PETALUMA, CALIFORNIA. Considering the on-street parking supply in the area and how the project’s different uses might have different periods of peak parking demand, the developer settled on one space per 300 square feet across the project. “We easily saved a floor or two of parking garage construction.” At a price tag of roughly $20,000 per space, that means the reduced parking requirements saved as much as $3 million. – VIN SMITH, planning consultant
Releasing the Parking Brake on Economic Development

Cities flourish with reduced parking requirements.

By BRIAN CANEPA and JOSHUA KARLIN-RESNICK

THE COST IS INVISIBLE TO CONSUMERS AND POLICY MAKERS, but every developer knows just how much parking requirements figure into any pro forma. The minimum requirements in place in most municipalities—one to two spaces per residential unit—add an estimated six to 16 percent to per-unit costs through a combination of construction expenses and the opportunity costs of using a limited development envelope on car storage rather than revenue-generating living space. Requirements for retail uses are often much higher. A recent study by the Transportation Research Board found that parking was oversupplied in mixed use districts by an average of 65 percent, meaning that between four and 10 percent of the added costs—likely much more for nonresidential uses—are pure waste. Developers and planners in Petaluma, California, can attest to the power of eliminating this form of forced waste. Fifteen years ago, Petaluma’s Theatre District was marked by surface parking, vacant lots, and derelict industrial buildings. Planners considered it a prime opportunity to extend and reinvigorate its downtown with a mixed use district anchored by a multiscreen cinema. In the end, easing parking requirements in the area became crucial to making that vision a reality. Instead of forcing the developer, Basin Street Properties, to provide as much as one space per 50 or 100 square feet of bar or restaurant, the city allowed the company to determine how much parking was reasonable. Considering the on-street parking supply in the area and how the project’s different uses might have different periods of peak parking demand, the developer settled on one space per 300 square feet across the project.
Getting parking right might be a more dependable and longer lasting form of economic development.

Vin Smith, a planning consultant who represented Basin Street in the planning and entitlement process, says the project would "absolutely not" have penciled out without the city's flexibility on parking. "We easily saved a floor or two of parking garage construction," Smith says. At a price tag of roughly $20,000 per space, that means the reduced parking requirements saved as much as $3 million.

Little more than a decade later, it's obvious that the now built-out Theatre District provides a compelling argument for that kind of flexibility. The area is alive on Friday night: Residents are arriving home from work, office workers are heading to happy hour, and people are walking to catch a movie at the 12-screen Boulevard Cinemas, a meal at Bistro 100, or to find something sweet at MoYo's Frozen Yogurt Lounge. Smith, who lives in the area, says the parking supply is well used but not overloaded.

A critical time
For the last century or so, cities have been struggling with the paradox of parking: Cars need large amounts of space, but making room for them comes at a direct cost to the vibrancy that makes the people in the cars want to come in the first place.

A 2013 study called "The Effects of Urban Fabric Changes on Real Estate Property Tax," by researchers at the University of Connecticut, estimated that Hartford dedicates 15 percent of CBD land area—more than 7.5 million square feet—to parking. If each office worker needs 250 square feet of building space (a conservative estimate), that means the city could accommodate 30,000 additional sorely needed jobs if that land were dedicated to one-story office buildings rather than car-storage space.

The same study estimated that if the amount of land dedicated to surface parking had stayed the same as it was in 1950, the annual loss to government coffers would equal nearly $22 million in Hartford, $6.5 million in nearby New Haven, and $3 million in Arlington, Virginia.

The story is doubtless the same in many cities across the country, and the lost economic activity is all the more damaging in an era of tight municipal budgets. Even as the economy recovers from the 2008 financial crisis, every underused parcel in a city's downtown represents a costly missed opportunity.

Economic development is a central charge of local elected officials and their appointees, and their strategies often take the form of tax breaks for companies that promise a short-term infusion of jobs. Getting parking right might be a more dependable and longer lasting form of economic development.

Consider the examples of Ann Arbor, Michigan; Columbus, Indiana; and Sacramento, California. These three cities—of different sizes, with different development contexts, and in different parts of the country—have each reduced or eliminated off-street parking requirements downtown and in mixed use areas, yielding a range of benefits.

In some places, lifting onerous parking requirements has made infill development more financially viable, opening the door to projects that renew derelict buildings or activate what were previously inactive hardscapes or garbage-strewn lots. For others, it has simplified the development process, speeding the pace of revitalization.

In no cases have the reduced requirements led to the parking shortages or economic losses that are frequently feared.
Sacramento’s sea change

Developer Michael Heller says that for years, Sacramento was a large central city with lofty, progressive ideals but conservative parking practices that more or less matched those in the suburbs, where land was plentiful enough to make it easy to surround a building with a sea of parking at a reasonable cost. Where land was much scarcer, the requirements led to either scaled down ambitions or time-consuming, costly, and highly political efforts to waive parking requirements and make projects viable.

