parking associated with their proposed use(s) on-site. The broader intent of many other local municipalities in adopting similar off-street parking requirements was to ensure that the demand for vehicle access and parking associated with any new structure, use, or activity in the area does not unduly reduce the accessibility of adjacent and nearby land uses and establishments by private vehicle (principally by ensuring that trips attracted to new uses within a given district would not have reason to utilize the available supply of on-street and public off-street parking in the nearby area). Other, more effective means for achieving these goals include actively managing the use of on-street and public off-street parking by enforcing time limits, issuing a limited supply of parking permits, and charging market-based prices for parking.

The City of Beverly Hills does not currently require private land owners/users to charge for off-street parking, and in fact requires the provision of access to parking free of charge to users in limited circumstances. Providing free parking is often a condition of approval for projects.

THE IN-LIEU PARKING PROGRAM

1976 Origins of the In-Lieu Parking Program

Beverly Hills' in-lieu program was one of the first to be implemented in the United States.¹⁸ The program was introduced in 1976 because the built-up character of the Business Triangle meant that there was little vacant land for individual property owners to develop privately owned parking areas, and the lots that were available were too small for parking development. As a result, the cost of providing individual private off-street parking on or adjacent to improved properties was considered prohibitive for many property owners.

The City therefore passed an ordinance to allow property owners to pay a fee in-lieu of providing off-street parking that was required under the Municipal Code. The program was limited "to uses which are either retail or are necessary for the development of comprehensive retail trade within the District..."¹⁹ The initial version of the program adopted a case-by-case approach for estimating in-lieu fees. Under this approach, a developer who wished to participate in the program was required to pay a fee that was determined by dividing the current assessed land value of the site area by the square footage of the site and multiplying the result by seven hundred and fifty (750), provided that the payment was not less than \$5000 nor did it exceed \$10,800 per parking space. The calculation of the assessed land value was based on the land column of the County's Local Assessment Roll, as clarified in a 1978 amendment of the law.²⁰ This resulting value was adjusted annually based on an index of construction costs in the Los Angeles area, as published by the Engineering News Record (ENR). In addition to paying the in-lieu fee, participants in the program were required to pay an annual maintenance fee of \$100 per in-lieu parking space. In exchange for this fee, they received parking permits or stickers that entitled them to park in a city-owned parking facility.

Between 1976 and 1982, the program generated 14 development projects associated with 122 in-lieu parking spaces (averaging 17.4 spaces per year).

1980s In-Lieu Fee Calculations

To provide greater rigor in the way that the in-lieu fee was calculated, the City introduced a new fee calculation process in 1983 and further amended this process in 1989 and 1991.²¹ Under this process, a developer who wished to participate in the program would file an application and initial fee to request notification of the applicable in-lieu fee. The City then estimated the fee based on an appraisal of the high, low, and median value of comparable properties within a 300-foot radius of the site. These values were used to estimate the land value of parking, with each parking space assumed to consume 60-square feet, plus 15% for administrative costs.

In addition to the land value, the in-lieu fee included the cost of constructing parking spaces within municipal parking structures, which was estimated at \$13,000 in 1983 and adjusted annually based on the ENR index of construction costs. For food sales and service commercial

¹⁸ Beverly Hills Ordinance 76-O-1608, effective June 17, 1976.

¹⁹ Beverly Hills Ordinance 76-O-1608, effective June 17, 1976.

²⁰ Beverly Hills Ordinance 78-O-1701, effective August 31, 1978.

²¹ Beverly Hills Ordinance 83-O-1888, effective May 5, 1983; Ordinance 89-O-2053, effective March 23, 1989; and Ordinance 91-O-2112, effective March 22, 1991.

activities, the construction portion of the in-lieu fee was set at 35% of the estimated parking construction costs.

As before, an annual maintenance fee was also imposed for in-lieu participants, and this was set at \$300 per year. Property owners were then required to provide one hour validated parking for paying customers who parked at municipal facilities.

While this new process may have improved the accuracy of in-lieu fee calculations, it was complex, costly, and time-consuming for developers. Often it took four to six months for the City to estimate the fee and notify the developer. After receiving notification of the fee, developers regularly appealed to the City for a reduced fee, adding further time and costs associated with commercial development in Beverly Hills. Developers also faced uncertainty under the program, since the length of delay and resulting fees varied quite dramatically from one project to another. This uncertainty, time, and cost may have discouraged development in Beverly Hills during this period.²² This version of the in-lieu parking program generated development associated with 82 in-lieu parking spaces over 10 years, which is about half the rate of participation in the earlier program.

During this period a 1991 Amendment allowed for two new payment options: The first option allowed for payment in 25% installments over a 4-year period, and the second allowed restaurant lessees or sublessees to pay the fee in 10 equal installments over a 10 year period.

Between 1983 and 1993, the program generated 5 development projects associated with 82 in-lieu parking spaces (averaging 7.5 spaces per year).

Restaurant developments, which generate high levels of foot traffic and street vitality, tend to pay higher in-lieu fees because of their higher minimum parking requirements

1994 Amendment

Due to the problems of uncertainty and variability associated with the previous version of the in-lieu program, the city updated the language and structure of the in-lieu parking program in 1994.²³ The updated version transformed the in-lieu fee to a uniform per-space fee for participating projects, with different fee tiers for new construction or reconstruction in three locations—Rodeo Drive (\$25,000 per space in 1993), Beverly Drive (\$20,000 per space in 1993), and elsewhere (\$15,000 per space in 1993). The ordinance also provided discounted rates for land uses that were more desirable for attracting foot traffic and retail customers such as theaters (50% of the above rates) and food sales or service commercial use (35% or \$6,070 in 1993), and it allowed for museum uses and adaptive reuse of historic buildings to participate in the program.

Since the in-lieu fee has always been applicable to different types of commercially zoned property, its impact varies dramatically. The Municipal Code minimum parking requirements require most commercial uses to provide 2.9 spaces/1000 square feet, whereas new restaurants are required to provide 22 spaces/1000 square feet. This means that restaurant developments, which generate high levels of foot traffic and street vitality and are desirable to the City, tend to pay higher in-lieu

²² Beverly Hills Planning Commission, "Staff Report, April 22 1992" (Beverly Hills, California, 1992). As cited in Donald Shoup, "In-Lieu of Required Parking," *Journal of Planning Education and Research* 18 (Association of Collegiate Schools of Planning, 1999), 307-320.

²³ Beverly Hills Ordinance 94-O-2206, effective August 5, 1994.

fees because of their higher minimum parking requirements—even after factoring in the 65% discount for food sales and service commercial uses.

Between 1994 and 2012, the program generated 34 development associated with 477 in-lieu parking spaces (approximately 25.1 spaces per year). Participation rates varied dramatically from year to year with peak participation in 2000 (138 spaces), 1999 (93 spaces) and 2006 (60 spaces).

2013 Lease Option

At the request of an applicant seeking to develop a new restaurant and jazz club, a new payment structure was recently introduced for the in-lieu parking program.²⁴ Under this pilot program, food sales and service commercial users are entitled to opt for a leasing arrangement, whereby lessees or sublessees pay an annual in-lieu fee in perpetuity for the life of the business, instead of purchasing in-lieu parking spaces. The annual in-lieu lease is equivalent to 50% of the in-lieu fee amount that would be paid under the 10 equal installment payment option in the code, with payments made in perpetuity for the life of the business.

Since 2013, the program has generated 67 in-lieu parking spaces (averaging 33.5 spaces per year). So far, one development (Spaghetini) has adopted the lease option for 59 in-lieu parking spaces.

