

MEMORANDUM



TO: MEMBERS OF THE PLANNING COMMISSION
FROM: SRI RAVALI KOMARAGIRI, PLANNER
THROUGH: BARBARA MCBETH, AICP, CITY PLANNER
SUBJECT: SET PUBLIC HEARING FOR TEXT AMENDMENT 18.290
DATE: AUGUST 28, 2019

Recently, the Community Development Department has seen a considerable interest in hotel development in Novi. There are currently sixteen built hotels in Novi and one under construction. In the last five years, the Planning Commission has approved two hotels. In 2019, City Council has approved a development that included two hotels as part of a Planned Rezoning Overlay development, located at the intersection of Novi Road and I-96 express ramp. One of the hotels has applied for a reduction of minimum parking required and noted that *'the advent of transportation networking services/ridesharing services (Uber, Lyft, etc.) have an impact on parking trends. It is anticipated that guests will utilize the aforementioned services for business and recreational purposes and will further reduce the demand on parking'*. **Based on recent discussion, the Planning Commission has advised the staff to look into effects of ride-sharing services on the parking demand for hotels.** Staff studied available articles and contacted local hotel managers to gather data. This memo includes summary of the research and conclusions in the following documents attached to this memo.

1. Research Summary on impacts of ride sharing services on Parking demand
2. Parking comparison with surrounding communities
3. Summary of proposed Text Amendments
4. A Draft Ordinance Amendment
5. A map showing the existing hotels and hotels currently under review/construction
6. A map showing the Current Zoning districts that allows Hotels as a permitted/special land use/limited use
7. A map showing future land uses that would allow Hotels as a permitted/special land use/limited use
8. Articles studied for this Amendment

The Planning Commission is asked to review the proposed amendments and if acceptable, set a public hearing for the proposed text amendment at a later meeting. Following the public hearing, the Planning Commission will be asked to make a recommendation to the City Council on the proposed ordinance amendments. The attached staff version of the proposed amendment is subject to review and changes by City staff and/or the City Attorney's Office. Please contact Sri Ravali Komaragiri 248.735.5607 or skomaragiri@cityofnovi.org with any questions or concerns.

RESEARCH SUMMARY ON IMPACTS OF RIDE SHARING SERVICES ON PARKING DEMAND

Given that the ride-sharing mode of transportation is an emerging idea, there is not enough data available that could be used to identify parking demands for specific land use. Most of the data available is collected at the airport or downtown parking garages and do not necessarily apply to a suburban setting similar to Novi. However, a particular study completed by University of Colorado, published in the Journal of Transport and land use (see end of page for citation) provides a better insight in the bi-directional relationship between parking and ride-sharing service. The study results suggest that:

- i) *Ride-hailing is replacing driving trips and could reduce parking demand, particularly at land uses such as airports, event venues, restaurants, and bars;*
- ii) *Parking stress is a key reason respondents chose not to drive; and*
- iii) *Respondents are generally willing to pay more for reduced parking time and distance. Conversely, parking supply, time, and cost can all influence travel behavior and ride hailing use. This study provides insight into potential benefits and disadvantages of ride-hailing as related to parking.*

This study also noted that 26.4% of Uber/Lyft riders would have driven and needed a parking space if the ride-hailing services did not exist. The users would have driven a car if parking is accessible and available. Residents and visitors to Novi have access to large surface parking lots, so availability of parking is not yet an issue in Novi. Novi does not have public transportation as an alternate mode of transportation; one should either own a car or use services like Uber/Lyft to travel.

Another article on the Hotels News Now, by George Jordan, states that 'ride-sharing works well in dense major metropolitan areas but not quite so well in ex-urban locations, where distances and wait times compel some form of ownership. The article also states the cost of renting a car and parking often exceeds the cost of overnight hotel accommodations in larger Cities, for example, \$ 70 a night in Chicago. Looking further into this theory, a room at a hotel in Novi, rents out to be approximately within \$65 to \$135 depending on the type of the hotel. A single day car rental at the airport starts at \$35a day. An Uber ride one way typically starts at \$35 from the airport. The owner of Hyatt Regency a Suburban showplace indicated that most of the residents at that hotel are conference attendees and a majority of them use services like Uber or Lyft, for the convenience aspect of it.

Based on the research, the probability of Uber/Lyft users is more for hotels associated with a conference use. Users of extended stay hotels may most likely rent a car.

[1] HENAO, Alejandro; MARSHALL, Wesley E.. *The impact of ride hailing on parking (and vice versa)*. *Journal of Transport and Land Use*, [S.l.], v. 12, n. 1, feb. 2019. ISSN 1938-7849. Available at: <https://www.jtlu.org/index.php/jtlu/article/view/1392>.

PARKING COMPARISON WITH SURROUNDING COMMUNITIES

Staff compared the minimum parking requirements for a Hotel in Novi with the surrounding communities and the ITE Parking manual (4th edition). A summary of findings is listed below:

Table 1: Minimum Parking Requirements in Surrounding Communities		
	Parking per guest room	Parking per each employee
Novi	1	1
Lyon Township	1	1
City of Farmington	1	0.25
Northville	1	1
Wixom	1	0
Commerce Township	1	1
Rochester Hills	1.1	0
Southfield	1.3	0
Suburban Hotel (<i>ITE Land</i>)	1.2 per occupied room	0
Business Hotel (<i>ITE Land use</i>)	0.6 per occupied room	0
Motel (<i>ITE Land use</i>)	0.71 per occupied room	0

1. All communities require additional parking for accessory uses as per respective Zoning Ordinances.
2. Wixom, Farmington, Rochester Hills and Southfield did not specify a minimum requirement for number of employees, most likely due to access to public transportation.
3. ITE parking manual did not account for parking for employees as well.
4. **ITE parking manual lists parking demand based on 'occupied room' as opposed 'occupancy'**. It indicates that it is important to collect data on occupied rooms as well as total rooms in order to accurately estimate parking generation characteristics for the site.
5. ITE manual also acknowledges that parking demand at a hotel may be related to the presence of supporting facilities such as convention facilities, restaurants, meeting/banquet space and retail facilities.
6. Farmington Hills provides an alternate option to calculate parking for accessory uses depending on whether the uses are in the same building or a separate building as noted below.
 - 10 spaces per 1,000 square feet of gross leasable area of lounge, restaurant, conference, banquet rooms or exhibit space, if the majority of patrons are expected to be motel guests.
 - If the restaurant or lounge is independent of the motel or hotel (i.e., with a separate exterior entrance and sign), the required spaces for restaurants and bars/lounges shall be provided

SUMMARY OF PROPOSED TEXT AMENDMENTS

City of Novi Zoning Ordinance identifies four types of Hotel uses: Transient Residential Uses, Hotels, Business Motels and Motels as defined in Section 2.2 of our Zoning Ordinance. **Please refer to the draft Amendment for changes to the definitions for these four types.** A majority of the land uses are located along Grand River Avenue, Novi Road and Haggerty Road. The memo includes three maps that show the current hotels in Novi, current Zoning map and future land uses that would allow Hotels as a permitted/special land use/limited use. The text amendment would be applicable for the zoning districts listed in Table 3. Most of the districts would likely have a shared use.

