



# City of Santa Barbara California

## **Funk Zone Development:** *Understanding the Past and Considering the Future*

### **INTRODUCTION**

The purposes of this report are to present a brief history of prior planning efforts in the Waterfront area that lead to existing policies related to parking and development, provide basic facts about existing parking resources in the Funk Zone, and lay the initial groundwork for potential parking solutions within the City's existing policy framework.

Funk Zone permitting activity and community/tourist popularity has increased dramatically in the last two to three years. The Urban Wine Trail emerged along with highly successful eateries, coffee and brew houses. This burgeoning activity represents somewhat of a shift from previous land uses and presents new and unique area infrastructure needs and land development proposals. A portion of the business owners in the Funk Zone have formally requested City assistance to address rising parking demand needs and to help establish a Parking and Business Improvement Area (PBIA).

### **EXISTING SETTING**

The area commonly referred to as the "Funk Zone," is generally bounded by Helena Street, Cabrillo Boulevard, Santa Barbara Street, and Montecito Street. For the purposes of this report, the study area is extended west to State Street and east to Garden Street, as development in those blocks relates closely to the Funk Zone (Exhibit A). The Railroad Depot, Stearns Wharf, and the Palm Park parking lots are also discussed in this report, as those parking resources also serve the Funk Zone. The entire subject area, approximately 45 acres in size, is located within the City's Coastal Zone. Highway 101 parallels Montecito Street to the north and the Union Pacific railroad tracks bisect this area, creating two dead-end street segments within the Helena Avenue right-of-way, and at the southern extent of Santa Barbara Street and Gray Avenue.

The Funk Zone includes a mix of general commercial retail, artist studios and galleries, restaurant, office, warehouse, and light industrial uses, with some mixed-use and multi-unit residential development. The area is primarily zoned Ocean-Oriented Commercial (OC), which allows ocean-dependent and ocean-oriented uses, commercial recreational uses, arts and related uses, restaurants, small stores, and mixed-use development in a limited area and under certain conditions. Historically, this area has been used for light industrial and commercial uses, and as a haven for local artists. Increased development pressure has caused the conversion of many warehouses and manufacturing facilities into tasting rooms, art galleries and restaurants, some of which have limited to no on-site parking. The outer extents of the Funk Zone, including all of lower State Street, the north side of Cabrillo Boulevard and the Garden Street corridor, is designated Hotel & Related Commerce II (HRC-2), which allows for visitor serving uses and

prohibits residential development except in a portion of the Cabrillo Plaza Specific Plan (bounded by Garden, Yanonali, and Santa Barbara Streets). This area acts as an important connection between the Downtown and Waterfront areas.

## **LAND USE BACKGROUND**

With ratification of the Coastal Act in 1976, the California legislature mandated that all local governments lying wholly or in part within the state's coastal zone prepare a Local Coastal Program (LCP), including a Land Use Plan and Implementation Plan. Once the California Coastal Commission certifies an LCP, it transfers regulatory power from the state to the local government and the LCP acts as the blueprint for local review of individual coastal development permits. The City of Santa Barbara adopted its first Coastal Land Use Plan in May 1981, and began administering coastal development permits in 1986, upon the Coastal Commission's certification of the City's Implementation Plan. Many of the initial LCP policies remain the same today, guiding the future development within the city's six mile long stretch of shoreline area within the Coastal Zone.

Prior to 1986, the Funk Zone was primarily zoned C-M (Commercial Manufacturing). The City's waterfront area was rezoned as part of the LCP certification process to provide land for uses identified as priorities by the Coastal Act and the LCP. This included rezoning some areas from manufacturing to zones (HRC-1 and HRC-2) that allowed primarily visitor-serving, hotel and hotel-related uses.

### **HRC Zones Study**

In 1995, a study of the interior HRC zone area was initiated by City Council and the Planning Commission with the intent of providing greater flexibility in allowed uses for property owners within the parameters of the Coastal Act and the LCP; encouraging policy changes that would lead to conformance with the LCP, and; identifying and removing barriers to LCP conformance.

As part of the HRC Zones Study, there was a desire expressed for the Funk Zone to maintain its unique character, largely due to its allowance to evolve with little interference from governmental and outside forces. Generally, it was felt that the standard application of infrastructure in this area should be avoided, and a program tailored to the specific needs of the area should be developed.

The lack of parking in the area and policy constraints related to parking was identified as the biggest limiting factor to new development and redevelopment of the area. The challenge of providing additional parking onsite or in the immediate area has limited the ability of many owners to legally change the use of their properties to other uses. A need for consolidated public and private parking and shared parking among land uses were identified as potential solutions.

### **Downtown/Waterfront Visioning Process**

In 1997, the Santa Barbara City Council directed staff to conduct a community-driven process to craft a vision of the future for the Downtown and Waterfront areas. Over several months, more than one hundred community members met to discuss issues vital to the economic, social and environmental well-being of the City over the next twenty years. The participants became known as the Stakeholder Committee and they submitted their Final Report and Recommendations for the Downtown/Waterfront Areas to the City Council in February 1998.

The Stakeholder Committee's final report raised two discussion issues related to parking in the vicinity of Cabrillo Boulevard. One related to the possible removal of parking on Cabrillo Boulevard along Chase Palm Park. The other issue pertained to existing parking lots on the ocean side of Cabrillo Boulevard, including the Chase Palm Park parking lot. Some Stakeholder Committee members felt that the new major entrance to the Waterfront via the Garden Street extension should not end at a parking lot; others thought that existing parking in that area should be retained but not expanded. The final recommendation concluded that the existing parking lots be retained pending the completion of the Cabrillo Boulevard Master Plan, as directed in Policy 9.5 of the Circulation Element.

### **OC Rezone**

The community's continued interest in preserving the diversity of uses in the Funk Zone resulted in the 1999 LCP Amendment application to create an OC (Ocean Oriented Commercial) Zone in the waterfront area. The LCP Amendment was certified by the Coastal Commission in 2004. The new OC Zone was applied to certain parcels in the Funk Zone and rezoned several others from HRC-2 to a dual zone of OC/HRC-2 (see Exhibit B for map of affected area). The intent was to preserve existing and encourage new ocean-dependent, ocean-oriented, arts-related, commercial and residential uses, while prohibiting new hotel, motel and related visitor-serving uses allowed under the prior HRC-2 zoning designation.

