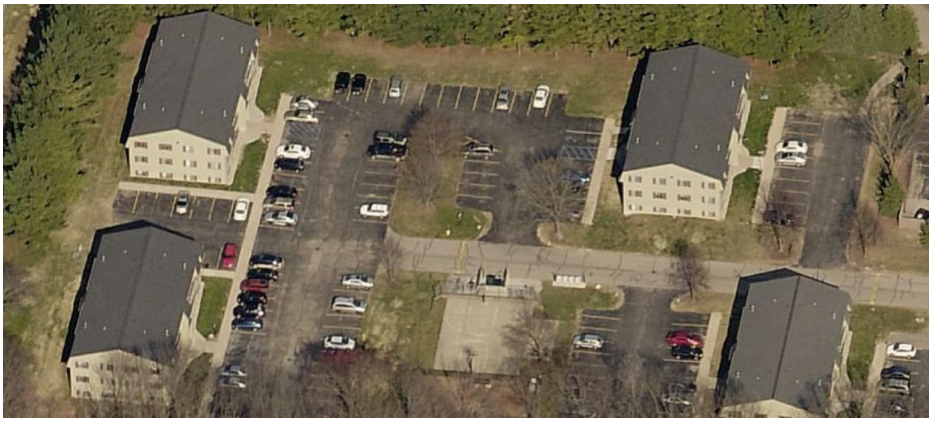
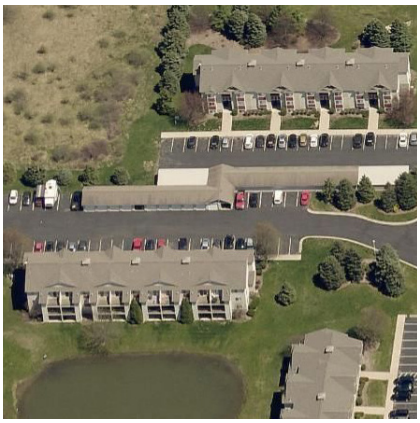
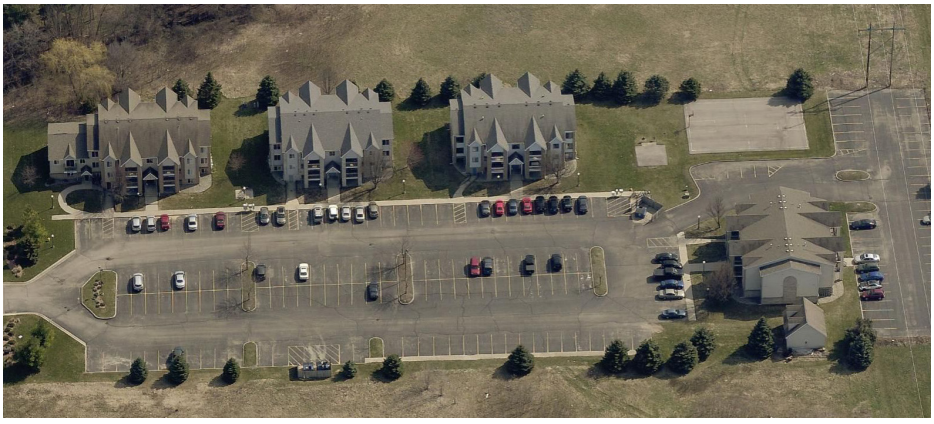


Parking and Housing Affordability: Discovering the Costs Hidden in Asphalt



Ottawa County Planning and Performance Improvement Department

Winter 2021

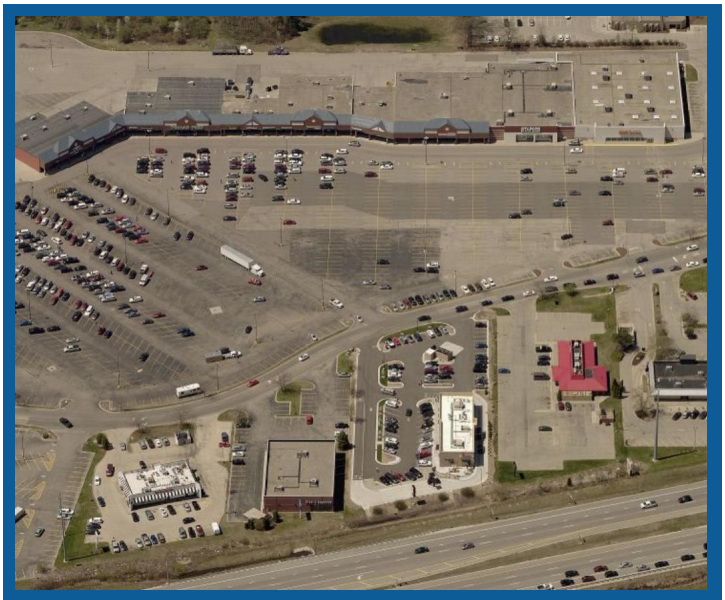


Ottawa County
Where You Belong

Introduction

Wide expanses of asphalt encompass nearly every building along every roadway in the nation. A 2011 study estimates the United States has over 722 million parking spaces[1]. Parking lots are such an abundant feature in our communities that we rarely consider them and they elicit little interest by those passing through. Behind this dull and seemingly innocuous land use however lies one of the largest determinants in housing affordability, suburban sprawl, and environmental degradation.

