

# FEE Stories

## **A Revolution in Parking Is (Quietly) Spreading Across America**

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With the City Council's recent vote, Cambridge, Massachusetts becomes the latest city to reform parking requirements. Cambridge is unique among Massachusetts cities in that it is the first to fully eliminate parking minimums citywide. But it is not unique among U.S. cities more generally, and comes as a wave of other locations, including San Francisco, California; Lexington, Kentucky; and St. Paul, Minnesota; have made sweeping parking reforms.

Parking minimums are a type of urban regulation that require developers to provide a predetermined number of parking spaces for a certain number of residential units or a given developed square footage. These mandates centralize decision making and impose uniformity, rather than leaving parking decisions to developers or property owners who are likely to understand the needs of residents and appreciate how these needs vary across geography and over time.

As such, parking mandates are a great example of an urban regulation that reduces efficiency and unnecessarily increases costs. Parking mandates also compel vehicle-centric transit in what is—or would otherwise be—urban areas. Because land is expensive, especially in urban and development constrained areas, the costs of parking mandates can be substantial.

For instance, one paper found that the construction cost of a parking space ranged from \$17,000 (aboveground, in Phoenix) to \$48,000 (underground, in Honolulu). But even these estimates underestimate the true cost of a parking space by ignoring the cost of land for above ground parking as well as the opportunity cost related to foregone, higher utility development, both above and below ground: in places where parking is required, office, retail, or residential space could be developed instead. For example, in suburban Seattle, parking minimums were estimated to reduce the number of residences in buildings by 13 percent.

Parking minimums meaningfully affect the cost of office and retail space. For example, providing parking in an aboveground structure is estimated to raise the construction cost of office space by an average of 30 percent, while providing parking underground increased the construction cost of office space an average of 47 percent. For shopping centers, parking minimums are estimated to increase the cost of construction even further, by 37 percent (aboveground) and 55 percent (underground).

But more importantly from the typical person's perspective, parking minimums increase the cost of housing. Recent research finds that the cost of garage parking is approximately \$1,700 per year or an additional 17% of rent for renters. Unfortunately, these costs, like zoning regulations more generally, fall hardest on low-income renters that are unable to readily absorb the costs of increased rents and that often have no need for parking spaces in the first place.

This is beginning to change with current reforms. A Parking Reform Network map indicates that parking reform is occurring across the United States (Figure 2). Better yet, the effects of those reforms are beginning to materialize.

As one example, in 2012 Seattle eliminated parking minimums in neighborhoods with multifamily housing in urban centers and urban villages near high-frequency transit, along with reduced parking requirements elsewhere and for certain housing types (Figure 3). As a result of the reduction in parking requirements, researchers found that \$537 million in construction costs were saved over a five-year period. Without Seattle's reform, the authors predict that developers would

have been required to construct an additional 18,000 parking stalls, at an approximate cost of \$30,000 per space. That would surely result in higher costs for Seattle buyers and renters.

Similarly, following a 2015 Minneapolis reduction in parking requirements, developers were able to untether housing offerings from parking amenities. As a result, new studio apartments were reportedly offered 17 percent below typical market price.

As parking reform continues, examples of cost reductions and improved affordability will inevitably continue to surface. The market is both responsive and innovative when it is allowed to operate in a context of regulatory freedom, and it can respond to the varied demands and preferences surrounding parking much more precisely than any city planner could hope to. With luck, cities will continue to get out of the way and let the market do its work.

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