How the In-Lieu Fee Works Today

Today's in-lieu parking program in Beverly Hills is reflected in the Municipal Code Sections 10-3-3301 – 3318. Under this program, participants may opt to pay a fee in-lieu of providing the minimum level of off-street parking required under the Municipal Code. The fee permits the developers to build new developments, or permits lessees to change building uses to more parking-intense uses without building the requisite off-street parking. Instead, they pay into a special in-lieu parking district fund that finances future development, operation and maintenance of shared public parking spaces within the city.

Applicable Land Uses and Changes of Use

The in-lieu parking program applies to commercially-zoned property that is 16,000 square feet or less, with a floor-to-ground area ratio of 2:1 or less, and a height not to exceed 45' or three stories if the building was built after June 16, 1976. Properties larger than 16,000 square feet are allowed to participate in the program if they are to be used for museum uses or for adaptive reuse of historic buildings. These size and bulk restrictions impose a de facto limit on the extent to which one can substitute the required parking with the fee.

Land uses that are permitted to participate in the program include general retail sales commercial activities, convenience sales and service commercial activities, food sales and service commercial activities, equipment rental and leasing services, museum uses, and historic places.

Excluded uses include a range of commercial office uses, including legal, medical, dental, financial, banking, savings and loans, reservations, travel agencies, communication services, research, consultative, real estate, insurance, and administrative office purposes. Other excluded uses include auto-oriented short order eating places; eating establishments that do not primarily provide full table service to their customers; motor vehicle sales and rental; equipment rental and

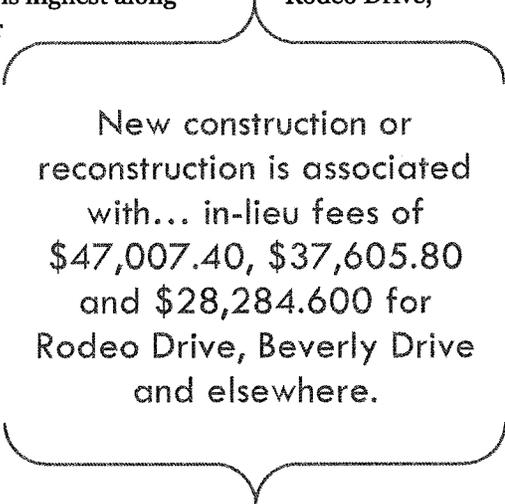
²⁴ Beverly Hills Ordinance 13-O-2644, effective October 11, 2013.

leasing services for vehicular, heavy duty equipment or sanitation units; manufacturing; repairs; wholesale sales; construction sales and service; and adult entertainment businesses.

Fee Type and Amount

For those participating in the program, the in-lieu fee is a sliding fee that is based on the location and types of land use. As outlined in Figure 14, the fee is highest along Rodeo Drive, with an intermediate rate for Beverly Drive, and a lower rate for other areas within the Business Triangle.

New construction or reconstruction is associated with the highest in-lieu fees of \$47,007.40, \$37,605.80 and \$28,284.60 for Rodeo Drive, Beverly Drive and elsewhere respectively. Theater uses within existing buildings have a rate set at 50% of the above levels, while expansion of food sales and service commercial uses have a flat in-lieu fee of \$11,675. Museums or historical places, which are likely to generate attraction without unreasonably depleting parking resources, may receive a whole or partial fee waiver as allowed by the City Council or Planning Commission.



New construction or reconstruction is associated with... in-lieu fees of \$47,007.40, \$37,605.80 and \$28,284.600 for Rodeo Drive, Beverly Drive and elsewhere.

In-Lieu Parking Study | Final Report
City of Beverly Hills

Figure 14: Beverly Hills' In-Lieu Fee Rates, 2013/14

Type of use or development	In-Lieu Fee per parking space for additional floor area or reconstruction			Associated provisions
	Rodeo Drive	Beverly Drive	Elsewhere	
New construction or reconstruction	\$47,007.40	\$37,605.80	\$28,284.60	Size 16,000 square feet or less; Floor to area ratio of 2:1 or less; Height not to exceed 45', Not more than 3 stories if post-1976 building. ²⁵
Theater with existing building	\$23,503.70	\$18,802.90	\$14,142.30	Building has at least 1 space/350 sf; theater is not more than 25% of floor area; Planning Commission finds use complements existing retail by attracting pedestrians or retail customers. ²⁶
Museum uses and adaptive reuse of historic buildings listed on the National Registry of Historic Places	\$0 – \$47,007 i.e. possible fee waiver	\$0 – \$37,606 i.e. possible fee waiver	\$0 – \$28,285 i.e. possible fee waiver	As allowed by Council or Planning Commission where proposed uses will attract retail customers to area and not unreasonably deplete parking resources. Museums owned and controlled by a non-profit tax exempt entity; Site may exceed 16,000 sf. ²⁷
Expansion of Food sales & service commercial (eating establishments that primarily provide full table service to customers)	\$11,675			Business has lawfully operated at site for more than 2 years; Application is for 1 expansion or up to 15 spaces. Fee represents 35% of 1993 parking construction cost. ²⁸
Conversion of Food sales & service commercial	~\$684 per space per year ²⁹ i.e. annual lease of 50% of 10-installment amount in perpetuity for the life of the business			Conversion of existing commercial space to eating and bar purposes; Not applicable to new construction or new floor area of existing building; May be used for up 150 spaces; Site may exceed 16,000 square feet; Pilot program sunsets 10/12/2014. ³⁰

Source: Beverly Hills FY 2013-14 Schedule of Taxes, Fees and Charges

²⁵ Beverly Hills Municipal Code §10-3-3310

²⁶ Beverly Hills Municipal Code §10-3-3310

²⁷ Beverly Hills Municipal Code §10-3-3311

²⁸ Beverly Hills Municipal Code §10-3-3310

²⁹ This estimate assumes a CPI of 3% for the 10-installment plan.

³⁰ Beverly Hills Ord. 13-O-2644, 9/10/2013

Approval Process

In general, participation in the in-lieu program involves submission of an application to the Director of Community Development to assess whether the proposal is eligible for participation. The application must be accompanied by payment of a program application fee, which is in addition to any in-lieu fee that is charged should the application be successful. The application fee covers the City's cost to process the application.

The application for participation in the in-lieu program is then scheduled for public hearing before the Beverly Hills Planning Commission (at the same time that other aspects of the proposal are considered). For restaurant uses involving 10 in-lieu parking spaces or fewer, the Community Development Director may approve an application for participation without going through a public hearing process. The Director may also administratively approve up to 10 spaces at a lower cost to the applicant.

Approval is given based on satisfaction of the following criteria:

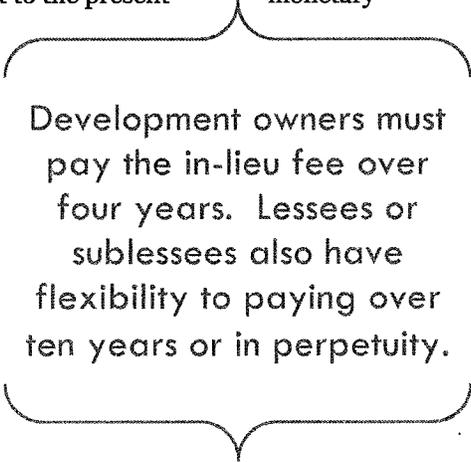
- Participation will promote harmonious development and will not adversely affect current and future development in the area.
- Participation will not create significant negative traffic impacts, pedestrian-vehicle conflicts or parking impacts.
- Participation will not be detrimental to public health, safety and welfare.

