



Developer Parking Agreement Policy

City Council Adopted: October 6, 2025

Next Review Date: October 5, 2026

1. Purpose of the Policy

This policy also aims to address parking requests from a developer through a formal review and agreement process. The policy sets clear guidelines and procedures for implementing development-related parking agreements in the downtown zoning district. Such agreements are occasionally necessary to comply with parking requirements imposed by lenders for development projects. Each request must support the City's parking system objectives and will be evaluated for project purpose, feasibility, and impact on parking supply and demand. The primary objective of this policy is to foster a development that aligns with the City's goals, advances the City's interests, and would not proceed without the support of a parking agreement.

Definitions

- a. City – The term “City” means the City of Rochester.
- b. Owner – The term “Owner” means the owner of the property whether that be the developer, operator, or assignee or designee of such party.
- c. Lender – The term “Lender” means any financial institution providing loan funds and terms to any “Owner”.
- d. Parking System – The term “Parking System” means City-Owned public parking assets, including parking ramps and parking lots, which may change over time.
- e. Parking Operator – The term “Parking Operator” means the third party actively under contract with the City to perform operations of the Parking System or the City if there is not a third party under contract.
- f. Downtown Zoning District – Mixed Use Downtown (MX-D) zoning districts within the Destination Medical Center District. See map included for more details.
- g. Development – The term “Development” includes but is not limited to new construction, new development, redevelopment, adaptive reuse, or any other type of development related activity, for which Owner or Lender is seeking a parking agreement with the City in the downtown zoning district.
- h. Affordable Housing – Housing where an occupant is paying no more than 30% of gross income for housing costs, including utilities.
- i. Workforce Housing – Housing intended for families or individuals where an occupant earns 60%-120% of Area Median Income (AMI).
- j. Travel Demand Management Plan – A plan created that allows flexibility for development uses that have widely varying parking and loading demand characteristics that make it difficult to specify a single off-street parking or loading standard.

2. General Terms and Conditions

- a. The initial term of any executed parking agreement shall be no longer than 7 years.
 - i. After the initial term of the agreement, the developer will have an option to extend the parking lease agreement for one (1) additional three (3)-year term, as long as they are compliant with the current agreement and all terms of this policy. Developer shall notify the City, in writing, of its intent to extend this Agreement at least ninety (90) days prior to the expiration of the then-current Term.
 - ii. At the time of renewal the City reserves the right to adjust the number of spaces within the agreement. This will be based on analyzing parking data and parking availability within the parking system.
- b. The maximum number of parking spaces that will be made available to any one developer will be based on the available capacity within the parking system and such that the parking system does not commit more than 50%-60% of parking spaces to long-term parking agreements.
- c. Parking spaces will not be signed as “reserved”. All parking agreement-related spaces will be available based on availability within the parking system as determined by the City and are first come, first served.
- d. The City will be remunerated for each and all of the parking spaces made available by any agreement.
- e. The developer must submit a Travel Demand Management Plan to the City for review and consideration.

3. Considerations for Parking Agreements

The City will evaluate parking agreements based on the parking agreement’s contribution to one or more of the following development objectives as well as public benefit objectives described later in the policy. The City shall make its decisions based on the extent to which the Owner’s development(s) and the requested parking agreement align with the intent of this policy and any additional factors deemed relevant by the City Council.

- a. Economic Development: Enhancing local economic growth and job creation.
 - i. Job Creation: The number of new, permanent jobs generated by the development, with particular emphasis on positions in hospitality, retail, entertainment, and service industries that support residents and visitors.

- ii. Business Revitalization: Increase in commercial activities within the downtown district, measured by the growth in service-oriented businesses such as convenience stores, cafes, restaurants, and entertainment, contributing to a vibrant, accessible downtown experience.
 - iii. Retail and Service Amenities on the first/ground floor: The inclusion of essential services (e.g., grocery stores, pharmacies, daycares) improving the convenience for downtown residents and visitors.
- b. Housing and Redevelopment: Improving housing availability.
 - i. Affordable Housing Stock: The proportion of affordable housing included in the downtown development, with specific targets for affordable units based on median income for the area (e.g., 20% of residential units reserved for 60% AMI or under)
 - ii. Convenience and Neighborhood Services: The inclusion of convenience-oriented services (e.g., grocery stores, pharmacies, daycares) within the development.
 - iii. Incentivizing For-Sale Condominiums: This policy aims to increase homeownership opportunities, build community wealth, and create more stable downtown neighborhoods. Consideration for greater incentives correlating to higher percentages of affordable condo units. (at least 25% affordable for-sale condominium units).
- c. Equity and Inclusivity: Promoting fairness and access for all community members.
 - i. Affordable and Workforce Housing: The number of affordable units offered at various income levels, targeting low- and moderate-income residents.
 - ii. Transit Accessibility: Proximity to public transit corridors, with developments ideally located within a 5-minute walking distance to transit locations. This should reduce development parking ratios.
 - iii. Inclusive Design: Development features that ensure accessibility, including the number of units or commercial spaces built to meet universal design standards and ADA compliance. Priority given to mixed-income and mixed-use developments that cater to a diverse population.
- d. Sustainability: Supporting environmental stewardship and green initiatives.
 - i. Energy Efficiency and Green Building Standards: Percentage of development that meets or exceeds energy-efficient certifications and incorporates energy-saving technologies such as solar panels, energy-efficient HVAC systems, and green roofs.
 - ii. Alternative Transportation Infrastructure: The ratio of parking spaces dedicated to car-sharing, electric vehicle (EV) charging stations, and bicycle storage compared to traditional parking spaces.
 - iii. Sustainable Urban Features: The proportion of the development that incorporates green spaces, stormwater management

systems, and permeable surfaces to reduce the environment footprint. (e.g., 20% of the development's outdoor space dedicated to green or recreational areas).