At the time of the rezone effort, the area encompassed by the OC Zone contained a mix of commercial, industrial, small businesses, residential, and arts-related facilities. Many buildings in this area are built to the edge of the street and, in many cases, with limited or no on-site parking. The OC Zone has no required setbacks in recognition of the numerous buildings built to the property lines. The intent was to provide an incentive, at least in terms of building development standards, for property owners to rehabilitate or replace older industrial buildings into more conforming ocean-oriented uses. However, the challenge of providing additional parking on-site has limited the ability of many owners to legally convert their properties to OC Zone uses.

### **EXISTING PARKING RESOURCES**

In order to develop solutions to help address the rising parking demand in the Funk Zone, it is important to understand the mechanisms by which public parking resources can be collectively maintained and used for the benefit of private property and business owners. In addition, the development history of the existing public parking supply in and around the Funk Zone is critical in considering how it may play a role in new and existing private land development.

#### **Downtown Parking and Business Improvement Area (PBIA)**

In November 1970, an effort was initiated by downtown business and property owners to increase parking supplies and access to better compete with the newly created La Cumbre Plaza, which provided ample parking. Business leaders organized a plan to tax themselves to purchase land and build parking lots, paseos, and an improved pedestrian environment on State Street. The City's role in this endeavor was to form a Parking and Business Improvement Area (PBIA) for the purpose of collecting funds and dedicating staff to operate the parking system. Some parking structures were also funded this way prior to the creation of the Redevelopment Agency, which funded additional parking structures. Today, ongoing PBIA collections are used to partially finance the operation and maintenance of the Downtown public parking system,

operated by the Transportation Division of the Public Works Department (see Exhibit C for information related to establishing a PBIA).

PBIA charges are assessed based on three factors: 1) the type of business on the site (e.g., retail, theater, financial institution); 2) the proximity of the site to a public parking lot (the rate decreases as the distances increases); and 3) the provision of on-site parking (if any) to off-set a business's reliance on public parking lots for employee and customer use. Refer to the *City of Santa Barbara Parking and Business Improvement Area (PBIA) Final Engineer's Report of Formula and Methodology of Assessments*, dated October 5, 1999 and prepared by Penfield & Smith, for more detailed information.

In 1991, the PBIA was expanded to incorporate three additional parking structures and included the area bounded by Sola Street, Santa Barbara Street, Highway 101 and De la Vina Street. In 1999, the PBIA was again expanded to include the Railroad Depot parking lot, and extended the boundary of the PBIA south, to Cabrillo Boulevard (Exhibit D).

### **Zone of Benefit**

Beginning in 1980, in recognition of the downtown core as a centralized destination where customers often park once to visit many nearby businesses, properties in the C-2 Zone were allowed to continue providing off-street parking at a uniform ratio of one space per 500 square feet of net building floor area, while the commercial parking rates of most other areas of the city were raised to one space per 250 square feet.

Following the Redevelopment Agency's construction of two parking structures alongside the Paseo Nuevo development, City Council adopted Resolution No. 4750 in February 1992, which formally established a Central Business District (CBD). Properties within the CBD were permitted to provide less than the required number of parking spaces based on their proximity to a public parking lot, commonly referred to as the "Zone of Benefit." At its furthest extent, the CBD is bound generally by Arrellaga Street, Garden Street, Highway 101, and De la Vina Street (Exhibit E). Any nonresidential use in the CBD, regardless of zone designation, is required to provide only one space per 500 square feet of net floor area, less the use's "Zone of Benefit." The resulting number of required parking spaces for a property is then reduced based on its proximity to a public parking lot, or its "percent of benefit" within the zone. For example, if a property is located within the same block as a public parking lot, the site is within a 100% Zone of Benefit and 100% of its required parking is allocated to the public parking source and not required to be provided on site (note: the Zone of Benefit is not available if and when the adjacent public parking supply is 85% used). However, as noted above, the business is subject to a higher PBIA fee for this amenity.

As stated above, the PBIA was extended to Cabrillo Boulevard in 1999 to encompass the majority of the study area of this report; however, the "Zone of Benefit" was not extended south of Highway 101, into the Coastal Zone. As a result, while businesses surrounding the Railroad Depot lot contribute to the PBIA for the convenience of having nearby public parking, they are not afforded the same "Zone of Benefit" reduction in on-site parking spaces as businesses are in the CBD north of Highway 101.

The PBIA could be further expanded to incorporate the recently constructed 29-space public lot on Helena Avenue for cost-sharing purposes; however, property and business owners could not benefit from being within close proximity to this public lot or the Railroad Depot lot by providing proportionally less on-site parking unless the Zone of Benefit was expanded into the

Coastal Zone. Although the concept of shared parking facilities is supported by the Circulation Element of the General Plan and LCP Policy 11.6, the City has yet to initiate a Zoning Ordinance Amendment and accompanying LCP Amendment to establish a Zone of Benefit for this area.

### **Existing Public Parking Lots**

The Funk Zone is surrounded by ample public parking, comprised of both fee-based parking lots and on-street parking. Two public parking lots are located within the boundaries of the Funk Zone; the 207-space Garden Street Lot and the 29-space Helena Avenue Lot. All other lots described below are not within the Funk Zone proper, but are located within close proximity and can be easily accessed by crossing either Cabrillo Boulevard or State Street.

#### ***Stearns Wharf***

In March 1980, the California Coastal Commission approved a Coastal Development Permit (CDP) to structurally rehabilitate Stearns Wharf after it was closed in 1973 due to its unsafe physical condition. The CDP also authorized construction of 28,410 square feet of building area and 126 parking spaces on the wharf. A condition of this approval required that, “prior to the opening of Phase II of the project [the secondary restaurant area and southern portion of the wharf], the City shall have constructed and opened for parking, the proposed 180± space public parking lot at the corner of Cabrillo Boulevard and Santa Barbara Streets [now Garden Street].”

The CDP also conditioned that employee parking (with the exception of ten spaces) be prohibited on the wharf. The decision to allow validation for restaurant patrons was left to the discretion of the City, and valet parking service for the main restaurants is at the option of the restaurant management.

There are currently 141 parking spaces on Stearns Wharf, including the area used for valet parking (the valet parking lot is managed by the Harbor restaurant and part of their lease agreement). Stearns Wharf parking is managed by the City’s Waterfront Department.

