

November 17, 2006

Dear Commissioners,

This document attempts to answer Commissioner Burgins' question, "What would happen if Smallwood had no parking?"

Here are some of the important questions:

- ❑ What would the building look like?
- ❑ What effect would it have on the cost of the apartments?
- ❑ Where would the residents park?
- ❑ What would be the long-term effects of continued residential growth without parking requirements?
- ❑ How would it affect auto traffic, transit, other residents, the downtown economy, and our quality of life?
- ❑ What are the downsides?

What would the building look like?

Smallwood could be at least two stories shorter than it currently is. Smallwood contains 250 parking spaces inside the building: 209 for its tenants and 41 for its retail venue customers. This is 75% of the 4th St & Walnut garage (341 spaces). Thus, the mass would be much less.

What effect would it have on the cost of the apartments?

The building would have cost an estimated \$5,000,000 less, and the building maintenance would have been reduced by an estimated \$7500/month. Amortized over 30 years at 6% interest, this calculates to an annual cost of \$449,730/year or \$1800/space. Smallwood charges its tenants \$750/space annually.

Smallwood also leases 151 spaces in the city garages. Each space costs the city an estimated \$1278/year but brings in only \$675/year; this requires a public subsidy of an estimated \$603/year/space, costing the city a total of \$91,051/year for these spaces. In addition, although Smallwood is charged \$675/space, Smallwood charges its tenants only \$550/year for city spaces.

Calculating all the Smallwood built and leased parking, the annual parking expenses are estimated at \$642,707 with receipts from parkers of only \$239,800. Thus, 37% of the cost is borne by the parker, 49% by the landlord and 14% is covered by the city. If the landlord's cost is passed on to the tenants as additional rent, this adds \$113/month per unit (\$1362/year). Smallwood tenants who do not bring a car are helping pay the cost of those who do.

As a side note, the above noted public subsidy, if provided for transit, would allow Bloomington Transit to run five of its routes at least an hour longer into the evening; they currently end at 8:30pm. This would help both students and the working poor. If the entire annual city subsidy for both the Walnut and Morton garages (estimated at \$521,534) was spent on transit, Bloomington Transit could provide significant additional services (e.g., express routes).

Where would the residents park?

If there were no parking provided by the landlord, tenants would park where they could. As we have seen via the recent survey, at peak use, 591 spaces were vacant in the 3 city garages; however, there are no rentable spaces which are not currently rented. If the city were to change some of its rental policies to a permit program, these spaces would be available for use. The 209 spaces within Smallwood could easily be absorbed into current city garages. Actually, fewer than that would be needed because only 75% of the Smallwood city spaces were occupied at peak use. Assuming a similar peak-occupancy rate for all their spaces, only 270 spaces of Smallwood's 360 total spaces would actually be occupied at one time. With 151 already reserved in the city garages, an additional 119 might fulfill current demand.

Smallwood Parking Ratios

Smallwood currently reserves 360 total spaces for 702 bedrooms; a ratio of .51 spaces/bedroom. Based on the observed 75% occupancy of existing spaces, the actual ratio needed may only be .39 spaces/bedroom. This is half the .8 spaces/bedroom being recommended as the new downtown parking requirement. That proposed ratio would have required them to build 562 spaces--a garage larger than the 7th and Morton garage (536 spaces), adding at least 2 floors to the existing structure at an additional estimated cost of \$6,232,000. Given the current demand for parking at Smallwood, many of these additional spaces would be un-leased and would need to be fully subsidized in the apartment rental rates.

But the real question is, where would residents park if they did not get a permit for the garages? They might park illegally, or on neighborhood streets that currently have no neighborhood parking program. Also, they may rent a vacant surface space from land owners.