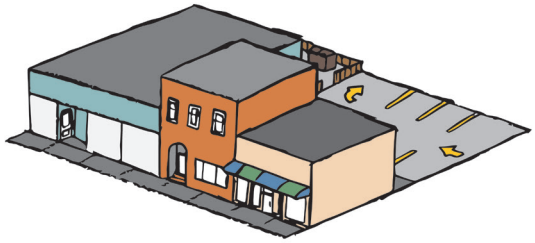
Included in every municipality's zoning ordinance, minimum parking requirements mandate that all development provide sufficient parking spaces. While addressing the prospect of a parking shortage, this top-down method of ensuring parking assumes that everyone owns and operates a car. Steeped in a planning philosophy of accommodating automobiles at the expense of pedestrians and other users[2], these regulations force buildings further apart while filling the space between them with parking lots and buffer strips. By regulating development based on the assumption that everyone drives, minimum parking requirements have created environments where everyone has to drive. Recognizing the self-perpetuating nature of this policy, many municipalities are revisiting their parking requirements to encourage in-fill development, reduce harmful stormwater runoff, and foster the pedestrian-oriented environments that are increasingly in demand.



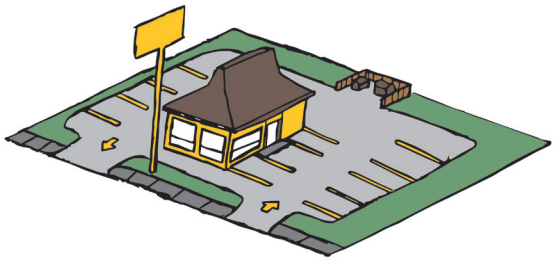
"By regulating development based on the assumption that everyone drives, minimum parking requirements have created environments where everyone has to drive."

Background

The advent of the automobile brought new spatial demands to communities during the early twentieth century. As car ownership increased, streets became congested as cars competed for space with pedestrians, streetcars, and cyclists. In the 1920s, enterprising individuals and business associations began creating paid off-street parking lots to meet the demands of motorists[3]. During this period car ownership nearly tripled, increasing from 8 million vehicles in 1920 to 23 million vehicles in 1930[4]. This surge in automobile use elevated parking as a primary land use concern, with many communities creating municipal parking lots and garages in efforts to quell this growing demand. Planners also began viewing zoning ordinances as the solution towards solving parking deficiencies, with early minimum parking requirements established during the 1930s[5].



Traditional Development Pattern
(Before Parking Minimums)



Modern Development Pattern
(With Parking Minimums)

Illustration showing impact of minimum parking requirements on development

Following federal policies that encouraged suburbanization after World War II, the private automobile became the lifeline to modern American society[6]. Paid parking in declining downtowns gave way to free parking in suburban shopping centers, establishing the precedent that parking should be free, convenient, and exist in abundance. With most daily trips being performed in cars, minimum parking requirements became a central component in zoning ordinances across the nation. Through these regulations, the financial burden of providing free parking was shifted to developers who would then be required to construct an amount of parking spaces as deemed appropriate by the local governing body.

Current Considerations

As we contend with a parking landscape developed over decades, taking a second look at current parking regulations and ensuring they align with our goals for vibrant communities, a healthy environment, and a strong local business climate can reframe the discussion surrounding parking. Many of our most-cherished neighborhood districts were built prior to minimum parking requirements and would be illegal to build under current regulations. Not only are these traditional neighborhoods increasingly desireable, their compact development pattern yields a much higher taxable value-per-acre and a much lower liability to public infrastructure than their expansive low-density counterparts[7].

As many communities are placing greater emphasis on pedestrian and transit-oriented environments and others simply want to reduce the amount of unused parking lots, adopting land use principles making traditional developments feasible again is crucial in achieving these goals. While all land uses are impacted by minimum parking requirements, they especially hinder the development of new workforce housing units, the dwelling type most needed to address the region's existing housing shortage[8].