#### ***Garden Street Lot***

The CDP for the rehabilitation of Stearns Wharf in 1980 contained a condition of approval that the City construct and open a “180± space public parking lot” on the northwest corner of Garden Street and Cabrillo Street (referred to as the Garden Street Lot) to accommodate parking needs of the users of Stearns Wharf. The provision of this lot was noted by the Coastal Commission as essential to the operation of a completed Stearns Wharf project.

The Garden Street Lot also provides a portion of the required parking spaces for the Chase Palm Park Expansion under its 1993 Coastal Development Permit. Based on the conclusions of the Waterfront Park and Hotel and Hostel Final EIR, the 84-space demand for the Chase Palm Park expansion was conditioned to be met with a limited amount of parking provided on the park site, a new Mason Street parking lot (discussed below), and expansion of the Garden Street Lot, to be constructed upon completion of the Garden Street extension project. Therefore, in 1996, the Garden Street parking lot was expanded and now provides a total of 207 spaces to accommodate most of the parking demand generated by the Chase Palm Park expansion. This parking lot is managed by the City’s Waterfront Department.

### ***Mason Street Lot***

The Mason Street Lot, located north of the Garden Street Lot and railroad tracks, between Santa Barbara and Gray Streets, is comprised of 44 parking spaces, roughly resembling 90-degree on-street parking.

Due to the reliance upon all existing parking spaces within the Garden Street and Mason Street Lots to meet conditions of the Stearns Wharf and Chase Palm Park expansion CDPs, careful consideration is needed before any displacement or otherwise permanently assigned parking spaces from either of these lots would be used to support new development in the area. Such a proposal would likely require amending the CDPs of the above land uses and making necessary findings for consistency with the LCP and Coastal Act.

### ***Palm Park Parking Lot***

The Palm Park Lot is located south of Cabrillo Boulevard at the terminus of Garden Street. When Skaters' Point was developed in 2000, eleven parking spaces were displaced within the Palm Park lot, resulting in 280 spaces. Those spaces were gained elsewhere in the waterfront area by restriping the East Beach lot. In addition, six new parallel parking spaces were provided at the entry driveway to the Chase Palm Park expansion off Garden Street to meet the parking demand of the skateboard facility. This parking lot is managed by the City's Waterfront Department.

### ***Railroad Depot Lot***

The public parking lot adjacent to the Railroad Depot was acquired by the Redevelopment Agency from a private developer in 1995 and is in the process of being transferred to the City (expected to be complete by mid-2015). The lot contains 170 spaces available for the train depot, Greyhound bus terminal, several other adjacent businesses, and general public parking. The lot has ingress/egress off State Street and Montecito Street, both controlled by a staffed kiosk. This is the only public parking lot south of Highway 101 that is included in the PBIA and, therefore, offers a 75-minute free period. A unique off-site parking agreement was developed for the Children's Museum, currently under construction on City-owned land at 125 State Street, which allocated 29 of its 31 required parking spaces in the Railroad Depot Lot.

### ***Rey Road Lot (235 State Street)***

The 44-space parking lot directly north of Enterprise Fish Company was purchased from Caltrans by the Redevelopment Agency in 2000, with the intent of improving the site and generating private redevelopment of the surrounding area. Prior to that, Caltrans leased the parking lot to Enterprise Fish Company for their use. Once acquired by the City, the lot was incorporated into the City's existing public parking resources, and is managed by the Downtown Parking Division.

### ***Helena Lot***

In February 2012, a 28-space public parking lot was completed at 217 Helena Avenue, just south of the Wayfarer hostel, to provide additional parking in the Lower State Street area. The property was transferred from the Redevelopment Agency to the City in 2013, and is managed by the Downtown Parking Division. The lot currently operates as a 90-minute parking lot with two electrical vehicle charging stations.

## **On-Street Parking Supply**

On-street parking is provided throughout the Funk Zone, most of which is not subject to a time limit and thus, currently available for longer-term use by visitors, owners or employees. Most on-street parking is provided in a parallel parking configuration, with three exceptions: on-street spaces in the 00 block of East Mason are formally striped in a perpendicular configuration and limited to 90-minute parking; the 100 block of Helena is formally striped in a perpendicular configuration and not subject to a time limit; and the parking spaces along the 200 block of Gray Avenue are not formally striped but informally utilized in a perpendicular fashion, providing more on-street parking than would be provided in a parallel parking configuration. Consistent with City policy, this supply of on-street parking is available for use by anyone, and cannot be counted toward meeting the zoning parking requirement of existing businesses or proposed development. As properties redevelop or improve, opportunities do exist to minimize or reduce curb cuts and driveways in some areas, potentially creating more on-street parking spaces for use by the general public.

## **DEVELOPMENT CONSIDERATIONS**

Prior to 1986, most of what is now zoned HRC-2 or OC was zoned for Commercial Manufacturing (C-M). Therefore, many of the existing land uses and structures are nonconforming because they were built to an earlier and different zoning standard. Between 1986 and 1998, little change actually occurred. There are several reasons why uses which do not currently conform to the requirements of the HRC or OC Zones have failed to legally transition to more conforming uses, including difficulties associated with improving nonconforming uses and structures, and policy constraints related to the provision of off-street parking in the Coastal Zone.

### **Nonconforming Uses and Buildings**

The nature of nonconforming land uses and buildings limits the flexibility and options available to property owners and tenants. Often the placement or size of existing structures can make it difficult or impossible to bring them to current zoning or building code standards, which also limits the extent to which property owners can make improvements. Given the option of either continuing to work within the confines of an existing nonconforming structure, moving an entire business operation to another location, or facing large-scale remodeling or redevelopment to bring buildings to current standards, many property owners choose to continue the nonconforming use and make minimal improvements to nonconforming structures.

In order to help property owners and businesses make desired improvements, staff has allowed older nonconforming buildings and uses to transition into *more conforming* OC Zone uses rather than require strict adherence to the list of allowed uses, with the provision of additional parking to make up the difference necessitated by the new use. In many cases, however, an existing use may be so significantly under-parked and the site constrained to provide additional parking on-site, that the property is severely limited for use as anything more intense than the long-time industrial or warehouse use. Necessary building code upgrades can also result in improvements that further constrain the site and make it challenging or infeasible to make desired changes.