Payment Options and Duration

Three options exist for paying in-lieu parking fees. Development owners must pay the in-lieu fee over four years. Lessees or sublessees also have flexibility of paying over ten years or in perpetuity.³¹

Firstly, the fee may be paid within a four-year period using four equal installments of 25% of the in-lieu parking fee. The first installment is due before the change or expansion takes place or before the certificate of occupancy is issued. The remaining three payments are due annually on the anniversary of the first installment. No interest accrues on the unpaid balance, but the balance is annually adjusted to account for inflation based on the Consumer Price Index (CPI), not to exceed 10% per year. Early payment is credited with a discount to the present monetary value of the payment otherwise due.

The second option for payment of the in-lieu fee is available for lessees or sublessees of restaurants in existing buildings, where the lease is 15 years or less and the building owner or lessee does not have a direct or indirect beneficial interest in the restaurant. In this case, the in-lieu fee may be paid within a 10-year period using ten equal installments of 10% of the in-lieu fee plus the equivalent of the CPI adjustment (in equal payments over the ten years). The first installment is due before the change or expansion occurs or before the certificate of occupancy is issued. The remaining nine payments are due on the anniversary of the first installment. CPI adjustment is not to exceed 10% and early payments are



Development owners must pay the in-lieu fee over four years. Lessees or sublessees also have flexibility to paying over ten years or in perpetuity.

³¹ Beverly Hills Municipal Code §10-3-3313

credited with discount to the present monetary value of the payment.

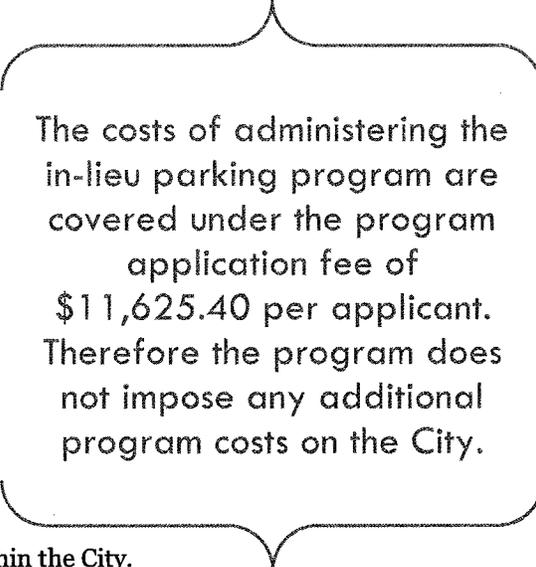
The third payment option is the “lease” option, where lessees or sublessees of new or expanded restaurants in existing buildings may opt to pay an *annual* in-lieu fee in perpetuity for the life of the business. In this case, the in-lieu parking lease rate is set at 50% of the 10-instalment payment option, which is equivalent to a little more than 5% of the usual in-lieu fee per year.

IN-LIEU PROGRAM COSTS AND FUNDS

Program Costs

The costs of administering the in-lieu parking program are covered under the program application fee of \$11,625.40 per applicant. Therefore the program does not impose any additional program costs on the City of Beverly Hills.

As outlined in Chapter 4, other cities have implemented in-lieu parking programs or parking credit programs as part of a wider economic development strategy that is funded by the City’s general revenue. Depending on the relative importance of this goal, the City of Beverly Hills may wish to transfer some of the costs of program administration from potential developers to economic development functions within the City.



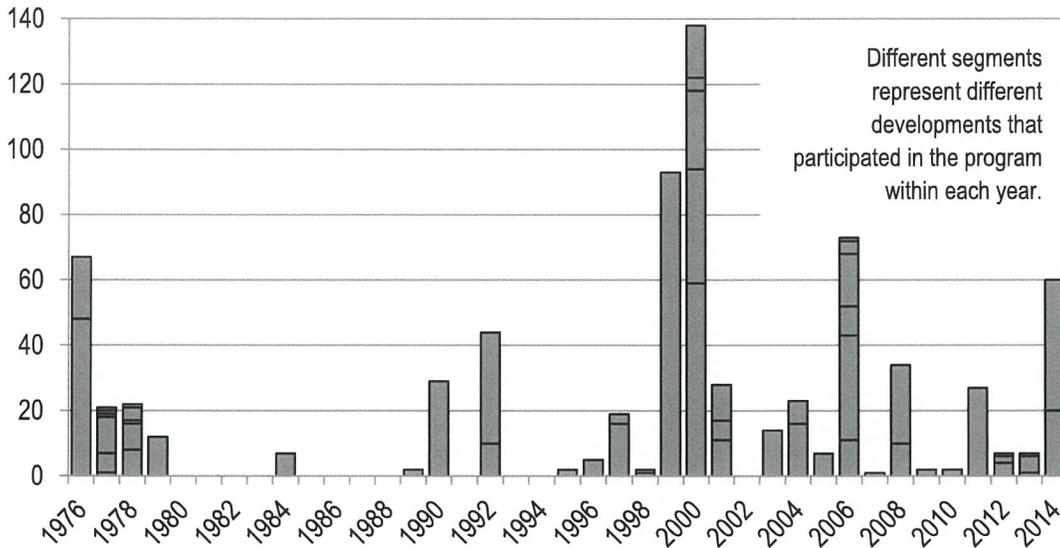
The costs of administering the in-lieu parking program are covered under the program application fee of \$11,625.40 per applicant. Therefore the program does not impose any additional program costs on the City.

Program Funds

Consistency of revenues

On average the in-lieu parking program has been associated with 20 spaces per year, however, demand for in-lieu parking varies substantially from year to year in line with fluctuations in the surrounding economy. Annual in-lieu program participation is indicated in Figures 15.

Figure 15: In-Lieu Program Participation Rates by Number of Spaces, 1976-2014



Source: Beverly Hills In-Lieu Revenue Data, February 2014

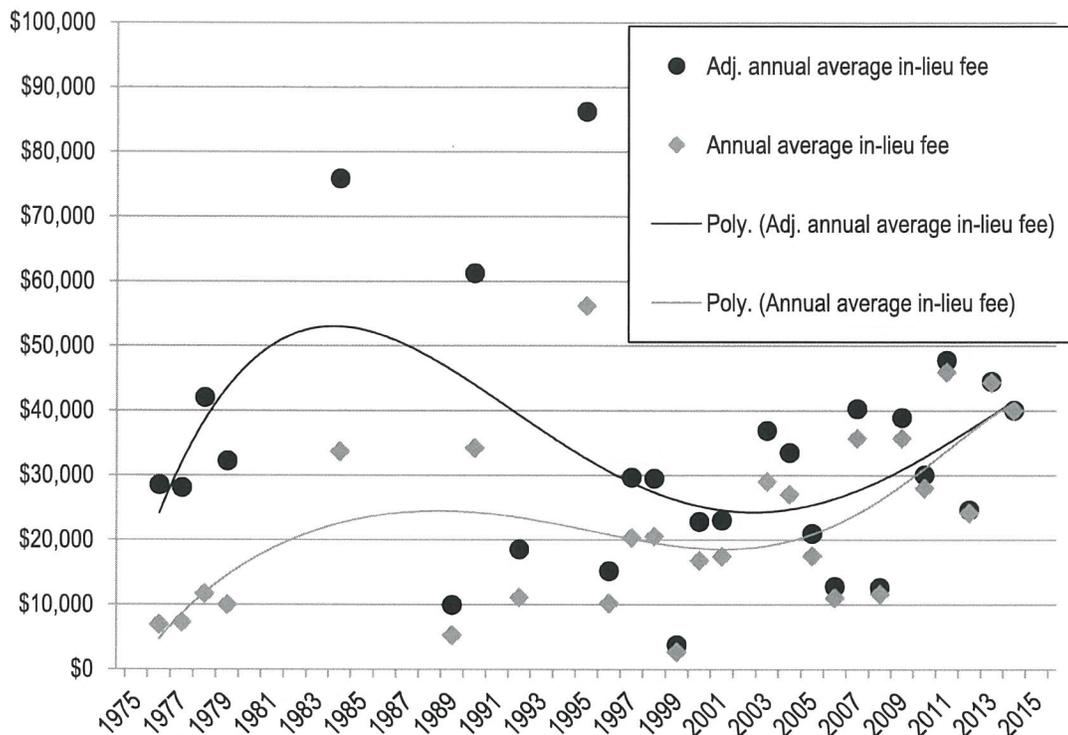
From the perspective of developers, consistency in the fee rate is desirable because it clarifies and simplifies development expectations. Nevertheless, one would expect some variability in the average in-lieu fee rate per year due to the difference in the mix of applicants by location (Rodeo Drive versus other areas) and activity type (restaurants, new development, theatres etc).