It should be noted that the ITE provides numbers that indicate parking demand based on existing facilities survey. For example, the requirement for 1.2 per space is the demand for each occupied room. It is based on the estimation that the average occupancy rate for hotel is 72% at its maximum during a year. **Novi and surrounding jurisdictions require minimum parking for an estimated 100% occupancy, which is usually not the case for suburban hotels. It also did not account for Uber and Lyft.**

Staff contacted the surrounding communities around Novi to inquire if they considered the impact of Uber/Lyft on hotel parking. Even though they did not start the research, they agreed that it is something worth pursuing. The limited available data does not provide a clear direction on recommended reduction in the data based on ride sharing services. Some assumptions need to be made. Factors such as occupancy rate, presence of accessory uses such as restaurants, banquet halls etc., shared parking lots and proximity to other entertainment/recreational uses with walkable access have an impact in calculating minimum parking requirements. In summary, parking requirements for hotels in Novi can be reconsidered. As these services become more popular, it also presents Planners an opportunity to consider the following in the future:

1. Lowering parking generation rates, thus reducing parking demand;
2. Reconsider the minimum parking requirements for certain uses such as restaurants, bars and conference centers;
3. Replacing parking spaces with different land uses and provide economic development opportunities.

Staff is proposing the following changes to the current parking and loading requirements, and simplifying the hotel categories as currently listed in our Zoning Ordinance, as noted in table 2 and 3.

Table 2: Comparison of Existing Requirement and Proposed Amendment		
	Existing Requirement	Proposed Amendment
Employee Parking <i>Section 5.2.12.C</i>	1 per employee	1 per every four employees Hotels now-a-days are transporting cleaning crews from one facility to the other.
Guest Parking <i>Section 5.2.12.C</i>	1 per occupancy room	<ul style="list-style-type: none"> - 0.8 per occupancy room for hotels or for hotels in a mixed use development with overflow parking availability. - 1 per occupancy room for hotels that offer extended stay and motels, unless otherwise approved by Planning Commission based on their review of parking study or other similar acceptable study. <p>Minimum requirements for parking can be calculated at 80% occupancy rate. The applicant should provide occupancy rates subject to Planning Commission's approval. It is based on the ITE's estimation that the average occupancy rate for hotel is 72% at its maximum during a year for suburban hotels.</p>
Pick-up/Drop-off <i>Section 5.2.12.C</i>	No specific requirement	1 space for Pick-up A dedicated parking space shall be required to facilitate Uber/Lyft cars waiting for pick-up/drop-offs.
Accessory uses <i>Section 5.2.12.C</i>	Parking for accessory uses can be calculated based on individual requirements set forth on our Zoning Ordinance	Parking for accessory uses can be calculated based on individual requirements set forth on our Zoning Ordinance. Reduction subject to Planning Commission's approval of shared parking study or parking demand study, subject to requirements of Section 5.2.7.
Loading Zone <i>Sec. 4.28</i>	Within the B, GE, FS, RC, NCC, TC and TC-1 districts, loading, unloading space shall be provided in the rear yard at a ratio of ten (10) square feet for each front foot of building; except in the case of a double frontage lot, Within the OS districts, loading space shall be provided in the rear yard or in the case of a double frontage lot, in the interior side yard, in the ratio of five (5) square feet per front foot of building up to a total area of three-hundred sixty (360) square feet per building.	In case of hotels and motels with no food service, banquet halls or similar uses, the Planning Commission may permit reduction in minimum loading area requirements listed in Section 5.4. Such reduction may be considered by the Planning Commission only after reviewing relevant data provided by the applicant of the largest truck that will access the site. Hotels with accessory uses such Banquet halls, restaurants and gathering spaces such as convention halls etc. are subject to section 5.4.1 for loading area requirements.

Table 3: Changes to Hotel Terminology per Zoning District

Zoning District	Use	Section No.	Current Ordinance	Proposed Text change
P: Permitted; SLU: Special Land use				
B-2: Community Business	P	3.1.11.B.xiv	Hotels and motels §4.28 <i>(Permitted when the site does not abut residential use)</i>	No change
B-3: General Business	SLU	3.1.11.C.ii.	Motel §4.28	No change
C: Conference	SLU	3.1.13.C.ii	Hotels and motels <i>(not subject to Sec. 4.28)</i>	Hotels §4.28.5
EXPO: Expo	P	3.1.14.ii	Hotels and motels <i>(if included with an exposition facility)</i>	No change
EXO: Exposition Overlay	P	3.1.15.B.v	Hotels and business motel §4.28.4 <i>(when part of a development)</i>	Hotels §4.28.4
EXO: Exposition Overlay	SLU	3.1.15.C.ii	Hotels and motels when part of an Exposition, conference, and convention facilities §3.25	No change
FS: Freeway Service	P	3.1.17.iv	Motels, hotel and transient lodging facilities §4.28	Hotels and motels §4.28
I-2: Heavy Industrial District	SLU	3.1.19.B.xxxi.c	Eating and drinking establishments and motels §4.49 <i>Motels subject to restrictive conditions, to serve limited needs of an industrial district</i>	No change
I-1: Light Industrial District	SLU	3.1.18.C.ii.c		No change
OSC: Office Service Commercial	P	3.1.22.B.xi	Transient residential uses	Hotels §4.28.5
OST: Office Service Technology	P	3.1.23.B.v	Hotels and business motels §4.28.4 <i>(when part of a development)</i>	Hotels §4.28.4 <i>(when part of a development)</i>
RC: Regional Center	P	3.1.24.xiii	Transient residential uses	Hotels §4.28.5
TC Town Center	P	3.1.25.B.xix	Hotels and Transient Housing	Hotels §4.28.5
TC-1: Town Center-1	P	3.1.26.B.xix	Hotels and Transient Housing	Hotels §4.28.5
PD-2: Planned Development	SLU	3.31.7.B.i	Convention centers including motels, motor hotels	Convention centers including motels and hotels
Master Plan City west	P		Recommended permitted use of Hotels in 2015 Master Plan for Land Use	To be determined

A Draft Ordinance Amendment

DRAFT
STATE OF MICHIGAN
COUNTY OF OAKLAND
CITY OF NOVI
ORDINANCE NO. 18.290

AN ORDINANCE TO AMEND THE CITY OF NOVI ZONING ORDINANCE AT ARTICLE 2.0 DEFINITIONS, SECTION 2.2 DEFINITIONS; ARTICLE 3.0 ZONING DISTRICTS, SECTION 3.1 DISTRICTS ESTABLISHED, TO UPDATE THE HOTEL TERMINOLOGY IN APPLICABLE SECTIONS OF B-2, B-3, C, EXPO, EXO, FS, I-2, I-1, OSC, OST, RC, TC, TC-1 AND PD-2 ZONING DISTRICTS; ARTICLE 4.0 USE STANDARDS, SECTION 4.28 HOTELS, MOTELS AND TRANSIENT LODGING FACILITIES; ARTICLE 5.0 SITE STANDARDS, SECTION 5.2.12 OFF-STREET PARKING SPACES IN ORDER TO CLARIFY THE DEFINITION OF HOTEL, REVISE THE MINIMUM PARKING AND LOADING AREA REQUIREMENTS FOR HOTEL USE;

THE CITY OF NOVI ORDAINS:

Part I.