## **Sea Level Rise**

Sea level rise is a growing concern at both a global and local level. Cliff and bluff erosion, flooding of low-lying areas, and damage to shoreline infrastructure and development will continue to affect California's coastal communities in the decades ahead. As sea level rises, the shoreline will gradually move landward. The beach that lies just east of the Harbor is affected by harbor dredge discharge, but it progressively decreases in width and artificiality from west to east. Any narrowing or loss of Leadbetter, West, or East beaches would progressively expose public facilities such as the beach pathway, public parking lots, restrooms, and development at the Santa Barbara Harbor, Cabrillo Boulevard, Stearns Wharf, and the Cabrillo Bath House to periodic flooding and/or increased damage from wave action. Many of the City beaches and facilities already periodically experience moderate levels of damage from high tides and winter storms.

The City's Environmental Resources and Safety Elements contain policies and implementation actions directing development of adaptation guidelines for sea level rise, and reviewing public improvements for potential impacts from sea level rise. For existing public improvements, such as parking lots, the beach pathway and Cabrillo Boulevard, adaptation to sea level rise could range from protecting certain facilities in place, raising facilities above projected flood heights, managing retreat, or relocating facilities. The Local Coastal Program Land Use Plan update currently underway will be required to include new and updated Hazards Policies to address sea level rise and related impacts and, in some circumstances, may not allow reconstruction of damaged structures.

The current Median High Water Line for Santa Barbara is approximately 53 inches above sea level. The most recent available data indicates that by 2050, sea level rise could range from 5 to 24 inches (resulting in a new Median High Water Line of 58 to 77 inches above sea level), and the risk of wave damage to shoreline development and infrastructure in Santa Barbara will be high. Options are limited and adaptive capacity will be moderate, with retreat being the most viable long-term option. Therefore, it's conceivable that sea level rise may eventually result in the loss of some public parking south of Cabrillo Boulevard.

In light of the potential loss or relocation of critical public parking south of Cabrillo Boulevard, consideration needs to be given to the possible future need for replacement of that parking landward of Cabrillo Boulevard, further constraining limited public parking resources.

## **Applicable Policies and Ordinances**

Any changes to the existing land use, transportation and/or parking system in the Coastal Zone must take into consideration the policy framework embodied by the California Coastal Act and the City's LCP (applicable policies are attached as Exhibit F). Coastal Act and LCP policies emphasize maintaining and enhancing public access to coastal areas, including provision of adequate parking facilities. Any potential solutions to parking constraints in the Funk Zone must demonstrate that coastal access will not be adversely affected.

Conversion from a nonconforming use to an allowed or more conforming use may require a Coastal Development Permit, and a need for consistency with LCP Policy 11.5:

*“All new development in the waterfront area, excepting Stearns Wharf, shall provide adequate off-street parking to fully meet their peak needs. Parking needs for individual developments shall be evaluated on a site-specific basis and at minimum be consistent with City Ordinance requirements.”*

Even when a change of use is minor and qualifies for a Coastal Exemption (not a demolition and replacement), compliance with SBMC §28.90.001.N. requires additional parking to accommodate the change of use, which most often triggers the need for additional off-street parking.

*“Whenever the type of use of any existing building is changed to another type of use that requires more parking spaces under this Chapter than were required for the prior use, there shall be provided additional permanently maintained parking spaces as required by this chapter for said building and any other existing buildings located on the parcel or parcels. The number of required additional parking spaces under this subsection shall be computed by determining if the number of parking spaces required for the new use is greater than that required for the previous use under this Chapter. If there is an increased number of parking spaces required for the new use, that increased number of additional parking spaces shall be added to the number of parking spaces required for the prior legal conforming or non-conforming use and the total of these two numbers shall be the number of parking spaces required for the new use.”*

These policy and ordinance requirements often prevent the conversion of nonconforming uses to allowed or more conforming uses for several reasons:

- Existing off-street parking supply is often insufficient to meet even the current demand;
- Older, nonconforming buildings often have limited space on-site for new or additional off-street parking, and;
- The provision of adequate parking areas on small lots can severely restrict the buildable area of the lot.

The deficiency of off-street parking throughout the Funk Zone presents challenges related to circulation and access, as well as constraints for redevelopment. Few private parking lots are shared by more than one business, limiting the ability to efficiently use land for parking. Furthermore, unlike downtown businesses within the CBD and “Zone of Benefit,” properties within the Funk Zone are not currently able to take advantage of their proximity to public parking lots by providing a proportionately reduced amount of on-site parking.

The general lack of off-street parking for many businesses creates haphazard parking situations throughout the area. For instance, informal on-street parking leads to parallel parking along some streets and 90-degree parking along others. Also, more frequent use of the railroad right-of-way for overflow parking is occurring, creating a potential safety issue. Valet parking has also recently gained popularity in the Funk Zone to help manage the limited on-site parking supply, which, depending on how and where they operate, can further constrain the on-street parking supply and/or cause bottlenecks as vehicles queue up at the valet attendant station.

## **POTENTIAL EFFECTS OF LAND USE TRANSITION**

Recently constructed and renovated buildings in the Funk Zone have both direct and indirect effects on the area. The direct effects of development include a change in the immediate character of the area due to aesthetic or infrastructure improvements (e.g., new sidewalks), changes in access or circulation patterns, and an increase in the number of people drawn to the area. Indirectly, new development can serve as a catalyst for additional development activity, raising the value of surrounding property and potentially gentrifying the area, displacing existing businesses and artist work spaces.

Several larger developments planned or under construction will generate additional parking demand in the waterfront area, including the Children's Museum, La Entrada de Santa Barbara, Waterfront Hotel, and redevelopment of 121 E. Mason Street. Pursuant to existing LCP policies, each of these developments would provide adequate off-street parking to meet their demand.

The Children's Museum, currently under construction at 125 State Street, will be a three-story, 16,691 square-foot building containing hands-on exhibits in indoor and outdoor galleries, offering services and programs for children of all ages and their families, and professional educators. Two accessible parking spaces will be provided on-site and 29 spaces will be provided in the Railroad Depot Lot directly to the north.

La Entrada de Santa Barbara includes 123 boutique hotel rooms, approximately 22,000 square feet of commercial space, a public plaza, and 264 total parking spaces; 140 spaces for the hotel use, and 124 spaces for the commercial use, accessible to the general public on a first-come, first-served basis similar to the Paseo Nuevo parking garages. This site will ultimately enhance and connect the Lower State Street area to the Waterfront area and the Funk Zone. Construction is underway and expected to be complete in late 2016.

