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Citywide In-Lieu Parking Fee to Fund Active Mobility and Transit

Context

Parking policy is one of the most interconnected issues municipalities face, affecting housing affordability, access to mobility, transit use, climate change, and neighborhood livability. Research has demonstrated [Santa Cruz](#) and other cities' current minimum [parking requirements](#) damage the [climate](#), housing [affordability](#), and [walkable](#) neighborhoods. We must transition away from our current overwhelmingly auto-dependent infrastructure, but the question of parking reform is always a chicken or egg situation.

Do cities begin by implementing parking maximums to create walkable communities while suffering the short-term consequences of insufficient transit and packed street parking? Or do they look for the current non-existent funds to invest in transit first while still promoting development that disincentivizes its usage?

Policy

Currently, Santa Cruz's [Downtown Parking District](#) allows businesses and developers to pay an in-lieu fee for each parking spot they cannot provide. The city uses the money to build shared parking and downtown street improvements.

We want to pursue a citywide in-lieu parking fee that exclusively funds active mobility and transit infrastructure. The fee would be priced lower than the cost of constructing parking and could replace up to 100% of parking requirements.

Implications

Making the in-lieu fee cheaper than parking construction reduces building costs and provides a strong incentive for usage. Each additional parking space per unit raises rents by 20% on [average](#), and reductions in parking have been shown to result in [lower](#) rents, making homes and storefronts more affordable. Furthermore, the fee could be reduced for deed-restricted affordable units, extending the value of our tax dollars and incentivizing more affordable housing overall.

This policy will right-size parking requirements to each unique development. Our current minimums paint a broad brush and often result in [more](#) parking than would otherwise be constructed. For example, city law mandated that a recent [project](#) with 233 student-oriented homes build 214 parking stalls. Students use cars at [significantly](#) lower rates, but providing a free parking spot [induces](#) them to own a vehicle. If priced similarly to the Downtown In-Lieu fee of \$20,000 per space, the project's 209 parking spots would convert to over \$4 million in funds, and that's just from this one project!

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In practice, this policy would hardly ever eliminate all parking spots but instead right-size requirements to anticipated usage. There are still strong incentives for parking construction, from construction [financing](#) to customer [desires](#). Furthermore, our current infrastructure is far too car-dependent to facilitate an immediate transition to neighborhoods not reliant on vehicles. But by using this money to build car-free infrastructure while also gradually reducing parking and creating dense communities, we can achieve the chicken and the egg simultaneously.

The climate change implications are obvious: significant new funding for transit to help combat the [69%](#) of city carbon emissions coming from transportation, [fewer cars](#) on the road from right-sized parking, and [dense](#) communities that ensure fewer per-capita carbon emissions from each resident. It's important to note our climate [plans](#) rely on a 15% reduction in [Vehicle Miles Traveled](#), in addition to widespread electric car adoption. Hence, conversion to other transportation modes is paramount.

From an equity standpoint, most METRO riders cannot afford a car, with [75.3%](#) earning less than \$35,000 annually. [People of color](#) and [disabled](#) individuals use transit at higher rates, so funding mobility improvements will directly result in better outcomes for society's most vulnerable populations—especially considering access to transportation is the [number one](#) determinant in an individual's ability to escape poverty.

Comparable Examples

Parking districts that create shared parking structures and street improvements within a defined geographic area are highly prevalent [nationally](#). [Santa Cruz](#), [Redwood City](#), and [Santa Monica](#) are all local examples. These fees can fund [transit](#) and streetscape projects; however, their primary purpose is to create shared parking garages that district businesses and residents can utilize.

Our proposal for Santa Cruz is innovative and unique. Many cities have recognized the need for parking reform and transit improvements in recent years. [San Francisco](#), [Berkeley](#), and [Minneapolis](#) all eliminated parking minimums. [Others](#) imposed transit [impact fees](#) on new developments, but this policy [raises](#) housing costs and still mandates the parking that [induces](#) driving and creates [unwalkable](#) communities. No other city has attempted to convert parking construction costs directly into transit and active mobility funds.

Additionally, our proposal is the first to propose a citywide parking in-lieu fee. Movement happens on an inter and intra city scale, so implementing this policy at a city level ensures effective, comprehensive plans to reduce overall congestion.

Conclusions

While without precedent, this policy will incentivize the necessary transition to a more balanced transportation system while also recognizing our city's current need for parking. We can lead the nation with this policy, cementing Santa Cruz's place as an innovative hub for governance and ideas that can tackle the pressing issues of our time.