That the City of Novi Zoning Ordinance, as amended, Article 2, Definitions, Section 2.2. Definitions, is hereby amended to include the following definitions:

Section 2.2 Definitions

~~Business Motel: A building or part of a building, as to which the primary form of access to at least seventy five (75) percent of individual rooms is through a common entrance or entrances, and in which there is a series of attached, semi-detached or detached rental units containing a minimum of a bedroom, bathroom and closet space. Units shall provide for overnight lodging and are offered to the public for compensation, and shall cater primarily to the business traveler.~~

Motel: A series of attached, semidetached or detached rental units containing a bedroom, bathroom and closet space. Buildings may contain exterior corridors accessing the rooms. Units shall provide for overnight lodging and are offered to the public for compensation, have limited supporting facilities and shall cater primarily to the public traveling by motor vehicle.

Hotel: A building or part of a building, with a common entrance or entrances, in which the ~~dwelling units or rooming~~ units are used primarily for transient occupancy including extended stay, and in which one or more of the following services are offered: maid service, furnishing of linen, ~~telephone, secretarial, or desk service, and bellboy service~~, breakfast service, room service and a business center. A hotel may include a restaurant or cocktail lounge, public banquet halls, ballrooms, or meeting rooms.

~~Transient Residential Uses: Uses such as hotels, motels and facilities used primarily for transient occupancy.~~

Part II.

That the City of Novi Zoning Ordinance, as amended, Article 4, Use Standards, Section 4.28 Hotels, Motels, and Transient Lodging Facilities, is hereby amended to read as follows:

Section 4.28 Hotels, and Motels, ~~and Transient Lodging Facilities~~

1. In the B-2 district, hotels and motels are a permitted use provided the site does not abut a residential district.
2. In the B-3 district, motels are permitted as a special land use subject to the following conditions:
 - A. Access shall be provided so as not to conflict with the adjacent business uses or adversely affect traffic flow on major thoroughfare
 - B. Each unit shall contain not less than two-hundred and fifty (250) square feet of floor area.
 - C. No unit shall be occupied as a permanent residence.
3. In the FS district, motels ~~and~~, hotels ~~and transient lodging facilities~~ but not including tent sites and campgrounds are permitted uses, provided that each living unit shall not contain less than two-hundred fifty (250) square feet of floor area, and provided further that no unit shall be occupied as a permanent residence.
4. In the OST district and EXO Overlay district, hotels and ~~business~~ motels are a permitted use when such are designed to be an integral part of an overall design of an OST district development under Section 3.1.23.B, which shall be constructed at the same time as or after one (1) of the principal permitted use
5. In case of hotels and motels with no food service, banquet halls or similar uses, the Planning Commission may permit reduction in minimum loading area requirements listed in Section 5.4. Such reduction may be considered by the Planning Commission only after reviewing relevant data provided by the applicant of the largest truck that will access the site. Hotels with accessory uses such Banquet halls, restaurants and gathering spaces such as convention halls etc. are subject to section 5.4.1 for loading area requirements.

Part III.

That the City of Novi Zoning Ordinance, as amended, Article 3, Zoning Districts, is hereby amended in the following Sections to read as follows:

C: Conference

3.1.13. C. ii. Special Land Uses

Hotels and motels §4.28.5

EXO: Exposition Overlay

3.1.15. B .v. Permitted Uses

Hotels and ~~business motel~~ §4.28.4

FS: Freeway Service

3.1.17. B. iv. Permitted Uses

Hotels and motels, ~~hotel and transient lodging facilities~~ §4.28

OSC: Office Service Commercial

3.1.22. B. xi. Permitted Uses

~~Transient residential uses~~Hotels §4.28.5

OST: Office Service Technology

3.1.23. B. v. Permitted Uses

Hotels and ~~business motels~~ §4.28.4

RC: Regional Center

3.1.24. xiii. Permitted Uses

~~Transient residential uses~~ Hotels §4.28.5

TC Town Center

3.1.25. B. xix. Permitted Uses

~~Hotels and Transient Housing~~ Hotels §4.28.5

TC-1: Town Center-1

3.1.26. B. xix. Permitted Uses

~~Hotels and Transient Housing~~ Hotels §4.28.5

PD-2: Planned Development

3.31.7. B. i. Permitted Uses

Convention centers including ~~motels, motor~~ hotels

Part IV.

That the City of Novi Zoning Ordinance, as amended, Article 5, Site Standards, Section 5.2.12, Off-Street Parking Spaces is hereby amended to read as follows:

Section 5.2.12. Off-Street Parking Spaces

Sec. 5.2.12.C ~~Motels, and~~ hotels ~~or other commercial lodging establishments~~

~~One (1) for each one (1) occupancy unit plus one (1) for each one (1) employee, plus parking for accessory uses~~

~~For Hotels part of a mixed use development with overflow parking availability, (1) for each (0.8) occupancy unit plus one (1) for each four (4) employees, plus one(1) space for pick-up, plus parking for accessory uses.~~

~~For Motels or Hotels that offer extended stay service, (1) for each one (1) occupancy unit plus one (1) for each four (4) employees, plus parking for accessory uses, unless otherwise approved by Planning Commission based on their review of parking study or other similar acceptable study~~

~~Parking for accessory uses can be calculated based on individual requirements set forth on our Zoning Ordinance. The Planning Commission may allow a reduction in the minimum requirements, based on their review of a shared parking study or a parking demand study, as noted in Section 5.2.7.~~

PART V.

Severability. Should any section, subdivision, clause, or phrase of this Ordinance be declared by the courts to be invalid, the validity of the Ordinance as a whole, or in part, shall not be affected other than the part invalidated.

PART VI.

Savings Clause. The amendment of the Novi Code of Ordinances set forth in this Ordinance does not affect or impair any act done, offense committed, or right accruing, accrued, or acquired or liability, penalty, forfeiture or punishment, pending or incurred prior to the amendment of the Novi Code of Ordinances set forth in this Ordinance.