As a result of reforms to the in-lieu program, the annual average adjusted fee per space associated with Beverly Hills' in-lieu parking program has become more consistent from year to year. The annual adjusted average fee was calculated as the mean in-lieu fee for all in-lieu spaces approved within a particular year. Since 1976, the average in-lieu fee charged to developers was \$33,000 with CPI adjustment. Using a polynomial trend line, the adjusted average fee risen and fallen, with recent averages close to \$40,000.

As a result of reforms to the in-lieu program, the average adjusted fee per space associated with Beverly Hills' in-lieu parking program has become more consistent.

This narrowing of amplitude can be seen in Figure 16, which displays annual average fee charged to participants of the in-lieu program. This chart calculates the annual average in-lieu fee based on the total revenue divided by total spaces associated with the in-lieu parking program each year. The greatest volatility in this fee rate can be seen between 1982 and 1995, when the annual average in-lieu fee rate ranged from a low of \$5,269 per space for two spaces in 1989 (equivalent to \$9,939 in 2014 dollars) to a high of \$56,188 per space for two spaces in 1995 (equivalent to \$86,242 in 2014 dollars).

Figure 16: Average In-Lieu Fee Rate per Year, 1976-2014



Source: Beverly Hills In-Lieu Revenue Data, February 2014

Use of revenues

In accordance with the Municipal Code, revenues that are generated from the in-lieu program are deposited in a special “in-lieu parking district fund” that is to be “used exclusively for the purpose of acquiring, developing, operating, and maintaining off-street parking facilities to serve the in-lieu parking district”.³²

Given the goal of using in-lieu revenues for parking supply, it is useful to understand the level of volatility or consistency in in-lieu revenues.

As discussed above, in-lieu fee rates that are charged to individual developers have become more consistent over the last ten years. This consistency allows for better planning of projects to be funded by the program.

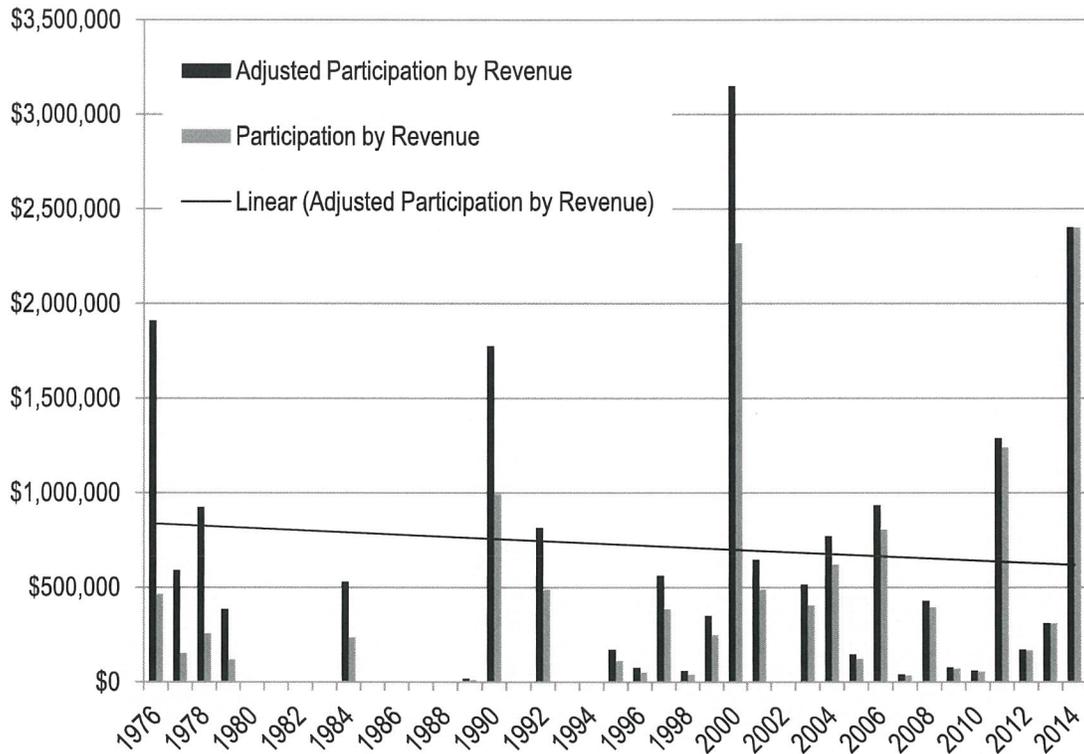
On the other hand, the total revenue generated by the in-lieu parking program tends to vary dramatically according to the surrounding economic mood and the ease or difficulty of obtaining credit. For example, 2009 saw development associated with only two in-lieu parking spaces, whereas 60 in-lieu parking spaces have already been approved in 2014.

Over the long-term, however, there is no apparent trend either upward or downward in relation to revenues from the in-lieu program. Instead, average revenues have remained relatively constant

³² Beverly Hills Municipal Code §10-3-3312

at a little more than \$500,000 per year for new developments associated with the in-lieu parking program. This is reflected in the approximately trend line in Figure 17.³³

Figure 17: In-Lieu Program Participation Rates Based on Associated Revenues, 1976-2014



Source: Beverly Hills In-Lieu Revenue Data, 2014

In total, \$13,009,336 in revenue has been raised the in-lieu parking rate. This is equivalent to adjusted revenue of \$19,125,099 (in 2014 dollars) for 748 spaces. Although much parking has been developed by the City over the past four decades, the in-lieu program revenues have not been sufficient to fund the large acquisition and construction costs associated with building parking garages. Instead, the in-lieu program revenues have been generally directed toward maintenance costs associated with the City’s public parking supply.

Development and Other Impacts

Given the relatively constant rate of participation in Beverly Hills’ in-lieu parking program, the program can be seen as having a positive effect on facilitating development and regeneration of the Business Triangle. More detailed analysis of development costs and impacts will be outlined in the pro-forma analysis.

The presence of the in-lieu program has also allowed Beverly Hills to maintain a high standard of urban design and a streetscape that is uninterrupted by disjointed and unsightly parking lots.

³³ City of Beverly Hills, In-Lieu Parking Data, February 2014. Please note that actual revenues received by the City will lag behind the participation rates shown above due to processing time and the use of installment and lease options for payment of in-lieu fees.

The program has therefore facilitated near-continuous and interesting shop frontages throughout much of the Business Triangle, which in turn promotes higher rates of foot traffic, more vital businesses, and a more pleasant street environment.

By reducing the number of parking spaces that is required to be built by individual developers, the in-lieu program may be associated with a lower parking ratio per square foot of development. Lower rates of parking provision are, in general, associated with lower rates of travel demand and higher rates of participation in park-once-and-walk. As discussed previously, however, this effect may be counteracted by the City's parking pricing, which tends to encourage serial over-parking and re-parking within the Business Triangle.