“On one side of their mouths, everyone at the city was espousing green principles and encouraging transit-oriented development, but on the development-application processing side, you had to deal with this antiquated code,” Heller says. “You got pulled in two directions.”

All that changed in 2012. The city eliminated parking minimums in its Central Business and Arts and Entertainment districts, reduced minimums in some other parts of the city, and allowed developers to reduce those already lower requirements with programs and facilities that encouraged access by non-auto modes. The changes were rooted in a study that found that even at peak times, between 40 and 65 percent of spaces were unoccupied in five focus areas in central Sacramento.

The reforms have led to a sea change in the development process. Under the old regime, most developers found they simply did not have the land to build all the required parking and would instead apply for a waiver. Processing it would take anywhere from four to eight months and often ended up being a “lose-lose situation,” says Greg Sandlund, an associate planner for the city who played a key role in the city’s parking-requirement overhaul.

The planning commission and city council denied just one parking ratio waiver between 2000 and 2010, which meant that “the community got worked up and the development was delayed,” even though the parking that was ultimately provided was far lower than the code required. “It became a game that only the sophisticated knew how to play,” Heller says. “It wasn’t a genuine process and it took a lot of time and money.”

Today, the city’s parking code aligns with the visions espoused in the general plan, allowing planners to simply enter “no planning issues” (that is, no planning problems) on applications for projects that are looking to build the amount of parking developers think is needed to compete in the marketplace. Heller points to two developments to explain how the code update changed his business.

In the mid-2000s, his company built the Midtown Art Retail Restaurant Scene, a block-long, mixed use, adaptive-reuse development in a thriving neighborhood just a few blocks east of the Californian state capitol. Heller says it has 55,000 square feet of retail and office space, which means the parking regulations required roughly 150 dedicated parking spaces on a parcel that was already built. “You had to go to the planning commission to waive the rest of the requirement. The process was a lot of work and ultimately delayed the project by several months,” he says.

Today, Heller is moving forward on another adaptive-reuse project within a mile to the southwest, next to a light-rail station, called the Ice Blocks. With 60,000 square feet of office space, 50,000 square feet of retail, and 150 housing units, the project would have required more than 500 parking spaces under the old regulations. Instead, Heller is providing two spots for every three residential units and minimal parking for the office and retail space, and he will be implementing a robust transportation demand management program to encourage people to come to the site by other modes. The project is moving forward quickly, spared the expense and delays that had been a part of the previous process.

“The city really listened to us on this topic and took bold measures to embrace true green principles in the new parking code,” Heller says. “I tip my hat to staff for this because the city is now teed up for real growth with a framework for progressive, thoughtful infill projects.”

Sacramento’s development market is still stuck in a post-economic-crisis slump, having built just 200 housing units last year, but Sandlund says that sparing developers from building millions of dollars’ worth of unneeded parking has helped move more projects into the pipeline. “I don’t think there’s been an explosion of development, but if anything, at least the parking code isn’t getting in the way of development,” Sandlund adds.

There is evidence that larger economic impacts are right around the corner. One proposal that entered the pipeline last year was the 115-project, eight-story mixed use development with 96 residential units, more than 5,000 square feet of ground-floor retail, and zero on-site parking. The regulatory changes have also had a major impact on things like tenant improvements. Whereas transforming a retail space into one suitable for a restaurant, with higher parking requirements, would have required a lengthy trip through the waiver process, such improvements can be made by right today.

Columbus kicks the rules to the curb

Those unfamiliar with Columbus, Indiana (pop. 45,000), have no reason to suspect this small city would be on the cutting edge of parking policy. But
in 2008, it eliminated parking requirements in its downtown district. The change was part of a larger effort to revitalize the area, and its implementation amounted to a "non-event," rooted in a "shared understanding of where downtown was going," says planning director Jeff Bergman, AICP.

“There was a feeling at the time that the local government, through the zoning ordinance, didn’t have nor really could have enough information to accurately regulate parking downtown, not without potentially causing some sort of negative consequence,” he says. Without reliable metrics, the city decided to leave these decisions to the market.

Bergman notes that the change has allowed developers and planners to focus on other aspects of projects, instead of getting hung up on whether a project was going to meet its parking requirements. This has led to better developments that reflect the true vision of developers and the needs of their tenants.

As an example, Bergman points to a regional headquarters for the First Financial Bank, in the southwest corner of downtown. The combined bank branch and office building development opened in 2014 with 62 surface parking spaces, built to accommodate the anticipated needs of employees traveling to the office for regular meetings.