PART VII.

Repealer. All other Ordinance or parts of Ordinance in conflict herewith are hereby repealed only to the extent necessary to give this Ordinance full force and effect.

PARTVIII.

Effective Date: Publication. Public hearing having been held hereon pursuant to the provisions of Section 103 of Act 110 of the Public Acts of 2006, as amended, the provisions of this Ordinance shall be published within fifteen (15) days of its adoption by publication of a brief notice in a newspaper circulated in the City of Novi stating the date of enactment and effective date, a brief statement as to its regulatory effect and that a complete copy of the Ordinance is available for public purchase, use and inspection at the office of the City Clerk during the hours of 8:00 A.M. to 5:00 P.M., Local Time. The provisions of this Ordinance shall become effective seven (7) days after its publication.

MADE, PASSED, AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF NOVI, OAKLAND COUNTY, MICHIGAN, ON THE ____ DAY OF _____, 2019.

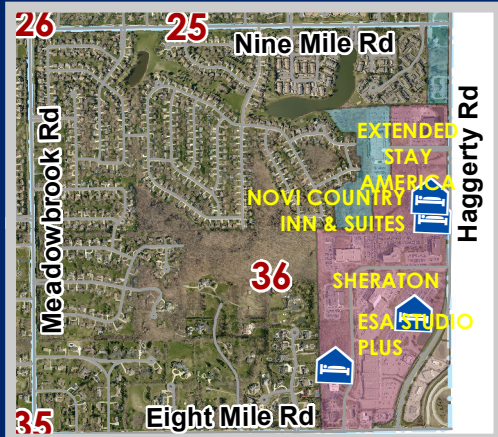
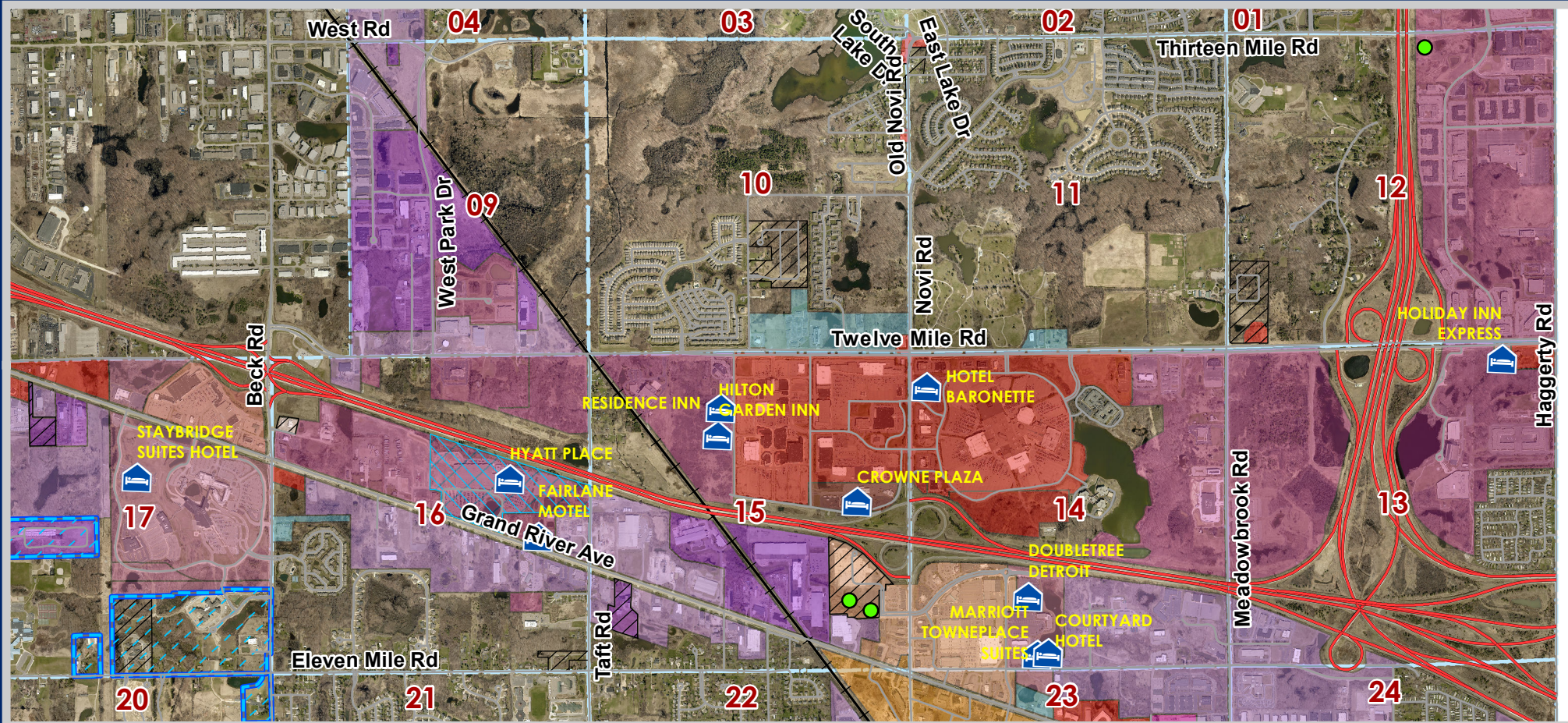
ROBERT J. GATT, MAYOR

CORTNEY HANSON, CITY CLERK

Ayes:
Nays:
Abstentions:
Absent:

Existing Hotel Inventory Map

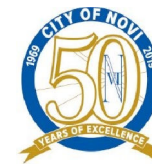
Existing and Proposed Hotels in Novi



LEGEND

- | | |
|------------------------------------|-------------------------------------|
| Exposition (EXO) | FS: Freeway Service District |
| Planned Suburban Low-Rise (PSLR) | I-1: Light Industrial District |
| Planned Rezoning (PRO) | I-2: General Industrial District |
| B-1: Local Business District | NCC: Non-Center Commercial District |
| B-2: Community Business District | OS-1: Office Service District |
| B-3: General Business District | OSC: Office Service Commercial |
| C: Conference District | OST: Office Service Technology |
| EXO: OST District with EXO Overlay | RC: Regional Center District |
| EXPO: EXPO District | TC: Town Center District |
| GE: Gateway East District | TC-1: Town Center -1 District |
| | Existing Hotels |
| | Hotels under construction/review |

Map Author: Sri Ravali Komaragiri
Date: August 15, 2019



City of Novi

Dept. of Community Development
City Hall / Civic Center
45175 W Ten Mile Rd
Novi, MI 48375
cityofnovi.org

0 950 1,900 3,800 Feet

Map information depicted is not intended to replace or substitute for any official or primary source. This map was intended to meet National Map Accuracy Standards and use the most recent, accurate sources available to the people of the City of Novi. Boundary measurements and area calculations are approximate and should not be construed as survey measurements performed by a licensed Michigan Surveyor as defined in Michigan Public Act 132 of 1970 as amended. Pleas contact the City GIS Manager to confirm source and accuracy information related to this map.