IN-LIEU PROGRAM EVALUATION

The Beverly Hills in-lieu program has been operating for almost four decades and has undergone a number of shifts in terms of how the fee is calculated over that time. The current program is evaluated here in terms of what has worked, what needs some improvement, and what needs substantial improvement for the program as it operates within the Business Triangle. This evaluation incorporates the program analysis covered in this chapter as well as an assessment of comparable communities (in Chapter 3) and industry best practices (in Chapter 7).

What is working?

1. Innovative provision of parking

Beverly Hills has provided a large supply of parking for current uses within the Business Triangle.

The innovative use of subterranean space allows for a high level of motor vehicle access and efficient use of space within the Business Triangle. It also minimizes disruptions to shop frontages that result from other types of parking arrangements.

The wrapping of parking facilities with ground floor retail in some locations also helps to minimize negative impacts on the local streetscape and maximize foot traffic and the effectiveness of the Park-Once-and-Walk strategy. On the other hand, the requirement to wrap parking with retail reduces surface level space available for parking facilities and makes above ground and below ground parking inevitable, thereby adding greatly to the cost of public and private off-street parking. This parking design approach therefore contributes to achieving the City's goals of quality of life, but has mixed results in terms of business vitality. Any further parking capacity expansion should maintain these high building-form standards, while carefully assessing the need to construct new parking capacity relative to other options such as shared parking arrangements.

2. Installment Options

The in-lieu fee program provides developers and (sub)lessees with the option of paying the fee in installments over four-years or 10-years respectively. This installment payment structure provides some flexibility to developers and lessees who participate in the program, and ensures a relatively consistent revenue stream for the city.

The trade-off that occurs with this payment structure is that the City does not receive funds for addressing parking impacts at the time when the impact occurs. Given that the key goal of the program is to encourage property improvement and regeneration, this seems to be a reasonable tradeoff for the program.

3. In-Lieu Lease Option

The lease payment option presents similar trade-offs to the installment options, but this option is less in the interest of the City since the annual contributions of around 5% of the in-lieu fee are unlikely to generate sufficient funds to embark on potential parking-related projects. Also, since the lease option lasts only for the life of the business, it is not clear this option will generate the anticipated funds in either the short- or long-term.

On the other hand, the lease option provides property lessees the flexibility to make in-lieu payments over a longer time period, which may allow them to redevelop properties sooner than they might otherwise. This payment option may therefore be seen as beneficial in meeting the program goals of attracting pedestrian-oriented development. If minimum parking requirements are reduced, there may be less need for lessees to use this payment option.

What needs improvement?

1. Excluded Uses

As outlined in Section 10-3-3304 of the Municipal Code, a number of land uses or activities are specifically excluded from participating in the in-lieu program. These excluded activities include the following:

“...commercial office use, including, but not limited to, legal, medical, dental, financial, consultative, real estate, insurance, and administrative office purposes or manufacturing, repairs, reservations, banking, savings and loans, travel agencies, financial services, communication services, research, wholesale sales, auto oriented short order eating places, eating establishments that do not primarily provide full table service to their customers, construction sales and service and adult entertainment businesses...”

The above uses were excluded on the basis of the in-lieu program goal of enhancing the retail experience and pedestrian activity within the Business Triangle.³⁴

On the other hand, the exclusion of these uses represents lost opportunities for encouraging more sustainable travel behavior and more efficient use of parking resources since developers are forced to build abundant parking supplies anyway. The result is that employers or businesses forego one of the greatest incentives to encouraging more sustainable commute patterns (namely realization of cost savings) while undermining other efforts to encourage the use of alternative modes. Since the private parking supply in the Business Triangle is underutilized, the exclusion of these uses imposes an unnecessary cost on businesses in the area because developers are forced to build parking spaces that sit idle.

2. Minimum Parking Requirements

The City’s current minimum parking requirements are similar to those of comparable communities such as West Hollywood, Santa Monica, and Culver City. On the other hand, these requirements are not in line with industry best practice, which is shifting toward reduction or elimination of minimum parking requirements. For mixed use districts similar to the Beverly Hills Business Triangle and commercial corridors, industry best practice also reflects the

³⁴ Beverly Hills Municipal Code §10-3-3305

synergistic benefits of different peak parking demand by hour, day or season. This may occur through reduced parking requirements or use of blended parking rates.

In terms of its impacts on the in-lieu parking program, a reduction in minimum parking requirements is likely to result in lower participation in the in-lieu program as the parking supply is right-sized. Such a strategy would likely be even more effective than the in-lieu program in terms of encouraging economic development since it would reduce the costs of development as well as the administrative burden associated with participating in the in-lieu program.

3. In-Lieu Application Fee Level

In order to apply for the in-lieu fee, applicants need to submit an application fee of \$11,625.40. This fee is more than an order of magnitude higher than application fees for in-lieu programs in comparable communities. .

4. In-Lieu Fee Level

Since 1976, the average fee that has been paid by developers participating in the program is \$22,764, which is equivalent to \$33,477 when adjusted to 2014 dollars.

This fee level is substantially higher than comparable programs. As comparable locations become more competitive, the high cost of Beverly Hills' in-lieu fee could therefore be expected to hinder potential economic regeneration of the downtown area.

In reconsidering the fee level, the City should focus on the key goals of the program, which are to encourage improvement of properties and generate pedestrian and retail activity (as outlined in the Municipal Code). A lower in-lieu fee rate would support both of these goals.

5. Flexibility in the Use of In-Lieu Funds

Currently the Municipal Code stipulates that the in-lieu fund is to be used exclusively for the acquiring, developing, operating, and maintaining off-street parking facilities in the in-lieu district. This requirement limits the potential use of the in-lieu fee and limits the City's efforts to use the community's resources in the most effective and efficient manner possible. By focusing exclusively on off-street parking, this stipulation also conflicts with industry best practice and may potentially undermine the achievement of Beverly Hills' broader stated community goals.

For this reason, the city should amend requirements for use of the in-lieu program funds. The proposed code amendment would allow the city greater flexibility in using the in-lieu funds to pay for a range of potential strategies that maximize the efficient use of parking resources, and replace motor vehicle trips with walking, bicycling, and transit trips. Specific options to consider included in the amendment are listed below:

- leasing of privately held spaces that are currently underutilized
- wayfinding and access to alternative parking facilities
- real-time information on parking availability
- improvement of pedestrian and bicycle facilities to and within the area
- travel demand management (TDM) strategies that result in trip reduction
- contributions to efforts that increase transit access, enhance shuttle services, and provide commuter subsidy programs within the study area
- possible restriping of parking facilities to increase capacity

- new parking construction (currently included).

6. Providing Parking through Shared Parking

As discussed more thoroughly in Chapter 7, it is always better to increase the efficiency of how the current supply of parking is used than to simply build more parking. The City therefore should consider ways to fill parking vacancies, particularly those in underutilized private parking garages, before considering the development of new parking supply. This might include shared parking arrangements or lease arrangements with private parking providers.

Shared parking arrangements would allow the City to save money associated with new parking provision. It may also allow for more efficient provision of new parking, since the cost of new spaces tends to be lower if it is undertaken in conjunction with an existing development proposal for the area.

7. Free Parking in the Business Triangle

Like any commodity, if parking is provided for free, it will be over-consumed by customers. When a free commodity is over-consumed, the provider of this commodity will either find it difficult to keep pace with demand or spend more money on the free commodity to the detriment of their other goals.