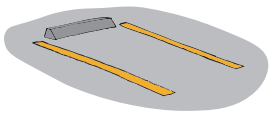
Parking and its Relation to Housing

Following the adage “nothing is really free”, residential parking requirements increase the cost of development which is then passed on to tenants regardless of whether they use the parking spaces or not[9]. This is accomplished through numerous factors, the first of which are land costs associated with satisfying the minimum parking requirements. With the average 9’x18’ parking space being at least 160 square feet and drive aisles ranging from 12-24 feet wide, proposed developments must dedicate large amounts of land towards storing cars instead of housing people.

Requiring developers to construct free parking instead of housing units providing monthly rental income often makes proposed housing developments financially unfeasible, particularly smaller scale residential developments[10]. For projects capable of meeting the minimum parking space threshold, additional construction costs and foregone monthly rents are incorporated into constructed unit costs[11]. With an average of 17% of a unit’s rent attributed to costs incurred to satisfy parking requirements[11], workforce units that could be developed and rented for $750/month without parking would increase to $880/month with parking. While impacting tenants of all income levels, these costs disproportionately burden lower income tenants[9], many of whom don’t even own cars to fill the parking spaces incorporated in their rent.

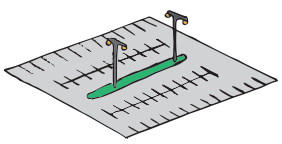
Free Parking Is Expensive: Construction Estimates of Parking Types

Surface Parking



One surface parking space[15]

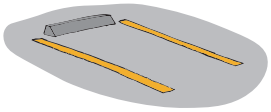
= $4,500



Cost of 100-space surface parking lot

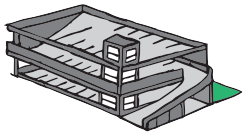
= $450,000

Parking Structures



One parking space in parking structure[16]

= $24,000



Cost of 100-space parking structure

= $2,400,000

Potential Solutions

Many communities have begun addressing parking's regressive relationship in housing development through numerous methods. Some of these parking reforms are included below:

- *Reducing or Eliminating Minimum Parking Requirements* – Recognizing the heavy financial burden parking requirements levy on developers along with their sprawl-inducing spatial demands, many communities have reduced or eliminated their minimum parking requirements[12]. This lowers development costs so housing units can feasibly be rented for lower rates. This allows new development to dedicate less space towards cars and more space towards people, contributing to healthier and more vibrant neighborhoods.

- *Decoupling Housing and Parking* – Some communities have instituted "parking maximums", or the inverse of parking minimums[13]. Parking maximums establish an upper boundary for how many parking spaces can be constructed. This allows developers to create parking spaces they deem necessary and "unbundle" these spaces from units, renting them to tenants who use them instead of spreading the cost to all tenants[9]. This is more equitable as parking costs are borne only by tenants benefiting from using these spaces.

- *Parking Benefit Districts* – Free parking leads to land use inefficiencies where parking demand is highest. While reducing or eliminating minimum parking requirements reduces driving subsidies, on-street parking spaces in high-demand areas require a paid management system to ensure spaces remain available. This can be accomplished through "Parking Benefit Districts", or designated areas where fees from parking meters are purposed into neighborhood improvements such as sidewalk repairs or tree plantings[14]. This method ensures motorists from outside the district pay their fair share in parking while returning this revenue back into the district through street and landscaping improvements.

- *Shared Parking Agreements* - Because parking demand for different land uses differs throughout the day, shared parking agreements allow existing underutilized parking spaces to be used for new development. Instead of requiring each development to create a minimum number of parking spaces independent of surrounding land uses, shared parking agreements account for existing parking infrastructure, encouraging more compact and walkable neighborhoods.

Reframing the Parking Discussion

Successful land use planning is inherently forward-thinking, considering future uses and possibilities in our communities. It also encourages us to challenge policies that – while developed with sound intentions – are detrimental to the region's environmental, financial, and social health. It's through this lens that the requirement for free and abundant parking on every parcel is weighed against concerns such as housing affordability and a desire for vibrant neighborhood districts.

Considering a parking lot's "opportunity cost", or the cost of dedicating space towards parking instead of other land uses, has become increasingly popular in land use planning discussions. As parking lots exist solely to store cars, it's little surprise many communities seek to replace them with "higher and better uses" such as housing units, local businesses, and other productive land uses that contribute to a street's sense of place. Recent trends in the automotive industry such as ride-sharing, autonomous vehicles, and increased home delivery options also point to a future where parking demand is less, not more.

Summary

Established over decades of car-centered planning, minimum parking requirements have subsidized car ownership while increasing housing costs[14]. Many communities across the nation have begun revisiting these requirements, often reducing or eliminating them altogether. This allows greater flexibility in constructing workforce housing and encourages the development of pedestrian-oriented environments.

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