The Waterfront Hotel, located at 300 E. Cabrillo Boulevard, just northeast of Chase Palm Park expansion area is approved for 150 hotel rooms and a separate 111 space parking lot (additional parking is provided on the existing DoubleTree hotel site). The applicant team is currently considering an alternate hotel option, and City policy would require that adequate off-street parking be provided to fully meet the hotel's peak need. In the interim, the applicant is seeking approval of a new Development Agreement to extend the current approvals.

The proposed mixed-use project at 121 E. Mason Street encompasses nearly an entire block bounded by Gray Avenue, Yanonali Street, Santa Barbara Street, and the railroad tracks. Currently being reviewed by City staff for compliance with local and state regulations, the proposal includes a new approximately 130,000 square-foot, four-story, mixed-use complex with 64 residential units, 37 hotel rooms, commercial, restaurant, and arts-oriented uses, and approximately 118 off-street parking spaces (23 spaces at-grade and 95 in automated stacked parking) rather than the 229 parking spaces required by the Zoning Ordinance. The proposal also includes 188 bicycle parking spaces (105 on-site; 83 in the right-of-way) bicycle parking spaces, use of a car-share program and valet operation to help offset the reduced number of proposed parking spaces.

## **POSSIBLE OPPORTUNITIES AND OPTIONS**

The character of the Funk Zone may be altered if the removal of existing structures is the only way to provide required parking for new or expanded uses. The lack of off-street parking and the City's coastal policies relating to parking are the biggest limiting factor to new development in the area. Providing consolidated parking would ease the burden on individual property and business owners who would like to either expand their current business or change the use; however, the general lack of off-street parking is the primary reason that the area has retained its small scale and present mix of uses.

Several Coastal Act and LCP Policies support an equitable distribution and shared use of parking resources, and use of alternative modes of travel to and along the shoreline. Shared off-street parking could be established in existing or new private lots, so long as an adequate number of required spaces are allocated to each business relying on the lot. Opportunities also exist to

increase and enhance connections between businesses and existing public and private parking resources, increasing convenience for visitors and enabling a more efficient use of current supply.

In order to utilize public parking resources to meet private development needs, it is likely that new off-street parking spaces would need to be added to the current supply. A parking demand/supply study would determine whether or not the current supply can meet the demand of existing and anticipated future buildout of the area. As discussed earlier, local and state coastal policies, and conditions of relevant Coastal Development Permits, would then dictate the extent to which any of the current off-street public parking supply could be redistributed and allocated to other uses in the area.

To expand or establish a separate PBIA within the Funk Zone, property and/or business owners would need to follow the required steps to form such a district (see California Streets & Highways Code §36000), and City staff could be an informational resource throughout that process. Generally, owners would need to establish a formula for assessing themselves in an equitable manner, conduct outreach to, and gain support from, affected businesses, and petition City Council for their approval. Expanding the Zone of Benefit to within the Coastal Zone would require a Zoning Ordinance Amendment and accompanying LCP Amendment.

Aside from creating additional off-street parking in the Funk Zone to allow for new development or change of use, there are opportunities to expand the on-street parking supply, including modifying street circulation patterns to create a more efficient use of the public right-of-way. While this would benefit the general public and increase their ability to utilize on-street parking, City policy would not allow the creation of additional on-street parking spaces to offset demand generated by new development or a change of use.

## **LOCAL COASTAL PLAN UPDATE**

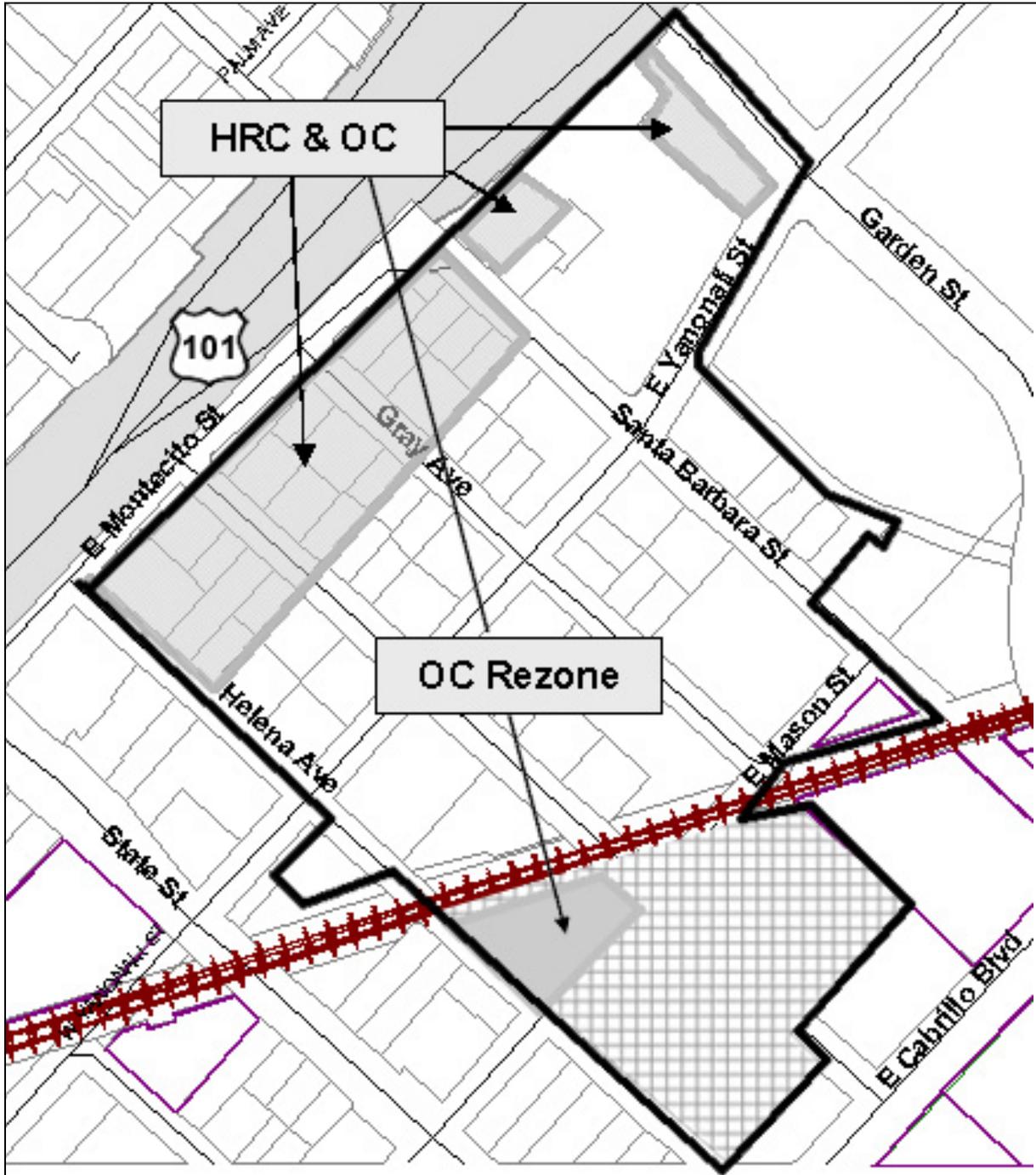
The City is in the process of updating the Land Use Plan of our certified Local Coastal Plan (LCP). Many of the policies and actions described in the 1981 LUP have been implemented and should be deleted as they are no longer relevant; other policies are still relevant and will be carried forward in the amended plan. For example, policies and actions promoting the development of multi-use parking facilities and a Waterfront Area Parking District, and encouraging alternative modes of travel are still pertinent and should be considered in the amended LUP. In addition, new LUP policies are necessary to help implement the City's existing and planned coastal resource protection measures and regulations (clean water, biological and environmental resources, sea level rise and coastal adaptation strategies) and incorporate relevant existing policies from the recently updated General Plan.