For Beverly Hills' city operated parking facilities, the practice of providing free parking for the first hour or two creates a subsidy to one player within the parking market (the City), which disadvantages other players (private parking operators). This makes it difficult for private operators to function in a sustainable business manner. Some private parking players are required to match the City's first-hour free policy as part of their Development Agreement, but most private parking operators do not provide such a discount and therefore attract fewer patrons. In this way, the City's free parking policy undercuts private parking providers while encouraging excessively high rates of parking and reparking within City-owned garages. With an increase in the use of real-time aids and apps for parking, this distinction is likely to result in even further disadvantage to private competitors in the future.

From a parking policy perspective, the 1- and 2-hour free policy also undermines broader community goals that are associated with the Park-Once-and-Walk approach. These goals include quality of life, business vitality, pedestrian activity, limiting negative vehicle effects, and enhancing sense of place. The free parking policy undermines these goals by encouraging visitors and employees to either prematurely leave the city or repark every two hours in order to maintain free parking. The resulting cruising traffic increases downtown congestion, degrades the quality of urban life, and detracts from business activity in Beverly Hills.

A final problem created by the non-competitive nature of Beverly Hills' parking market is that it prohibits city planners and administrators from gaining an understanding of actual parking demand or determining optimal levels of parking supply.

8. Free City Employee Parking

As discussed previously, parking is a commodity which costs money to provide, operate, and maintain. To reflect this cost, parking for City employees and officials should be operated in the same manner as other parking garages, where those who choose to park, pay to do so or receive a financial reward for not doing so. The current price of approximately \$1 per month for City employees fails to reflect the cost of providing this parking or the benefits that the City gains

In-Lieu Parking Study | Final Report
City of Beverly Hills

when employees choose to commute using alternative modes. In order to set an example of efficiency and send a consistent message to employees and others, the City should consider a parking program for City employees and officials that includes parking charges and incentives to encourage alternative modes of travel.

4 PARKING AND DEVELOPMENT IN COMPARABLE COMMUNITIES

Retailers and office users looking for a premier location compare Beverly Hills to a select group of cities within Los Angeles County. This section uses city parking data along with market lease rate data from loopnet.com, an online listing of commercial real estate data, to compare Beverly Hills' parking requirements, in-lieu fees, and market lease rates to those in Culver City, Santa Monica, and West Hollywood, to determine the comparability of the cities, as well as to provide a basis for understanding how changes to Beverly Hills' existing in-lieu fee program could impact its regional competitiveness.

In cases where the comparable city requires in lieu payments over multiple years, this analysis uses a present value calculation to compare the cost of one-time payments to a series of required annual payments. Present value calculations use a discount rate to show the total value of a stream of periodic payments in today's dollars. In this case, a 2.7 percent discount rate, based on the ten year U.S. Treasury rate, is used to calculate the present value of a stream of annual payments required elsewhere and compare it with the in-lieu fee payment required in Beverly Hills, which can be paid in four annual installments.³⁵ In the case of ongoing monthly or annual payments that would continue throughout the life of a business or building, the present value calculation assumes that a developer would hold a property and make the periodic payments for ten years before selling the property.

CULVER CITY

Culver City is emerging as a place for retail, office and entertainment in the Westside subregion of Southern California. As it grows and attracts new upscale restaurant and creative office users, it will compete more with places like Beverly Hills, West Hollywood, and Santa Monica.

The proposed Platform retail development, for example, will bring new designer boutiques and celebrity chef restaurants to Culver City. In addition, Culver City has emerged as a center for creative office spaces in Los Angeles. Its recent emergence as a destination for both office and retail follows the opening of the Culver City Metro Station.

Parking Requirements

Culver City's parking requirements are equivalent to Beverly Hills' requirements for general office, retail, and restaurant spaces. Thus, there is no differential or preference based on parking

³⁵ Because money loses value over time, and the City of Beverly Hills does not charge interest for paying the in-lieu fee over the allowable four-year period, developers have a financial interest paying in installments, rather than paying the entire fee up front. For payment calculation purposes, this analysis assumes that developers would choose to pay in installments.

In-Lieu Parking Study | Final Report
City of Beverly Hills

requirements to those businesses looking for a location. The following table shows the parking requirements most applicable to the existing and new parking in-lieu fee programs. Appendix B shows the City of Culver City’s detailed parking requirements per land use.

Figure 18: Parking Requirements in Beverly Hills and Culver City

Land Use	Beverly Hills	Culver City
Office	1 space per 350 square feet	1 space per 350 square feet
Retail	1 space per 350 square feet	1 space per 350 square feet
Restaurant	1 space per 350 square feet	1 space per 350 square feet

Sources: City of Beverly Hills; City of Culver City; BAE, 2014.

In-Lieu Fee Programs

Culver City currently has a parking in-lieu program that considers fees for commercial uses on a case-by-case basis; however, to date the City Council has not approved any in-lieu parking applications. Rather, the City typically enters a 10-year lease for public garage spaces with businesses at a cost of \$80 per space, per month. In order to compare the monthly cost of renting a public space in Culver City with the City of Beverly Hills’ in lieu fee, this analysis compares the present value of renting garage space in Culver City for ten years with the City of Beverly Hills’ in lieu fee payment paid over four years.

Culver City currently offers a much lower parking fee through its lease program than Beverly Hills offers through its in-lieu fee program.

Figure 19: In-Lieu Fee Programs in Beverly Hills and Culver City

City	Cost	Application Fee
Beverly Hills	\$28,284.60 - \$47,007.40 in four payments ³⁶	\$11,625.40
Culver City	\$80/space monthly	N/A

Sources: City of Beverly Hills; City of Culver City; BAE, 2014.

Using a present value calculation to compare the cost of the two programs over a ten-year period allows for the comparison of renting a space in Culver City over ten years with paying an in lieu fee over four years in Beverly Hills. Using an annual discount rate of 2.7 percent³⁷, and multiplying the number of spaces required for 1,000 square feet of building space³⁸ shows that parking leases would cost developers \$23,800 over ten years in Culver City, compared to in lieu fee payment of \$87,300 - \$137,300 over four years in Beverly Hills.

³⁶ Parking in-lieu fees in Beverly Hills vary by location.

³⁷ Based on the 10-year US Treasury Rate as of March, 2014.

³⁸ Both Culver City and Beverly Hills require 2.9 spaces to serve 1,000 square feet of commercial space.

Figure 20: In-Lieu Program Costs in Beverly Hills and Culver City

City	Present Value of Fee and Application for 1,000 sf	Number of Spaces	Discount Rate	Number of Years/Payments Compared
Beverly Hills	\$87,265 - \$137,334	2.9	2.7%	1
Culver City	\$23,759	2.9	2.7%	10

Sources: City of Beverly Hills; City of Culver City; US Treasury 10-yr rate; BAE, 2014.

Currently, Culver City’s parking policy indicates a stronger interest in filling its current public parking than constructing new parking spaces. If Culver City continues to improve its competitive position to the point where new parking spaces are required to meet demand, it may increase its parking fees and/or begin approving parking in-lieu applications.

Commercial Lease Rates

Although Culver City’s office and retail markets are becoming more attractive, its lease rates are significantly lower than Beverly Hills’s annual lease rates, indicating that Beverly Hills is a stronger market than Culver City.

Figure 21: Commercial Lease Rates in Beverly Hills and Culver City

Land Use	Beverly Hills Annual Lease Rate/Sf	Culver City Annual Lease Rate/Sf
Office	\$44.28	\$39.15
Retail	\$77.49	\$42.15

Sources: Loopnet.com; BAE, 2014.

Comparability to Beverly Hills

Culver City is only beginning to compete with Beverly Hills for new commercial uses. Currently, Beverly Hills and Culver City have very different identities that factor into developer or business location decisions. Because this analysis is focused on parking requirements and programs offered in competitive cities, it does not account for differences in land values, identity, overall attractiveness, demographics, or economic base, all of which impact a city’s desirability to developers and businesses. It only considers parking costs and requirements, which represent one factor in a developer or business’ location decision.