- e. Economic Resilience: Strengthening the City's ability to adapt to economic fluctuations.
 - i. Diversified Development Uses: The percentage of the development that includes a mix of uses (e.g., retail, office, residential, entertainment, service) to avoid overdependence on a single industry and to promote street level vitality.
 - ii. Adaptive Reuse of Historic or Existing Structures: The percentage of the development that repurposes existing downtown buildings for new uses, particularly historic preservation or the reuse of structures that maintain architectural character, fostering a balance between modern and historic elements in the district.

4. Additional Considerations

- a. Number of Parking Spaces: A parking agreement for any number of parking spaces will be guided by the development site's ability to provide parking options, a mutually agreed to Travel Demand Management Plan, and the parking system's available capacity.

The number of parking spaces being utilized by each agreement shall be analyzed once every three years to determine if the number of parking spaces within the agreement remain necessary. If the current number of parking spaces designated per the agreement are no longer needed based on utilization data, the developer or the City may request a decrease in the number of parking spaces required under the agreement with 60 days' written notice.

- b. Development site's ability to provide parking options: If the site selected for development is capable of providing parking for the development itself (i.e. a full redevelopment of the site), lower priority will be given to these projects for potential parking agreements. If the site selected for development is incapable of providing parking for the development itself (i.e. adaptive reuse), additional consideration will be given to these projects for potential parking agreements.
 - i. Preference will be given to development projects that provide off-street parking for at least 50% of the total parking required within the site itself.
- c. Parking System available capacity: The City, in collaboration with its third-party Parking Operator, shall determine the Parking System's available capacity. In doing so, the City and its third-party Parking Operator shall consider total spaces available in the parking system, monthly contract spaces being occupied, other parking agreements in place, and the percentage of transient parking the City deems necessary to meet its

mission to ensure parking is available for residents, visitors, patients, businesses, and employees.

The City will not commit more than 50%-60% of parking spaces within the parking system to long-term parking agreements. The City reserves the right to commit a percentage of long-term parking spaces above or below the established range if necessary, based on current parking system use data.

- d. Provided that there is space for the number of spaces per the parking agreement, the City, at its sole discretion, will determine the distribution of parking spaces between parking facilities within the Parking System. The City, may, upon thirty (30) days' prior written notice to the Owner, reassign parking spaces in a different facility. Access to parking facilities will be by parking access card, hang tags, or license plate information, and will be restricted to the assigned parking facility. Parkers will have in-and-out privileges.

5. Fee and Fee Adjustments:

For developer parking agreements under this policy, developers will pay the fee adopted by City Council as part of the annual Fee Schedule. Parking agreements will be adjusted annually if a new fee is adopted by City Council. If City Council does not adopt a rate or fee change, the Owner will not see a change in their fees to be paid to the City.

Parking fee changes are required over time to reflect the increasing costs of operating and maintaining the Parking System.

6. Public Benefit Objectives

Private developments are considered if they achieve multiple benefits to the community including, but not limited to:

- a. Development or redevelopment consistent with the City's Comprehensive Plan, Small Area Plans, Sustainability Initiatives, and other plans or guidelines that achieve the goals and objectives of the City.
- b. Redevelopment of developed areas through the removal of blight and blighting conditions (defined by MN Statute).
- c. Leveraging existing locations or buildings for adaptive reuse opportunities.
- d. Providing a balanced and sustainable housing stock and to promote neighborhood stabilization and revitalization.
- e. Promoting housing types and needs identified in the most recent housing study.
- f. Preference will be given in the following order:
 - i. 50% and under AMI

- ii. 80% and under AMI
 - iii. Market rate
- g. Promoting convention style hotel options for local events as indicated in the most recent hotel study (Headquarter Hotel Market and Financial Feasibility Study).
- h. Contributing to the City's transportation goals with a range of mobility options.
- i. Public realm improvements that enhance community placemaking through green space, landscaping, public amenities, and public art.
- j. Preservation of buildings that are historically or culturally significant to the community.
- k. Remediation of environmental contamination and site clean-up

7. Evaluation Criteria for Development Parking Agreements

- a. The decision to execute a parking agreement will be significantly influenced by how well the private development aligns with the City's specific goals for redevelopment, the Downtown Master Plan, economic development, and housing.
- b. There are eleven (11) Public Benefit Objectives listed in the prior section of this policy. Owner applications will be evaluated based on those criteria and must meet a minimum of three (3) of the criteria to be considered for a development parking agreement.

8. Application of Policy

This policy will be applied prospectively to any new developer requests for parking agreements based on the date of City Council adoption. This policy will not be applied retrospectively to any existing agreements that are already in place as of the date of adoption of the policy by City Council. Already existing agreements will be allowed to expire per the terms listed in the agreement. If a renewal or renegotiation of an existing development related contract is requested, it will be subject to the terms of this policy at that time.

The Policy applies only to development related agreements and new or renewed existing agreements. It does not impact general monthly contracts.

9. Standard Development Process

- a. Predevelopment Meeting (project feasibility) - Community Development
- b. Neighborhood Information Meeting – Community Development
- c. Development Assistance Request – City Administration
- d. Parking Assistance Request – Transit and Parking
- e. Site Development Plan – Community Development

- f. Final Agreement is subject to City Council Approval/Denial (for any city incentive or subsidy like parking or financial assistance)

10. Related Links

- a. Development Application Process
<https://www.rochestermn.gov/departments/community-development/planning-zoning>
- b. Tax Increment Financing Policy
<https://www.rochestermn.gov/home/showpublisheddocument/31103/637545120560070000>