Staff is working with several City Boards and Commission for input including the Harbor Commission, Parks and Recreation Commission and the Planning Commission. Public input will be encouraged on the Draft LUP, and a public workshop is anticipated in Spring 2015. Interested parties should check for updates at: [www.santabarbaraca.gov/services/planning/mpe/lcp.asp](http://www.santabarbaraca.gov/services/planning/mpe/lcp.asp).

# Study Area



Proposed OC Rezoning in Waterfront



OC Rezone
HRC & OC
OC Uses & Small Hotels Allowed, Housing Prohibited

EXHIBIT B

## Summary of Business Improvement District Research As of March, 2012

California Streets & Highways Code allows cities to tax businesses within Parking and Business Improvement Areas (PBIA) and to use the proceeds to:

- Acquire, maintain or construct parking for the benefit of the area
- Decorate public places in the area
- Promote public events in the area
- Furnish music in the area
- Promote retail activities in the area

This is in addition to the general business license tax.

The City of Santa Barbara has three:

- Downtown Parking and Business Improvement Area Assessment District (PBIA)
- Downtown Parking and Business Improvement Area Charges (DO)
- Old Town Parking and Business Improvement Area Charges (Old Town)

### **PBIA (Parking)**

- Finance bills all businesses within the area a quarterly
- Complicated formula based on business type and proximity to public parking lots
- Property owners and non-profits are exempt.
- \$840,000 generated in 2010
- Established in 1971
- Engineer's Report
- Annual Assessment Report to Council & public hearing & Resolution
- Funds go to City's **Downtown Parking** Operation

### **Downtown Improvement Area Charges (DO)**

- Finance bills all businesses, professionals and property owners annually (Feb)
- Relatively simple formula based on the most recent business license fee
- Fees range from \$500 - \$2000 a year
- Established in 1975 (maybe 1967!)
- No record of Engineer's Report
- No Annual Report to Council or Resolution
- Funds go to **Downtown Organization**

### **Old Town Improvement Area Charges**

- Finance bills all businesses (not property owners)
- Relatively simple formula based on the most recent business license fee
- Established in 1976
- No record of Engineer's Report
- No Annual Report or Resolution
- 2005 Update by Resolution – Downtown Organization Agreement

## **Forming or Changing a Business Improvement District**

### **Steps Necessary Prior to City Action (3 - 12 months)**

**Engineer's Report** – Details the costs of maintenance work and other services to be provided including a formula for assessing businesses that will generate enough revenue to fund the services. Penfield and Smith prepares for the PBIA (Downtown Parking). Could cost \$50,000 - \$100,000. DO could fund or DO could request City to fund after showing support from businesses in area).

**Business Database** – List of businesses affected. May also need gross revenue, number of employees, business type or other factors. Identify a motivated Steering Committee.

**Improvement District Business Plan** – Baseline services analysis. Outlines program objectives and how services will to be provided.

**Business Outreach** – Disseminate information about Improvement District and how it works; learn desires and priorities.

### **Petition Council for Resolution of Intent Required Steps by City**

Council must adopt a Resolution of Intent:

- Describe boundaries
- Area name
- Types of improvements and activities to be funded
- State that, except where funds are otherwise available, assessment will be levied annually to pay for all improvements and activities in the area
- State the method and basis of the assessment in detail enough to allow each business owner to estimate the amount to be levied against their business
- State whether new business will be exempt
- Fix and time and place for public hearing (not less than 20 days or more than 30)
- State that at hearing testimony for and against will be heard

