While it’s well known that the auto industry is undergoing an electric vehicle (EV) revolution, one of the industry’s offspring is experiencing a quieter but notable sea change as well — parking.

Parking reform, the reduction or elimination of requirements for off-street parking, has recently taken off across the United States, and the early results hold lessons for key shapers of our built environment, namely real estate developers and municipalities.

Introduction

Parking requirements first sprung up in the United States in the 1920s when motor vehicles became the predominant form of transportation which caused crowded streets and dangerous driving and parking conditions. A century later, parking lots are a ubiquitous part of everyday life for most Americans that are often overlooked yet dominate the urban landscape. Parking takes up almost one-third of the land area in US cities. For every vehicle in the country – numbering nearly 291 million as of 2022 – there are at least three, and some estimates put as high as eight, parking spaces. Though there is no consensus as to the total number of parking spaces in the US, there may be two billion spots, more than six times the number of people.

This parking excess did not develop by accident. Rather, researchers pinpoint requirements in local zoning codes that diverged from actual parking demand in the latter half of the 20th and early 21st centuries, requiring developers to build more parking spaces regardless of need.[1] According to land use policy experts, the resulting oversupply of parking has led to numerous problems, including: (1) making sprawl endemic, leading to more driving and even more parking; (2) causing housing to be more costly, as adding parking spaces leads to higher developer costs; (3) blocking redevelopment of vacant or underutilized buildings, as complying with parking requirements makes such projects infeasible; (4) increasing flooding risk with more and more concrete surface area; and (5) contributing to climate change by adding to the urban heat island effect.
Cities across the country have begun to address these issues by reducing or outright eliminating parking requirements from their zoning codes. Many have eliminated parking in the densest areas, such as downtown or near large public transportation hubs, while others eliminated parking requirements city-wide. In 2017, Buffalo, New York, was the first US city to eliminate minimum parking requirements from new development projects across the entire city. In 2022, at least 10 US cities eliminated parking mandates, with San Jose, California, becoming the largest to date. Interestingly, parking reform is not occurring just in major cities but also in suburban areas like Culver City, California, and smaller cities like Fayetteville, Arkansas. Moreover, states led by those on the West Coast are increasingly addressing the parking glut at the state level to spur affordable housing development and reduce greenhouse gas emissions.[2]

Impacts of Eliminating (or Reducing) Minimum Parking Requirements

On Developers

The elimination (or reduction) of parking requirements should theoretically lead to construction cost savings and shorter construction timelines for developers as they will not be forced to spend funds and time on parking minimums. Across the United States in 2021, the average parking space cost roughly between $21,000 and $35,000 to construct. Underground parking can double the per-space cost. In addition, parking reform advocates maintain that the added construction costs due to minimum parking requirements can increase the rent or mortgage for an apartment or house by $200-$500 per month. As elimination of parking mandates has occurred relatively recently, new studies have emerged in just the last few years to show what effect parking reform had in practice.

A study of Seattle, which in 2012 reduced or eliminated parking requirements for multi-family housing in high-density areas and near major transit corridors, found that impacted developers built 40% less parking than otherwise would have been required under the old parking regime, resulting in almost 18,000 fewer parking spaces. The study’s authors estimated this reform saved $537 million in direct construction costs over five years, more than $20,000 per unit, savings which parking reform advocates claim benefitted both developers and consumers.

Since the 2017 parking reforms in Buffalo, 14 mixed-use projects that were studied provided 53% less parking than previously required, with four projects building no parking at all. The full 36 developments studied built 502 fewer parking spaces than would have been needed under the prior rules, saving $30 million in construction costs and eight acres of land. What’s interesting is that developers responded to new parking rules in some cases by innovating, moving to a shared parking model with adjacent projects, whereas others outside the downtown area elected to build the same or even more parking than previously required. This outcome illustrates a fundamental takeaway from parking reforms nationwide: parking is not going away entirely. Parking will continue to be built in more car-reliant areas for the near future, though some developers insist that loosening the requirements will allow them to tailor their projects to better reflect actual parking needs instead of adhering to arbitrary parking minimums.

By reducing or eliminating parking requirements, proponents of parking deregulation also argue that municipalities provide more certainty to developers in pricing their projects and free them from having to seek variances for parking reductions, an oft-requested zoning modification, on a case-by-case basis.