Although Culver City and Beverly Hills have comparable parking requirements for general commercial uses, Culver City currently offers a much lower parking fee through its lease program than Beverly Hills offers through its in-lieu fee program. Thus, businesses that are parking-cost sensitive may prefer to locate in Culver City, all else equal. However, if Culver City continues to improve its regional prominence as a retail and office destination, it will likely need to increase its lease rates and/or codify its in-lieu fees, reducing its competitive position relative to Beverly Hills, all else equal.

In addition, higher lease rates in Beverly Hills could reflect higher parking costs, as well as a stronger overall market. Once Culver City exhausts its available parking stock, the cost of constructing parking and/or an in-lieu fee may be passed on to tenants in the form of increases in lease rates, making Culver City less attractive relative to Beverly Hills, all else equal.

SANTA MONICA

The City of Santa Monica competes with Beverly Hills as both a retail and office destination. Santa Monica’s 3rd Street Promenade and Main Street shopping districts are internationally renowned, along with Beverly Hills’ Golden Triangle district. Most recently, Santa Monica is attracting high-tech and venture capital firms, making it a very desirable office location. As Santa Monica’s cachet as an office destination increases, it will continue to compete with Beverly Hills’ Wilshire corridor as a highly sought after office location.

Parking Requirements

Santa Monica’s parking requirements are higher than Beverly Hills’ requirements. The following table shows the parking requirements most applicable to the existing and new parking in-lieu fee programs. Appendix B shows the City of Santa Monica’s detailed parking requirements per land use.

Figure 22: Parking Requirements in Beverly Hills and Santa Monica

Land Use	Beverly Hills	Santa Monica
Office	1 space per 350 square feet	1 space per 300 square feet
Retail	1 space per 350 square feet	1 space per 300 square feet
Restaurant	1 space per 350 square feet	1 space per 300 square feet (inside the BSCD, C3, and C3C districts)

Sources: City of Beverly Hills; City of Santa Monica; BAE, 2014.

As the table shows, Santa Monica requires 1 space per 300 square feet of retail and office space, compared to one space per 350 square feet in Beverly Hills. Thus, if users were required to deliver the required parking spaces, those users that are relatively parking-cost sensitive would prefer to locate in Beverly Hills, all other things being equal.

That being said, strong participation in Santa Monica’s in-lieu fee program has allowed the downtown to set a lower target parking ratio of 1 space per 500 square feet (or 2 spaces per 1,000 square feet). This is a significantly lower rate of parking provision than that required under the municipal code of either Santa Monica or Beverly Hills.

Strong participation in Santa Monica’s in-lieu fee program has allowed the downtown to set a lower target parking ratio of 1 space per 500 square feet.

In-Lieu Fee Programs

The City of Santa Monica charges a parking in-lieu fee based on the assessed value of new development. Commercial uses inside of the Downtown Mall Assessment District, which is bounded by 2nd Street to the west, 4th Street to the east, Wilshire Boulevard to the north, and Broadway Avenue to the south, can currently pay \$1.50 per square foot annually as a parking in-lieu fee. In order to compare Santa Monica’s annual in lieu fee payments to Beverly Hills’ in lieu fee, this analysis calculates the present value of Santa Monica’s annual in-lieu fees paid over ten years to compare with the City of Beverly Hills’ in lieu fee payment paid over four years.

In-Lieu Parking Study | Final Report
City of Beverly Hills

Figure 23: In-Lieu Fees in Beverly Hills and Santa Monica

City	Cost	Application Fee
Beverly Hills	\$28,284.60 - \$47,007.40 in four payments ³⁹	\$11,625.40
Santa Monica	\$1.50/sf annually	N/A

Sources: City of Beverly Hills; City of Santa Monica; BAE, 2014.

Using a present value calculation allows for the comparison of paying in lieu fees in Santa Monica over ten years with paying in lieu fees in Beverly Hills over four years. Using an annual discount rate of 2.7 percent⁴⁰, and multiplying the number of spaces required for 1,000 square feet of building space⁴¹, shows that developers would pay \$13,000 in in-lieu fees in Santa Monica over ten years, compared to payment of \$87,300 - \$125,700 over four years in Beverly Hills.

Figure 24: In-Lieu Parking Costs in Beverly Hills and Santa Monica

City	Present Value of Fee and Application	Number of Spaces	Discount Rate	Number of Years/Payments Compared
Beverly Hills	\$87,265 - \$137,334	2.9	2.7%	1
Santa Monica	\$12,993	3.3	2.7%	10

Sources: City of Beverly Hills; City of Santa Monica; US Treasury 10-yr rate; BAE, 2014.

Santa Monica's existing in-lieu fee is set to expire in 2016. Once it expires, the City Council has voted to implement a new parking in-lieu fee at an initial cost of \$20,000 per space, which is lower than the in-lieu fees under Beverly Hills' existing in-lieu program.⁴² Like in Beverly Hills, developers would be able to pay the fee over four annual installments, which will increase annually based on a construction cost index. It will also be voluntary and apply to changes in use as well as new development. After 2016, Santa Monica's in lieu fee will remain less than Beverly Hills' fee.

Figure 25: In-Lieu Parking Costs in Beverly Hills and Santa Monica after 2016

City	Cost	Application Fee
Beverly Hills	\$28,284.60 - \$47,007.40 in four payments	\$11,625.40
Santa Monica	\$20,000 in four payments	N/A

Sources: City of Beverly Hills; City of Santa Monica; BAE, 2014.

³⁹ Parking in-lieu fees in Beverly Hills vary by location.

⁴⁰ Based on the 10-year US Treasury Rate as of March, 2014.

⁴¹ Santa Monica currently requires 3.3 spaces per 1,000 square feet of commercial space, compared to 2.9 spaces in Beverly Hills.

⁴² Santa Monica City Council Report Agenda Item 7B, October 8, 2013

<http://www.smgov.net/departments/Council/agendas/2013/20131008/s2013100807-B.htm>

Commercial Lease Rates

Santa Monica’s office and retail lease rates are higher than Beverly Hills’s annual lease rates, indicating that Santa Monica is a stronger market than Beverly Hills.

Figure 26: Lease Rates in Beverly Hills and Santa Monica

and Use	Beverly Hills Annual Lease Rate/Sq.Ft.	Santa Monica Annual Lease Rate/Sq.Ft.
Office	\$44.28	\$57.23
Retail	\$77.49	\$81.20

Sources: Loopnet.com; BAE, 2014.

Comparability to Beverly Hills

Although Beverly Hills has lower parking requirements for general commercial uses, the City of Santa Monica’s new in-lieu fee that begins in 2016 will continue to offer a lower parking in-lieu fee than Beverly Hills offers, and is partially subsidized by local Business Improvement Districts (BIDs) and other stakeholders in return for offering 90-minute free parking. As local market lease rates show, Santa Monica has strong retail and office markets. Because its new in-lieu fees will remain below Beverly Hills’ and visitors will continue to enjoy free parking, Santa Monica will maintain its competitive position relative to Beverly Hills, all else equal.

WEST HOLLYWOOD

The City of West Hollywood competes with Beverly Hills for office and high-end retail uses. With compact high-end shopping corridors along Melrose Avenue and Sunset Boulevard, West Hollywood and Beverly Hills share an international reputation as shopping destinations.

Parking Requirements

West Hollywood’s parking requirements are higher than Beverly Hills’ requirements. The following table shows the parking requirements most applicable to the existing and new parking in-lieu fee programs. Appendix B shows the City of West Hollywood’s detailed parking requirements per land use.