The concern of downtown merchants is that they will take up customer spaces. These are time limited areas, and are very well monitored and enforced. Some merchants have noted that a number of violators ignore the tickets and continue this practice. This problem is a matter for the City Council. The Council could simply introduce towing after a certain number of violations, as Ann Arbor has done; this will quickly curtail violations. Although building no off-street parking will likely result in additional infractions, this means more parking fine revenue and very few lost spaces to the problem. If towing is introduced, spaces will likely be gained since compliance would improve.

As for neighborhood parking, certainly the neighborhood parking program can be introduced where requested. These requests are very common and generally granted without a problem. However, another option was introduced by Dr. Donald Shoup; the Neighborhood Parking Benefit District. In this program, permits are sold to park in parking-restricted neighborhoods, and the revenue is used to upgrade the neighborhood infrastructure. This is legal under current Indiana law, and has been very successful in other places.

Virtually every on-street parking spot in the downtown area is controlled, or can be by ordinance if desired. Thus, living downtown with a car but without an off-street parking permit would be nearly impossible. People would simply stop doing this. Students are likely to purchase the less expensive (\$89/year) E permit for IU and leave their car in stadium parking. Non-students will choose to live remotely from or without their car.

This discussion has thus far detailed:

- ❑ why 0.8 spaces/bedroom is excessive;
- ❑ how current garage vacancies could easily absorb Smallwood's internal spaces;
- ❑ why virtually no additional pressure on merchants' customer spaces need occur;
- ❑ how Smallwood could have been significantly smaller;
- ❑ how building costs (and rent) could be much less.

But the really big question is:

What would be the long-term effects of continued residential development without parking requirements?

Certainly, the concern is that pressures of additional parking demand will cause problems. However, cities that impose no parking requirements have shown faster growth and better long-term potential. To quote Governing Magazine columnist Alan Ehrenhalt,

“Ironically, the central city districts that have thrived in recent years aren't the ones that have provided the most parking; they are the ones that have provided the least.”
(<http://66.23.131.98/archive/2005/jun/assess.txt>)

As more people move downtown and as the downtown improves, the demand for parking will increase. Currently, the demand only fills 52.4% of garage spaces at peak use, and that is with prices being significantly subsidized by public funds. When the demand approaches the supply, the price of parking will need to go up so the demand does not exceed the supply. This is the market pricing that is necessary to manage it sensibly as stated by Shoup, Ehrenhalt, and others. As the price goes up, people will begin looking for other modes of travel to come downtown. Additionally, the subsidies necessary to support parking will go down. When these drop to zero, the market will naturally take care of parking. That is, there will be a profit in providing parking. This will free up city monies to encourage the types of travel that contribute to a vital downtown: walking, cycling and transit-use.

Of course, as Commissioner Pece pointed out, there are market forces that would discourage a developer from building without any parking. Developers want their properties to be fully occupied for maximum revenue, but they want to minimize the parking since it costs more than it generates. This is consistent with what is good for the city.

How would it affect transit?

Ridership would increase and the transit system would expand. As demand for transit grows, transit systems tend to step up to meet these needs and government officials step up to help. Transit costs are about 1/7 per passenger-mile as those of driving. Transit requires no off-street downtown space for parking, thus keeping this space for more valuable uses such as residential or commercial, and decreasing distances between destinations, allowing for walkability.

Our Bloomington Transit system is much better than non-users give it credit for. The buses are clean and the system is punctual, reliable and well run. The Transit Board is always ready to meet any new needs.

Currently, our city does not allocate money to the city bus system. Many municipalities do provide some funding for their local bus services. The current missing ingredients for transit are later service for many routes, Sunday service, and express service. These are quite attainable with minimal budget increases. Also, express service could be enhanced with some strategically-located bus-only lanes to give buses priority, faster headways, and more consistent schedules.

What would the traffic be like?

With fewer car owners downtown, there are fewer cars and fewer car trips taken. People that live downtown without a car will shop, work, and socialize downtown. Fewer trips will be taken in and out of downtown by these residents resulting in less congestion, noise, air pollution, and danger to pedestrians.