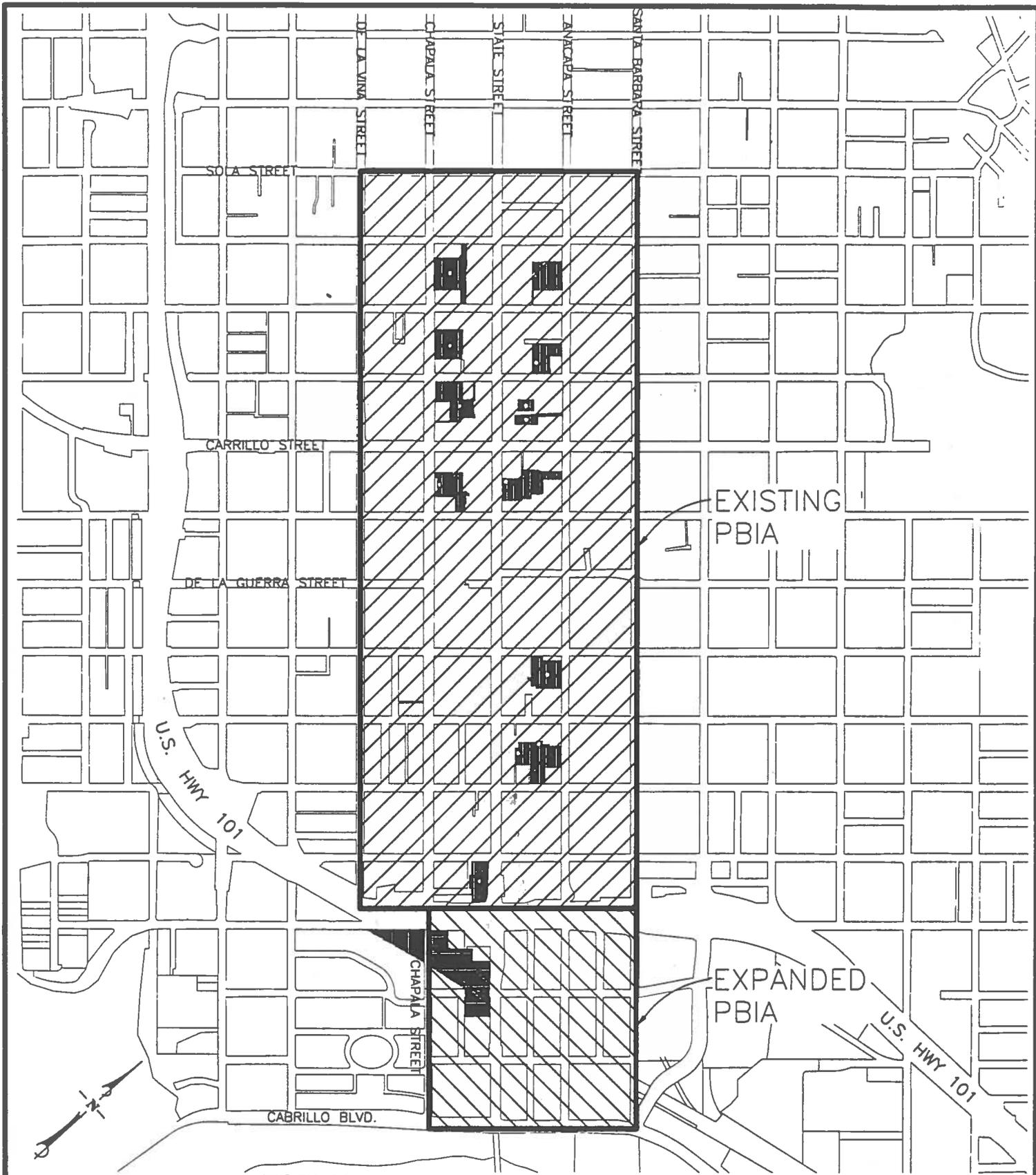
A complete copy of Resolution must be mailed to all business owners in area.

Proceedings terminate if protest is made by businesses which pay a majority of the taxes within the area under the general business license tax. (36023), or...if written protests are received from the owners of businesses in the proposed area which will pay 50% or more of the assessments proposed. (36525a?)

If no majority protest, an ordinance to implement the district is prepared.

State enabling laws:

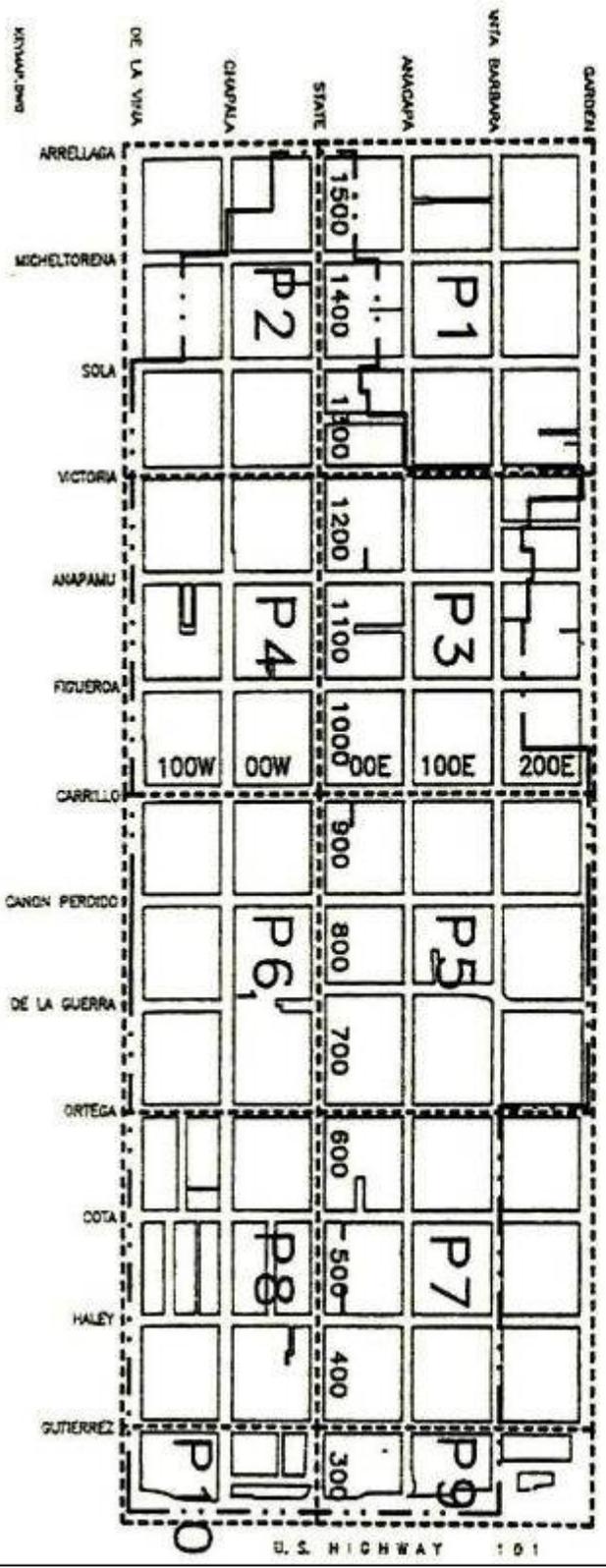
- Parking & Business Improvement Area Law of 1989 – Business Assessments
- Property & Business Improvement District Law of 1994 – Business and / or property assessments



VICINITY MAP  
 SCALE: 1" = 1000'

# FIGURE A KEYMAP CITY OF SANTA BARBARA PARKING ZONES OF BENEFIT

Locate the block in which the property is located and consult the appropriate following page for details on the Parking Zone of Benefit credit.