On Municipalities
Advocates for parking reform believe that municipalities will also benefit from abolishing or reducing minimum off-street parking requirements, namely through increased development of affordable housing, revitalization of underutilized buildings, and increased tax revenue.

Groups ranging from developers to neighborhood preservation advocates assert that the potential to increase housing stock is one of the most compelling reasons behind the movement away from parking requirements, as many cities are struggling to meet demand for affordable housing. The Washington, DC, metropolitan area, for example, needs to add 320,000 new housing units by 2030 according to one study, with at least 75% of those being for affordable to low- and middle-income wage earners. With less land devoted to parking, additional housing and other projects can be built on areas that previously would have been allotted to parking space under minimum parking requirements. Proponents argue that cities will be able to grow at a higher density, creating a more walkable and bike-friendly environment, thus reducing the reliance on cars and overall need for parking.

Eliminating parking minimums also aligns with many municipalities’ goals of historic preservation and revitalization. Often these projects are not financially or logistically feasible when taking parking into account. Many older buildings were built before parking requirements gained traction around the country and thus most revitalization efforts would require extensive additional parking infrastructure. Take Los Angeles in the late 1990s, for example: 19th-century office buildings sat vacant in the financial district with no developers willing to renovate them because any housing development would require two parking spaces per unit. However, after an ordinance was passed eliminating this requirement, 57 of the historic buildings were converted into housing in the following eight years.

Additionally, municipalities lose vital property tax revenue by having an overabundance of parking. Sandpoint, a small town in Idaho, provides an interesting case study. Worried about the destruction of historic buildings to build parking, Sandpoint eliminated all downtown parking requirements. In addition to spurring the development of small businesses, the change incentivized a growing tech startup to stay local and renovate an old lumber facility as its new tech campus, leading to a property assessment value increase of over $2 million. The property had ample parking as it stood, but if the parking requirement were still in existence the startup would have had to double the lot size to avoid fees, potentially pushing it to relocate. Consequently, the new campus brought more jobs to Sandpoint, a positive economic driver.

A Path Forward

A shift away from minimum parking requirements is gathering momentum across the country, which is likely to accelerate as other municipalities observe that this successful deregulation is easy to implement. Parking policy experts assert that those yet to act would be wise to start taking steps toward a future transition, including ensuring a practical and efficient public transit system, planning denser land use patterns, and pricing on-street parking at optimal levels. Further, smaller scale changes, such as eliminating parking requirements only in a downtown area or just for affordable housing developments, are viable ways to introduce parking reform where the public is more skeptical about it.

With the proliferation of EVs and a demographic movement away from city centers during the pandemic, parking reform should continue to be a hot topic for years to come. Whether you’re a developer who needs help understanding the variance process or a municipality tasked with reworking parking requirements, we’re here to make sure you stay up to date on the most salient parking trends.
For example, in Columbus, Ohio, the city’s zoning code from the 1950s required developers to provide 100 parking spaces for 100 one-bedroom units; nowadays, the same development would require 150 spaces. Similarly, parking for a 2,500 square foot restaurant ballooned from 9 to 34 required spaces during the same time period. Catie Gould, *Shifting Gears: Why Communities Are Eliminating Off-Street Parking Requirements—and What Comes Next*, Lincoln Inst. Land Pol. (Oct. 12, 2022).

California’s AB 2097 will prohibit minimum parking requirements near high-quality transit corridors and key transit stops starting January 1, 2023, and Oregon recently approved sweeping parking rules that give the state’s largest metro areas flexibility to roll back or eliminate parking mandates. Amanda Lee, *More Places, Less Spaces: California Is Driving Down Development Costs*, Nat. L. Rev., Vol. XII, No. 346 (Dec. 12, 2022); Kimberlee Stafford, *Oregon Land Conservation and Development Commission Tackles Parking Reform*, Tonkon Torp (June 14, 2022).

According to notable parking authority Donald Shoup, an urban planning professor at UCLA, on-street parking should be priced so that there is always at least one spot open on each block to satisfy demand. He also advocates reinvesting revenue made from parking meters in public services to help gain the support of the public for the parking regime. Donald Shoup, *The Pseudoscience of Parking Requirements*, Zoning Prac., Issue 2, at 2 (Feb. 2020).

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