Figure 27: Parking Requirements in Beverly Hills and West Hollywood

Land Use	Beverly Hills	West Hollywood
Office	2.9 spaces per 1,000 square feet (1 per 350 square feet)	3.5 spaces per 1,000 square feet
Retail	2.9 spaces per 1,000 square feet (1 per 350 square feet)	3.5 spaces per 1,000 square feet
Restaurant	2.9 spaces per 1,000 square feet (1 per 350 square feet)	3.5 spaces per 1,000 square feet

Sources: City of Beverly Hills; City of West Hollywood; BAE, 2014.

As the table shows, West Hollywood requires 3.5 spaces per 1,000 square feet of retail and office space, compared to one space per 350 square feet in Beverly Hills. Thus, if users were required to

deliver the required parking spaces, those users that are relatively parking cost-sensitive might prefer to locate in Beverly Hills, all other things being equal.

In-Lieu Fee Programs

The City of West Hollywood does not have an in-lieu program, per se. It offers parking credits on a first come, first served basis to those businesses under 10,000 square feet that are located within its parking district, which is bounded by Santa Monica Boulevard, Melrose Avenue, San Vicente Boulevard, and Robertson Boulevard. As the following table shows, credits cost \$382.50 annually, with an application fee of \$650, compared to Beverly Hills' in-lieu fee, which costs \$28,284.60 - \$47,007.40 paid over four years, depending on the business' location, and application fee of \$11,625.40. In order to compare West Hollywood's annual credit payments to Beverly Hills' in lieu fee, this analysis calculates the present value of West Hollywood's annual credit paid over ten years to compare with the City of Beverly Hills' in lieu fee payment paid over four years.

Figure 28: In-Lieu Fees in Beverly Hills and West Hollywood

City	Cost	Application Fee
Beverly Hills	\$28,284.60 - \$47,007.40 over four years ⁴³	\$11,625.40
West Hollywood	\$382.50 annually	\$650

Sources: City of Beverly Hills; City of West Hollywood; BAE, 2014.

Using a present value allows for the comparison of paying for parking credits in West Hollywood over ten years with paying a single in lieu fee in Beverly Hills. Using an annual discount rate of 2.7 percent⁴⁴, and multiplying the number of spaces required for 1,000 square feet of building space,⁴⁵ shows that parking credits would cost developers \$12,200 over ten years in West Hollywood, compared to in lieu fee payment of \$87,300 - \$137,300 over four years in Beverly Hills.

Figure 29: In-Lieu Parking Costs in Beverly Hills and West Hollywood

City	Present Value of Fee and Application	Number of Spaces	Discount Rate	Number of Years/Payments Compared
Beverly Hills	\$87,265 - \$137,334	2.9	2.7%	1
West Hollywood	\$12,247	3.5	2.7%	10

Sources: City of Beverly Hills; City of West Hollywood; US Treasury 10-yr rate; BAE, 2014.

Unlike a traditional in-lieu fee program, West Hollywood does not anticipate that its credit program will deliver new spaces. Rather, it sets the parking credit fee low to encourage small businesses to locate in West Hollywood that otherwise could not afford parking costs, either in new developments or after a change in use. The City sets the number of available credits every six

⁴³ Parking in-lieu fees in Beverly Hills vary by location.

⁴⁴ Based on the 10-year US Treasury Rate as of March, 2014.

⁴⁵ West Hollywood currently requires 3.5 spaces per 1,000 square feet of commercial space, compared to 2.9 spaces in Beverly Hills.

months, typically around 300 available credits. Once the credits are exhausted, new businesses must provide parking per City requirements. City staff indicate that parking credits are usually fully allocated within four to six weeks from availability. Thus, West Hollywood currently provides a less expensive option for delivering parking than Beverly Hills when credits are available; however, they are in high demand and quickly exhausted.

Commercial Lease Rates

West Hollywood’s office and retail lease rates are comparable but slightly lower than Beverly Hills’s annual lease rates, indicating that although they compete for users, Beverly Hills is a stronger market than West Hollywood.

Figure 30: Lease Rates in Beverly Hills and West Hollywood

Land Use	Beverly Hills Annual Lease Rate/Sq.Ft.	West Hollywood Annual Lease Rate/Sq.Ft.
Office	\$44.28	\$41.77
Retail	\$77.49	\$70.89

Sources: Loopnet.com; BAE, 2014.

Comparability to Beverly Hills

Although Beverly Hills has lower parking requirements for general commercial uses, the City of West Hollywood currently offers a much lower parking fee through its credit program than Beverly Hills offers through its in-lieu fee program. Once the parking credits are exhausted, which happens within four to six weeks, new businesses in West Hollywood must provide onsite parking, making Beverly Hills’ program more competitive for small businesses and other users that either do not have the space onsite or the financial capacity to provide parking space.

West Hollywood sets the parking credit fee low to encourage small business to locate in West Hollywood.

Parking requirements and costs also factor into the cities’ market lease rates. If developers must construct parking or pay for in-lieu fees when they build new commercial or change existing uses, they will pass along as much of those costs to tenants as the market allows. Thus, the market lease rates reflect the existing parking conditions in West Hollywood and Beverly Hills. Higher lease rates in Beverly Hills could partially reflect higher parking costs. However, higher lease rates and relatively low vacancies in the Golden Triangle indicate that Beverly Hills has a stronger overall market, and its ability to attract tenants has not been impacted to date by parking costs.

CONCLUSION

Although Beverly Hills has the highest parking fees of all four cities considered, its strong retail and office markets indicate that developers and businesses are not foregoing Beverly Hills for other locations. Beverly Hills’ office and retail markets remain more competitive than West Hollywood and Culver City. However, it is less competitive than Santa Monica from a parking fee perspective, and will remain so once Santa Monica’s new in-lieu fees take effect.

5 EXISTING AND FUTURE PARKING CONDITIONS IN THE POTENTIAL EXPANSION AREAS

The City is interested in exploring the potential for expansion of the in-lieu program to five corridors within Beverly Hills. Potential Expansion Area A includes the three non-contiguous north-south commercial corridors of South Santa Monica Boulevard, South Beverly Drive and Robertson Boulevard. Potential Expansion Area B includes the two east-west corridors of Wilshire Boulevard and Olympic Boulevard.

For each corridor, the study area includes commercial parcels along either side of the respective road. In most cases, commercial uses are only one parcel deep. Along the Santa Monica Boulevard corridor, however, commercial uses stretch to Durant Drive between Charleville Boulevard and S. Lasky Drive. Descriptions of the potential expansion areas are provided in Chapter 1.

Parking supply and demand varies from corridor to corridor. This chapter outlines the existing supply of parking in each corridor along with the existing parking demand, which is estimated using three different metrics: actual demand ratios, built ratios and code comparisons. Following this analysis, an assessment of future demand is undertaken based on likely redevelopment potential along the corridor.

EXISTING PARKING SUPPLY

On-Street Public Parking

Within the expansion areas, there is considerably less public parking than the Business Triangle. In total, there are 650 public parking spaces, including both on-street and off-street supplies. On-street parking constitutes the major component of public parking supplies

On-street parking is particularly important along the north-south corridors of South Santa Monica Boulevard, South Beverly Boulevard and Robertson Boulevard where there are 142, 138 and 74 on-street spaces respectively (see Figures 31). There is almost twice as much on-street parking on South Beverly Drive as Robertson Boulevard due to the use of an angle-parking configuration for part of the street. Despite its very wide right-of-way, streetscape features such as this angle-parking, corner bulbouts, and street plantings produce both ample convenient parking and a relatively walkable environment along South Beverly.

On-street public parking is much more limited on the east-west corridors of Olympic Boulevard (5 spaces) and Wilshire Boulevard (60 spaces) due to clearway conditions during certain hours of the day.