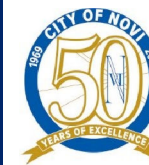
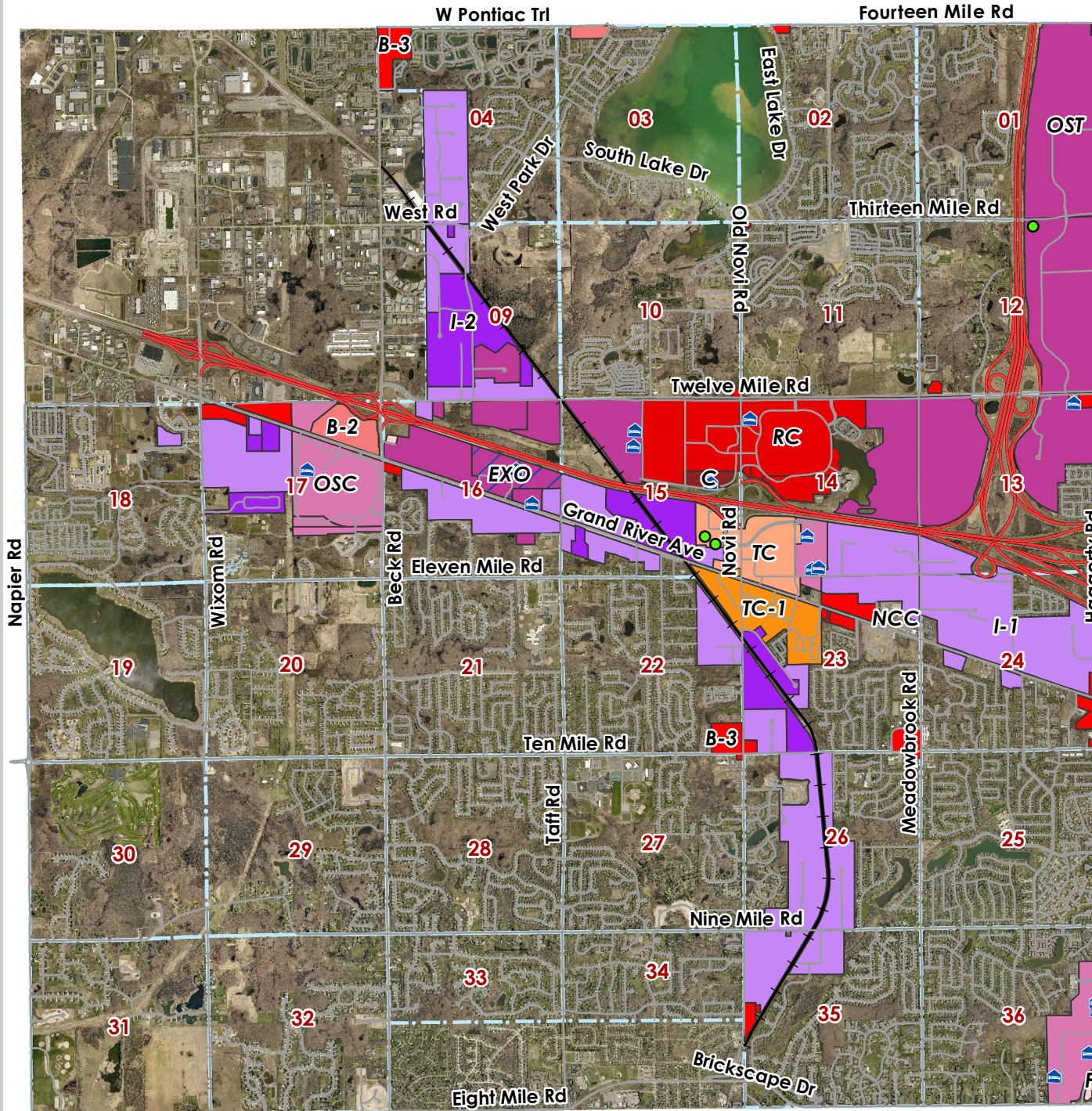
A map showing the Current Zoning districts that allows Hotels as a permitted/special land use/limited use

Current Zoning: Hotel Use

Legend

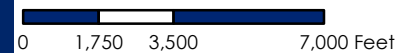
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- Existing Hotels
- Hotels under construction/review

Refer to Zoning Ordinance for other conditions related to the Use



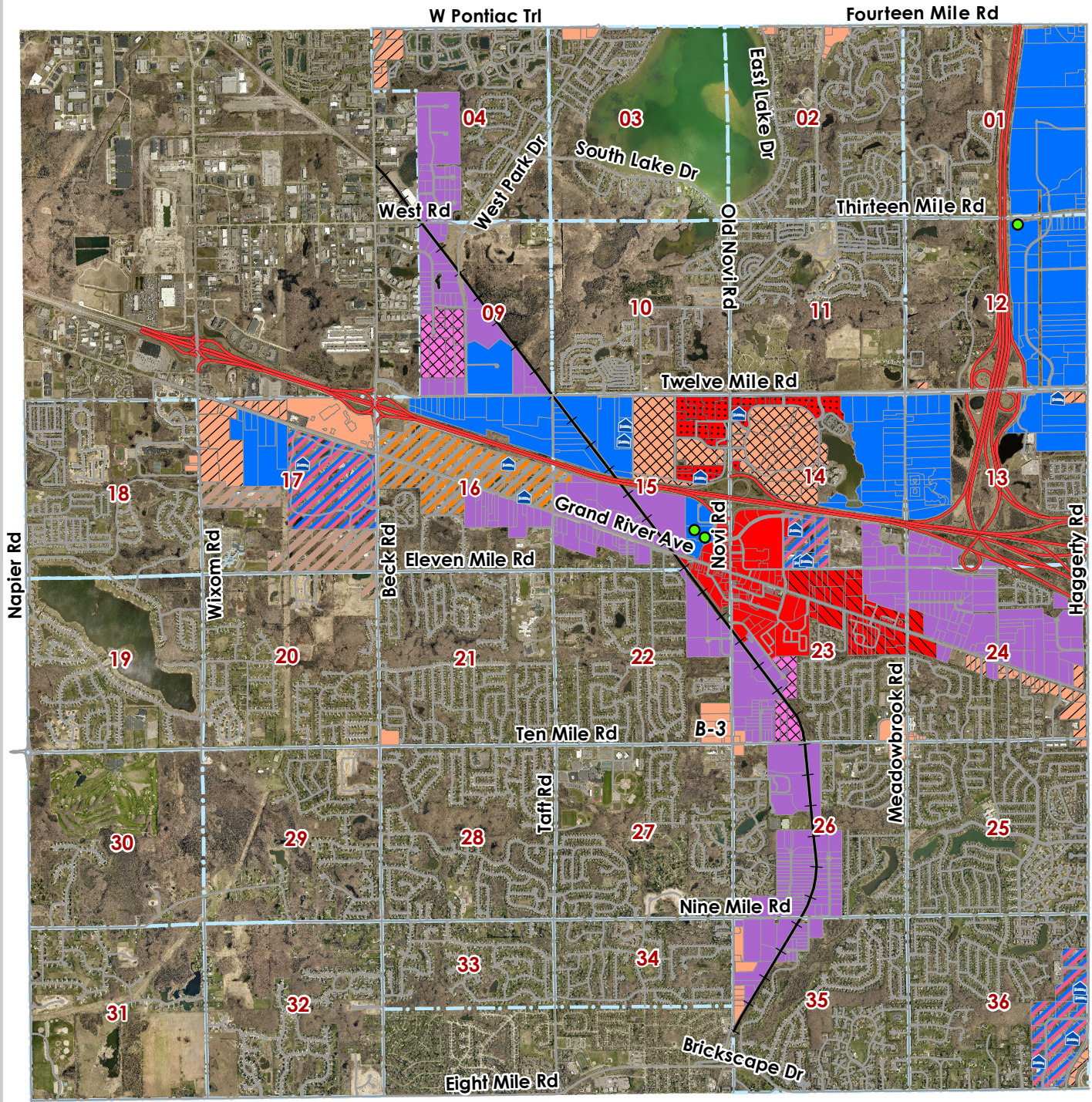
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A map showing future land uses that would allow Hotels as a permitted/special land use/limited use