Parking was a non-issue during the development approval process. And the limited parking approach has been successful from the developer’s perspective.

The Cole, a four-story mixed use residential building across the street, is another development that has gone up since the regulatory change. The project wrapped around a redevelopment authority-sponsored parking garage that was already going up on the same block, and the developer was able to negotiate with the authority to reserve 200 spaces for use by the 146 residential units in the new building.

Developer Matt Griffin, who led the effort for the Buckingham Companies, says the Cole shows that eliminating parking requirements does not mean developers will stint on parking. In the case of the Cole and infill projects in other places, it has simply meant he has had the flexibility to provide only the amount of parking that his company thought was truly needed for the developments to succeed.

“Most jurisdictions are coming around to the point that at least for multifamily projects, it’s our business, and if we underpark ourselves, we’re going to destroy our primary cash flow,” Griffin says.

Ann Arbor at the forefront

Although it is near the epicenter of the auto industry, Ann Arbor was an early trendsetter in minimizing the role of parking in the development equation; it eliminated most of its downtown parking requirements in the 1960s. Coupled with a long-standing commitment to building publicly owned and managed structured parking and pricing it at market rates, the lack of requirements laid the groundwork for what is one of Michigan’s most vibrant downtowns. Ann Arbor boasts retail occupancy rates that are among the highest in the state and a mere three percent residential vacancy rate.

According to the city’s zoning code, downtown projects that adhere to the letter of the code are not required to provide any parking, and those that exceed floor-area limits are required to provide just one space per 1,000 square feet of additional floor area, far lower than typical requirements.

Susan Pollay, executive director of the city’s Downtown Development Authority, says the low requirements have had a direct impact on the city’s development environment. “There has been a strategy that from the beginning [eliminated] parking at the heart of our zoning, so we’ve been able to build a strong downtown core,” she says.

Over the years, developers have steadily gobbled up surface parking lots for projects. Of late, the focus has been in the area around East Washington and South Division streets. On that corner, Pollay says, a small building surrounded by surface parking was recently replaced by a 10-story residential building with a grocery store and fast-food restaurant on the ground floor and far less parking than zoning codes typically require.
BUFFALO, NEW YORK

“People walked around downtown and saw all this surface parking that is ample and underpriced and said, ‘We want development here, we want buildings here.’”

DANIEL HESS, associate professor of urban and regional planning, University of Buffalo

Next door, another residential high rise went up on a lot with a low building and surface parking lot. Across Washington, the McKinley Towne Center filled in its driveway with a new retail building to create a steady, active street front along East Liberty Street.

Across downtown, at the corner of Huron and Ashley streets, a recently built mixed use residential high rise with minimal parking will soon be joined by a new hotel that will provide no parking, replacing another low-density development surrounded by a sea of asphalt. There is plenty of parking in a city-owned parking garage down the block.

The University of Michigan's tens of thousands of students, faculty, staff, and supporters provide a sizable and steady market for Ann Arbor businesses, which are located close to the campus. But the city shows that the fears that drive policy makers to err on the side of oversupplying parking are largely unfounded. If a tight parking supply really limited an area's economic potential, Ann Arbor businesses would be struggling, university or not. Instead, despite high parking prices and long wait lists for garage permits, the development market could scarcely be hotter.

“Apartments are filled to the brim,” Pollay says. “If parking was the driving factor, that wouldn’t be the case because none of them are providing parking at the rates that would typically be required.”

An idea spreads

Buffalo, New York, may soon become the next example—and the biggest to date—of what can happen when a city takes parking out of the development-review process. At press time, the city was about to become the first in the country to eliminate parking requirements citywide, in hopes of spurring development on some of its many surface parking lots.

The change was part of a zoning code update that was focused on revitalizing the city’s downtown, which today contains two parking spaces for every job. City officials saw those parking spaces as a massive opportunity.

“People walked around downtown and saw all this surface parking that is ample and underpriced and said, ‘We want development here, we want buildings here,’” says Daniel Hess, an associate professor of urban and regional planning at the University of Buffalo who has studied the city’s zoning code reform process.

That a Rust Belt city like Buffalo has eliminated parking minimums is evidence that we have come a long way in how we think about downtown development. The idea that providing ample parking was the key to economic success has begun to give way to the realization that too much parking can cause economic stagnation. Sacramento, Columbus, Ann Arbor, and, soon, Buffalo are leading examples of how much economic development potential is sitting right under many cities’ tires.

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RESOURCES

Parking Requirement Impacts on Housing Affordability, by the Victoria Transportation Policy Institute: vtpi.org/park-hou.pdf
Parking in Mixed-Use Districts, by Rachel Weinberger and Joshua Karlin-Rensnick, presented at the 94th annual Transportation Research Board meeting in 2015.