As people begin using other modes of transportation, the capacity to move them into the downtown grows exponentially. When cars are the primary mode, capacity is quickly exceeded, resulting in congestion. It requires very expensive infrastructure and the condemnation of scarce and valuable land to expand capacity. This is not true for transit, cycling or walking. Buses can carry about 5 times more people/hour per lane than cars, light rail about 10 times more, and bicycles about 7 times more before the lane will congest. The marginal costs are also much cheaper; adding another bus or light-rail-car to a route, or making space for more bicycles is far less expensive and easier than widening roads and building additional parking spaces.

How would it affect other residents of the town?

More people can live and work downtown when limited downtown space is not wasted on parking and people are using other modes to get there. More amenities and destinations will exist downtown as well. Transit will function more effectively which is good for everyone, especially the transit-dependent.

Neighborhoods will not be affected if they participate in the existing neighborhood parking district, and will have the opportunity for Neighborhood Parking Benefit Districts which could bring significant financial benefit to their public areas, if they so choose.

How would it affect the downtown economy?

A study of downtown Oakland showed, upon creating a parking requirement of 1 space/residential-unit in 1962, a 30% reduction in density, an 18% increase in rent, a 33% reduction in land value, and an 18% reduction in investment.¹

With no parking requirements, the capacity of downtown increases in every respect -- the capacity for more development, the capacity for more residents, businesses and other destinations, and the capacity to move people with less congestion due to improved transit and bicycling options. Market pricing of parking also has the effect of increasing turn-over and making parking more available at or near destinations.² If each person coming downtown needs

¹ The High Cost of Free Parking, Shoup, p. 143-144.

² "Turning Small Change into Big Changes," Douglas Kolozsvari and Donald Shoup, *Access*, No. 23, Fall 2003, pp. 2-7. <http://shoup.bol.ucla.edu/SmallChange.pdf>

Also see http://www.perspectives.cutr.usf.edu/articles/Land_Use_Regulation/0013.pdf

a few hundred square-feet of road to get there and about 350 square-feet of space to park, then the downtown people-capacity is significantly limited. Meanwhile, money spent on cars and fuel leaves less discretionary income available to be spent in the community.

How would it affect the quality of life?

Many factors determine quality of life in a city. A downtown that is not congested with cars is more walkable, quieter, less polluted, safer, less sprawling, and less oil-dependent and greenhouse-gas-emitting. Citizens in this environment have more opportunities for exercise, experience less obesity, have lower health care costs, and live longer. Cities with quality transit provide better access to jobs for their transit-dependent citizens, relieve those with lower incomes from the financial burden of owning a car, and improve everyone's transportation options.

Many cities with low or no downtown parking requirements—or parking maximums—are also noted for having the highest quality-of-life: Portland, OR; Madison, WI; Ann Arbor, MI; San Francisco, CA; Davis, CA; and Cambridge, MA. All these places have shifted their focus to bringing people downtown by transit and bike/ped options. On the economic side, quality-of-life is the #1 reason that businesses and retirees relocate.

Scientific data on global issues such as peak-oil projections and greenhouse gas emissions indicate that an economy which is less dependent on oil will be more stable and less affected by future oil shortages and greenhouse gas regulation. Making 30- to 50-year investments in auto infrastructure does not move us in this direction, nor is it consistent with the goals of our Growth Policies Plan.

What are the downsides?

Those who would still choose to drive may pay more to park, but market-based parking rates mean parking spaces are easier to find, and the increased use of transit, walking and cycling means less congestion on the roads. The community as a whole wins -- our children, our nation, and our planet.

Conclusion

What we see in cities which have applied these reforms is a sequence of natural, free-market responses that start with a change in parking policies, followed by an increase in affordable infill-development, improved transit service, less congestion, municipal cost savings, and a higher quality of life overall. This cyclic pattern of success requires: 1) the elimination of parking requirements; 2) the pricing of existing parking based on market supply and demand; and 3) an increased investment in transit and bike/ped infrastructure.

Buff Brown/BTOP