**LEGEND**  
 P7 MAP PAGE NUMBER  
 10 PARKING LOT AND NUMBER  
 --- MAP PAGE DELINEATION  
 - - - - DELINEATED AREA

## APPLICABLE COASTAL ACT AND LOCAL COASTAL PLAN POLICIES

The California Coastal Act contains several polices that support an equitable distribution and shared use of parking resources, and alternative modes of travel to and around the shoreline:

***Coastal Act Section 30212.5:** Wherever appropriate and feasible, public facilities, including parking areas or facilities, shall be distributed throughout an area so as to mitigate against the impacts, social and otherwise, of overcrowding or overuse by the public of any single area.*

***Coastal Act Section 30222:** The use of private lands suitable for visitor-serving commercial recreational facilities designed to enhance public opportunities for coastal recreation shall have priority over private residential, general industrial, or general commercial development, but not over agriculture or coastal-dependent industry.*

***Coastal Act Section 30250(a):** New residential, commercial, or industrial development, except as otherwise provided in this division, shall be located within, contiguous with, or in close proximity to, existing developed areas able to accommodate it or, where such areas are not able to accommodate it, in other areas with adequate public services and where it will not have significant adverse effects, either individually or cumulatively, on coastal resources. In addition, land divisions, other than leases for agricultural uses, outside existing developed areas shall be permitted only where 50 percent of the usable parcels in the area have been developed and the created parcels would be no smaller than the average size of surrounding parcels.*

***Coastal Act Section 30252:** The location and amount of new development should maintain and enhance public access to the coast by (1) facilitating the provision or extension of transit service, (2) providing commercial facilities within or adjoining residential development or in other areas that will minimize the use of coastal access roads, (3) providing nonautomobile circulation within the development, (4) providing adequate parking facilities or providing substitute means of serving the development with public transportation, (5) assuring the potential for public transit for high intensity uses such as high-rise office buildings, and by (6) assuring that the recreational needs of new residents will not overload nearby coastal recreation areas by correlating the amount of development with local park acquisition and development plans with the provision of onsite recreational facilities to serve the new development.*

***Coastal Act Section 30255:** Coastal-dependent developments shall have priority over other developments on or near the shoreline. Except as provided elsewhere in this division, coastal-dependent developments shall not be sited in a wetland. When appropriate, coastal-related developments should be accommodated within reasonable proximity to the coastal-dependent uses they support.*

The following Local Coastal Plan policies are applicable to the provision of access and parking in the Waterfront area:

***LCP Policy 3.3:** New development proposals within the coastal zone which could generate new recreational users (residents or visitors) shall provide adequate off-street parking to serve the present and future needs of the development.*

**LCP Policy 3.13:** *Developers shall be required to provide on-site recreational open space and parking for new users generated by any development of vacant or underdeveloped properties inland of Cabrillo Boulevard.*

**LCP Policy 11.5:** *All new development in the waterfront area, excepting Stearns Wharf, shall provide adequate off-street parking to fully meet their peak needs. Parking needs for individual developments shall be evaluated on a site-specific basis and at minimum be consistent with City Ordinance requirements.*

**LCP Policy 11.6:** *The City shall locate and develop new public and private parking in larger, multi-use facilities wherever feasible in order to minimize street access points, reduce peak parking space requirements, and improve facility control.*

**LCP Policy 11.9:** *The city shall investigate the posting of time limits or the imposition of parking fees for on-street parking in order to:*

- (1) Generate revenues to pay for local transportation related programs; and*
- (2) Divert drivers into peripheral parking facilities or alternative transportation modes.*

**LCP Policy 11.11:** *The City shall encourage ride-sharing and car-pooling as a means of minimizing traffic demands in the waterfront.*

**LCP Policy 11.14:** *The City shall implement the Bikeway Master Plan in the waterfront area in order to encourage the use of the bicycle as an alternative mode of transportation.*

**LCP Policy 11.15:** *Pedestrian movement and safety should be encouraged and provided for throughout the area.*

**LCP Policy 11.16:** *In order to encourage walking as an alternative to travel by automobile, the City shall protect existing pedestrian access to coastal areas from areas north of Highway 101 and strongly encourage the development of new pedestrian accessways.*

The Circulation Element, certified by the Coastal Commission in 1998, contains additional policies and implementation strategies relevant to managing parking in the Coastal Zone, including the development of a Cabrillo Boulevard Master Plan, and parking south of Cabrillo Boulevard.

**Circulation Element Policy 9.2:** *The City shall maintain, improve, consolidate, and promote the efficient use of parking supplies in the Coastal Zone.*

**Circulation Element Implementation Strategy 9.2.1:** *Study and where feasible, implement methods to extend the "park once" concept in the Waterfront through such methods as:*

- working with property owners to form a parking/transit assessment district in the Lower State Street area to consolidate existing parking resources while protecting low intensity/low density shoreline-oriented uses (see General Plan Land Use Element, page 29, Section III),*
- considering Zoning Ordinance amendments that would encourage development of private parking lots to supplement the existing parking supply in the Coastal Zone, and*

- *considering Zoning Ordinance amendments that would reduce parking requirements for non-residential uses that share parking facilities.*

***Circulation Element Implementation Strategy 9.2.2:*** *Consider revising Local Coastal Plan Policy 11.5 to modify requirements that parking demand be met on site in the Coastal Zone. Amend the policy to allow property owners to propose alternative approaches to meeting parking demand in a manner consistent with other areas of the City, providing such modification does not reduce the number of public parking spaces available to the general public for the purposes of accessing the shoreline and beach in the waterfront area.*

***Circulation Element Implementation Strategy 9.2.4:*** *Preserve existing on street parking where safe, appropriate, and feasible.*

***Circulation Element Policy 9.3:*** *The City shall coordinate parking lot access and alternative modes of transportation.*

***Circulation Element Implementation Strategy 9.3.1:*** *Develop a Coastal Zone linkage plan for bicycles and pedestrians among parking lots and points of interest through dedication, acquisition, easements, the purchase of property, and other applicable methods.*

***Circulation Element Implementation Strategy 9.3.5:*** *Improve alternative transportation connections from the Coastal Zone to existing parking facilities outside the Coastal Zone.*

***Circulation Element Policy 9.5:*** *The City shall develop a Master Plan for the entire length of Cabrillo Boulevard and interchanges, which identifies potential operational and aesthetic improvements.*

***Implementation Measure 9.5.1:*** *Create a Master Plan for Cabrillo Boulevard that explores the implementation of the following:*

- *Improving pedestrian access and crossing of Cabrillo Boulevard as new parking is developed on the inland side of Cabrillo Blvd.*
- *Maintaining on-street parking along Cabrillo Boulevard. No further development of off-street parking should occur on the ocean side of Cabrillo Boulevard.*