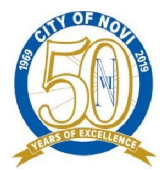


Future Land Use Categories: Hotel Use

Legend

- Suburban Low-Rise
- Office Research Development Technology
- Office Commercial
- Industrial Research Development Technology
- Heavy Industrial
- Local Commercial
- Community Commercial
- Regional Commercial
- City West
- TC Commercial
- TC Gateway
- PD2
- Existing Hotels
- Hotels under construction/review

Refer to Zoning Ordinance for other conditions related to the Use



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A copy of Study Articles

Opinions

What the rise of Uber means for hotel parking lots

25 JANUARY 2017 1:13 PM

What could Uber's potential impact on transportation mean for hotel guests' need for their cars? The hotel parking lot might be living on borrowed time.



By **George Jordan**
george.jordan@ohrllc.com

Recently, I was bemoaning to a colleague about how I often struggle to find a relevant topic to write about for this column. Angie said, "You should write about Uber." And I thought to myself, well you are "uber-duber-whack-a-doodle-doesky. ... What does that have to do with hotels?" It turns out, quite a bit, and Angela is one smart lady.

Uber and other ride-sharing services—and the rise of social media applied to a smartphone—translates into a highly diminished desire for Generation Z citizens (and others) to own and drive a car. Indeed, lots of chatter online recently makes a very valid case that for the most part, private auto ownership is one of the worst capital investments anyone could make.

The very expensive car sits mostly un-utilized most hours of the day. It's parked in a garage overnight, is driven to/from work, or potentially shopping, and these activities may chew up a few hours a day of actual drive time. Otherwise, it sits idle. Factor in the recurring costs of ownership, and Gen Z has figured out it's cheaper and less stressful to "Uber it" to the next location.

With the added benefit of being able to "text and ride" and communicate via social media as a passenger, why drive when you can ride? Car ownership, and parking utilization, may have peaked in urban communities.

Ride-sharing works well in dense major metropolitan areas but not quite so well in ex-urban locations, where distances and wait times compel some form of car ownership. Finally, the cost of renting a car and parking (whether valet or self-park) often exceeds the cost of overnight hotel accommodations in larger cities—e.g. \$70 per night in Chicago.

The end result of these burgeoning trends is a precipitous drop in parking demand. New hotels are reducing the amount of parking stalls or eliminating parking altogether. In some major urban markets, residential parking ratios are extremely low, and cities are requiring fewer parking spots in order to encourage greater use of public transportation.

Autonomous vehicles make headlines on a daily basis. Every car manufacturer is in deep research and development and is looking forward to the day when vehicles are effectively robotic transports controlled by computers. Watch out Uber drivers: Uber will remain, but soon enough, the human driver won't.

The day is coming when citizenry doesn't drive, they ride. They do not park, they exit. Traffic jams and gridlock will be stricken from the urban dictionary. Vehicles will be computerized and unattended means of conveyance that are nearly fully utilized capital investments. Parking may become an afterthought, and its revenue streams like the telephone department deleted. You remember landlines, right?

All of this buildup is to point out a major trend at urban hotels: parking is on the decline, no qualifiers. For hotel owners and managers, this means "right-sizing" parking garages, moving to valet operations, and otherwise creating value for those that still do park. (Squeegee the windshield clean upon departure, perhaps?) It means less land requirements for new builds, and greater return on investment when sized right.

But none of this happens overnight or even in the next five years. So in the short term, what are you doing to maximize convenience and parking revenues to enhance the guest experience? Cleaning the windshield, offering a bottle of water on a hot summer day, combining door/bell services with valet are a means to improve the guest experience and the bottom line.

Short term, we find a new form of gridlock in the urban core, "Uberlock." The ride-share drivers have activated their idle capital (cars) and are circling the city blocks like vultures in the desert, waiting for something to die. And it will; it's called parking.

George Jordan is senior vice president – operations for Oxford Hotels & Resorts, overseeing a cluster of three-, four-, and 4 ½ -star hotels, both operating and under development. Mr. Jordan has worked in hotels for over 30 years including the Arizona Biltmore, The St. Paul, The Marquette, The Drake, Raffaello Hotel, Hotel Felix, and most recently The Godfrey Hotel Chicago. New openings currently orchestrated by Mr. Jordan include the Godfrey Hotel Boston, and LondonHouse Chicago. Mr. Jordan rose through the ranks while attending college at University of Southern California and Arizona State University, where he obtained a B.S. in finance. George has served as area food and beverage director for Hilton International, based out of the Drake Hotel Chicago, and also as hotel

manager at the Drake. George joined the Oxford team in 2009 as area general manager; he was promoted to senior vice president in 2012. His daily duties include oversight of Hotel Felix, Hotel Cass, Godfrey Hotel, and contributes his operational and marketing expertise to acquisition activities. George is a well-respected leader and a member of many Chicago civic organizations including The Magnificent Mile Association, CCTB, DLC and serves on the board of directors for Lawson House YMCA and on the advisory council of De Paul University's School of Hospitality. Mr. Jordan writes a quarterly column for Hotel News Now and is slated to be a cast member in an upcoming reality TV series.

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The Uber Effect

The “Uber Effect” refers to the influence of mobility sharing services, such as Uber and Lyft, on traditional transportation generators like commercial establishments, entertainment complexes, airports and hotels.

Ride-hailing, mobility-on-demand, ride-sharing: Whatever you call it, the media have extolled these app-based services as “disrupters” and “category killers.” The taxi and parking industries appear to be the “disrupted” and “killed” in these dire-future forecasts.

Outside this media echo chamber, there is evidence where Uber and Lyft are affecting the parking industry in certain markets. Uber doesn't release financials. Lyft has yet to make a dime. Nonetheless, parking facility owners, managers and other industry experts see ride-hailing companies affecting several specific demand sectors.

Are ride-hailing apps a trend? A spreading contagion dooming parking? Or just a fad, a blip in the nonstop, 100-year growth curve of commercial parking?

Airports Handle Ride Apps Differently

Uber and Lyft entered the Richmond, Va. market in August 2014. Richmond International Airport's (RIC) chief financial officer Doug Blum is closely monitoring the situation, but says, thus far, the “effect” has been minimal.

“Our enplanements have been growing the last four years and our parking income has also grown apace,” he notes. “The ride shares are taking a good bit of business from taxis, but the taxis are surviving. I think an overlooked part of the Uber traffic is from people that would have otherwise asked a friend, relative or co-worker to drive them.”

For airport administrators, an early warning of storms ahead might be diminishing terminal curb space availability.

As fewer vehicles exit airport roadways to park, more will destinate at the airport's front door. Competition for parking at airport curbsides has always been challenging, but now, with ride-hailing vehicles in the mix, congestion has worsened.

BUR Ride-Sharing Drivers Pick Up in Parking Lot

Hollywood Burbank Airport (BUR) has addressed curbside congestion and concern over potential lost parking revenues. The airport requires ride-hailing drivers to pick up their arriving passengers in the short-term parking lot.

This has added an estimated \$2,700 per month in parking fees, according to reports in the Los Angeles Times. It's not clear whether these new fees offset parking revenue losses created by the on-demand services spiriting away their customers.

LAX Drivers Pay Airport Access Fees

Also according to the LA Times, Los Angeles International Airport (LAX), has reached an agreement with Uber and Lyft that treats the on-demand services more like taxis, which pay commercial vehicle access fees to the airport.

LAX has created special waiting areas and curbside pick-up zones for the ride hailers. In return, Uber and its peers have each agreed to guarantee LAX a minimum of \$25,000 per month in commercial vehicle fees.

To date, these fees have greatly exceeded set minimums, but it's unknown if these gains offset potential parking revenue losses.

End of the Designated Driver?

Worldwide, restaurants, bars and concert venues are attributing a drop in parking demand directly to Uber and its competitors.

In São Paulo, Brazil, city managers blame Uber for a 40 percent decline in the parking tax income flowing from parking demand.

Recent articles from a variety of sources, such as the New York Times, indicate that app-users are partying longer and harder, freed from concerns about parking hassles and driving under the influence.

In Chicago, a Crain's Business Weekly article, "Will Uber and driverless cars turn the parking biz into roadkill?," identified one garage near the famed Rush Street nightlife zone citing a revenue decline of five percent. (Yes, the garage is still in business.)

NPA stalwarts John Hammerschlag of Hammerschlag Parking and SpotHero's Mark Lawrence were also cited in the Crain's article.

Hammerschlag noted the "Uber Effect" had produced "some impact" in certain locales, but that overall, his year-to-year traffic volumes were up.

Lawrence observed his nighttime customers were still driving, but perhaps more likely to park once, then Uber between hotspots.

Getting a Lyft to the Hotel

The hospitality parking sector has been hammered as guests, especially those from out-of-town who previously might have rented a car, choose to be driven to their hotel destination.

In an article in the Hotel News entitled, "What the Rise of Uber Means for Hotel Parking Lots," George Jordan, senior vice president for operations at Oxford Hotels & Resorts wrote recently, "[A] major trend at urban hotels: parking is on the decline, no qualifiers. For hotel owners and managers, this means 'right-sizing' parking garages, moving to valet operations, and otherwise creating value for those that still do park. . . It means less land requirements for new builds, and greater return on investment when sized right."

Annapolis-based Towne Park is a parking management leader in the hospitality sector. Chuck Heskett, president of the firm, agrees that on-demand services have reduced hospitality parking needs, but adds a caveat.

"Our hotel business has been negatively impacted. That's the bad news. The good news is the impact has been modest. The most severe loss in vehicle volume counts is occurring on the coasts and in larger event and entertainment hotels."

Most Commuters Still Prefer to Drive Themselves

Jerry Skillett of New York-based Citizens Parking has been quoted on numerous occasions as not fearing the onset of ride hailing and driverless cars.

In a recent article in the Atlanta Journal & Constitution, Skillett recounted that 90 percent of the vehicles arriving in his premium-rate, Manhattan garages are commuters piloted by a single occupant. Most observers agree that for commuting, Uber is not competitive. . . yet.

To date, ride hailing has not noticeably penetrated the suburban retail sector, known for its ubiquitous parking acreages. However, it has enlivened a few downtown residential and specialty shopping areas.

Condominiums have been listed for sale in San Francisco with no parking, but a year's worth of Uber rides. Leaders of Washington, DC's 14th Street retail corridor credit Uber with the area's revival. Medical markets have also not been significantly impacted.

Towne Park's Chuck Heskett reports, "Our healthcare business has been immune to the ride hailing apps."

Apps Growing, But So is Parking

Heskett keeps competitive concerns over the "Uber Effect" in perspective. "We have data that show the percent of annual passenger miles traveled using these apps (Uber, Lyft, etc.) going from 1.9 percent today to 5.3 percent by 2030," Heskett says.

"Overall, the parking business still grows. In absolute terms, we believe we will still be parking more cars as time goes on. The adoption rate of people that use ride-sharing apps seems to have leveled off at most of our affected locations as well."

Something's in the air with the "Uber Effect". But it's too early to tell whether it's burning rubber or simply hot exhaust.

Charles R. “Charlie” Munn III, CPP is the co-founder and CEO of the H2H2H Foundation. He is a former commercial parking executive. Email him at cmunn@h2h2h.org.

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Parking Demand Trends: The Impact of Transportation Network Cos.

Walker Consultants Vice President Mary Smith discusses the impact of TNCs and autonomous vehicles on parking demand and how some sectors are affected by this growing industry.

By Adina Marcut (/author/adina-marcut/)

APR 02, 2018

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Ride-sharing services such as Uber and Lyft are disrupting the status quo by offering cheaper, more flexible transportation, changing the way we get around. On one hand, these companies present challenges to traditional county revenue streams, while on the other hand, they provide new opportunities to improve county planning, mobility and service models. Walker Consultants' Vice President of Parking Consulting Mary Smith spoke with *Commercial Property Executive* about how Transportation Network Companies (TNCs) are affecting parking demand and how that impact could play out in the next few years.

Where do you currently have projects under development?

Smith: Personally, I am working on projects in Doha, Cairo, Dubai as well as in Atlanta, Los Angeles and New Jersey.

Do you think TNCs are a positive or a negative? Why?

Smith: There are many positives, including providing additional mobility options, and for urban dwellers, supporting a car-free lifestyle. Someone can use transit for most trips and TNCs when transit doesn't work well. However, studies are finding TNCs are negatively impacting transit, walking, biking and car sharing, proportionately more than driving and parking. A study by UC Davis found that roughly half of the trips by TNCs would have been made otherwise by transit, walking or biking or not going at all. They found that TNC use reduces bus ridership by 6 percent and light-rail usage by 3 percent, but increases heavy rail transit by 3 percent. Other studies have similar findings. So there are legitimate concerns about TNCs' impact on traffic and congestion, transit etc.

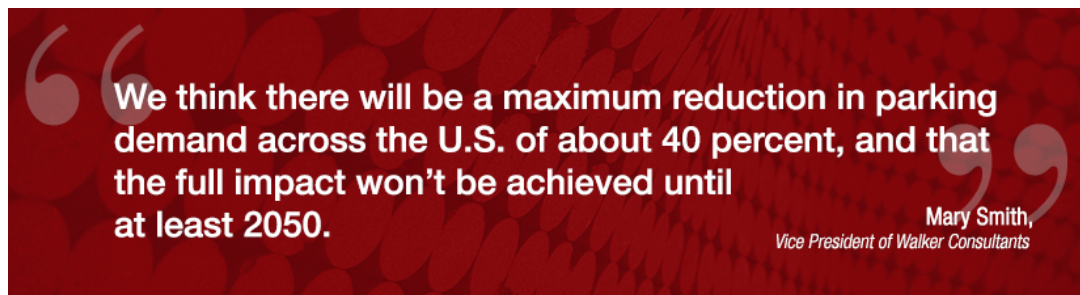
Which businesses are impacted the most by TNCs and how are they affected?

Smith: Aside from parking, the biggest issue for TNC rides right now is the impact of passenger loading. Airports are finding increased congestion at the curb and are moving pickup for TNCs inside parking facilities. Sports and event facilities are dealing with problems staging vehicles for pickup after events, with the volumes still growing rapidly year over year.



(<https://www.cpe.com/wp-content/uploads/2018/04/Mary-Smith-Walker-Consultants.jpg>)

Mary Smith



(<https://www.cpexecutive.com/wp-content/uploads/2018/04/Interview-quote-CPE-Mary-Smith.jpg>)

How do TNCs impact cities?

Smith: Cities are beginning to have to turn on-street parking to passenger loading zones. Over time, they will lose parking revenue if TNC use outpaces parking development growth.

How are ride-sharing services impacting parking demand?

Smith: From a parking perspective, airport parking transactions per enplanement are down by 5-20 percent with parking by business travelers appearing to be most impacted. It depends upon the parking rates and convenience of parking at the specific airport. Moreover, the impact is even greater on taxis and rental cars at airports and the fees that airports receive from those transactions. In turn, hotels are seeing up to a 70 percent decline in parking by business travelers, although there is much less impact on leisure traveler parking, as well as banquet and local event parking. Restaurants and bars, particularly those with valet parking, are seeing up to an 80 percent reduction in parking, apparently due to concerns both for convenience and cost of parking, and to avoid drinking and driving. Sports and events facilities are seeing a 3-6 percent reduction in parking from a few years ago.

How will driverless cars impact parking demand?

Smith: While many in the planning community project as much as a 90 percent reduction in parking demand in the U.S. within a decade or so due to autonomous vehicles (AVs), we believe it will be slower and much less impactful. We simply don't believe that 90 percent of Americans can or will give up cars and use **driverless cars** (<https://www.cpexecutive.com/post/4-big-trends-that-will-shape-cre-a-futurists-guide/>) instead, particularly shared-ride providers like UberPool and Lyft Line, which are necessary to get to the 90 percent figure cited in most articles.

How will parking demand change in the next years?

Smith: About one-third of Americans live in areas with a population less than 200,000 people, where shared TNC rides are unlikely to be nearly as cost-effective and convenience and comfort will play a bigger role. Further, we have 260 million non-automated vehicle (AV) cars on the road today, and millions more that will be sold in the next decade (before AVs are available to consumers). We think there will be a maximum reduction in parking demand across the U.S. of about 40 percent, and that the full impact won't be achieved until at least 2050. Where a parking facility serves activities that grow with population, like airports, downtowns and universities, the parking demand will continue to rise through about 2030 and then come back down to the demand today around 2050. Certainly, the impact will be much higher than a 40 percent reduction in the urban core areas, but it will be lower in suburbs and much lower in rural areas and smaller cities and towns.

How do you think self-driving vehicles will impact parking planning?

Smith: In addition to the reduction of parking due to driverless TNC rides, "autonomous parking" by privately owned AVs, will allow passengers to be dropped at the door and then the car will go and park itself, perhaps at a lower cost parking facility a few blocks away. Wherever they park, they can park closer together, because car doors don't need to be opened at the parking stall. As a result, the capacity of parking facilities may go up at the same time parking demand goes down. We need to plan for significantly increased passenger loading zones in the future for most parking structures designed today.

There is significant potential for the seas of asphalt surrounding most suburban developments to be redeveloped with office, residential, hotels, restaurants and even retail that would share with existing **parking recourses** (<https://www.cpexecutive.com/post/right-sizing-your-parking/>).

Can you name a few metros that are experiencing parking issues?

Smith: We are hearing the above referenced reductions to hotels, airports, bars/restaurants are pretty consistent in major metro areas across the US. Las Vegas is having enough problems with TNC loading that they are starting to turn on-street parking into loading zones.

What are the future plans regarding parking demand?

Smith: The impacts on parking in downtowns, universities and others land uses that have multiple parking facilities, will be absorbed by the market over time; surface lots in prime locations will be developed with little or no new parking, and older deteriorated garages will be torn down and redeveloped as well. While many talk about designing new parking facilities to be completely converted to other uses in the future, we haven't found a single client willing to pay any significant premium to do much more than provide more floor-to-floor height now.

And if you don't take other design steps now, like strengthening the structure for the heavier loads of office, retail and apartment uses and/or providing a façade that is easily converted, it will cost much more to convert in the future, while you will end up with a space that is probably significantly compromised compared to what the future market wants and needs.

Image courtesy of Walker Consultants

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