



Testimony before the DC Zoning Commission

Regarding: ZC No. 08-06A – Subtitle C – Parking & Inclusionary Zoning

By Cheryl Cort, Policy Director
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We are here to express support for the proposed reductions and removal of parking minimums in Subtitle C. The current proposal is a compromise that has been considered and revised repeatedly since 2008 due to extensive public input. While we disagree that parking minimums serve a compelling public purpose and believe that they can be harmful, however, we support the compromise proposed in Subtitle C as a greatly improved policy over the status quo.

Despite the many compromises, this proposal will help make our city more walkable, sustainable and inclusive. It will relieve housing of unnecessary costs in most cases. It will support the more sustainable and neighborhood-friendly transportation choices of nearly 40% of all DC households who do not own a vehicle, and the more than half of all DC renters who are car-free. This is especially important for the high share of lower income households who do not own a car because they cannot afford it.

The proposed reductions to parking minimums in areas well served by transit, the standardization of a 1:3 ratio for multifamily housing, and allowing a special exception standard to reduce parking are all sensible approaches that avoid most of the harms associated with minimum parking requirements. In most cases, developers want to build parking, but the question is how much. The proposed new standards give sufficient flexibility to allow developers in most cases determine the right amount of parking for their projects. While we disagree with re-imposing a parking requirement for single family lots, waiving the requirement if alley access is unavailable avoids much of the harm of this requirement.

The “right” amount has to do with the trade offs of the marketability of units based on how much parking a renter or buyer wants to lease or buy, the cost of building the parking, and the potential of a non-car owning market. Studio and small one-bedroom apartments have particularly low parking demand. In costly urban sites that are walkable and well served by transit, developers tend to want to build one story of underground parking to satisfy a baseline demand for parking even where demand is low. This could roughly result in a 1:3 ratio. Several developers I have spoken to believe that 0.5 ratio is too high for this market. A U Street developer recently said that if they lose leases by not having garage parking to offer, someone else is right behind them that does want the unit and doesn’t need parking. Rather than the city try to mandate what it thinks is the “right” amount of parking. It’s better to let the developer decide – up to the point that too much parking negatively affects the public with additional traffic.

Years of researchⁱ and DC's own experience demonstrate that minimum parking requirements:

- increase the cost of housing for everyone;
- increase the cost of goods and services for everyone;
- reduce walkability and make it illegal to reproduce historic neighborhoods;
- exaggerate the actual demand for parking;
- encourage automobile use, increase pollution, undermine transit use and generate avoidable traffic.

A simple alternative to avoiding these harms while accommodating parking and automobile use as part of our transportation system is to eliminate parking minimums and discourage excessive parking. The current proposal does both of these things, while retaining some parking minimum requirements as a concession.

Parking minimums are costly, drive up costs of for everyone and can displace more productive uses

Parking minimums can substantially add to the cost of housing and business space because requirements can compel or encourage the development to provide more parking than residents or customers demand. Providing more parking than residents want to pay depresses the market price, often to levels below the cost of providing the parking. If the user is not paying for the cost of parking, then the costs are borne by everyone, and car owners are subsidized. Subsidized car ownership means that the city will generate more driving, traffic and pollution than necessary. A fairer approach would be to let the market provide parking as demanded, so the user can pay the full cost.

Parking is a major cost of development, especially in constrained, high density urban sites. JBG, a developer working in U Street, estimates the cost of un-leased parking spaces in a below ground garages to be \$480/space per month (this is about a \$50,000 parking space). At the same time, the market rent for a space in U Street was \$221/space per month.ⁱⁱ Even if the cost of the space is half this amount, the cost still is not covered by market prices. Commonly, parking spaces are offered for sale at \$20,000 and \$35,000. However, construction costs are often much higher. Thus the full cost of parking is borne by all the residents. A representative from a small developer on U Street said that \$50,000 is the starting point for cost, but a variety of other constraints can quickly raise the cost to \$60,000-\$100,000. One project showed a cost of \$114,204/space for one story of underground parking at 14th & Wallach Place (the developer decided to get a variance for all the required spaces, BZA #18632).

Given these high costs, the question becomes what renters or buyer wants to pay this much for a parking space to live in this location, especially since a large number of households find car-free living a reasonable choice? Given the trade-off between cost and location, many are choosing location. Reducing parking minimums will reduce housing construction costs in such desirable, transit-rich locations. While housing prices are high in high demand areas, reducing construction costs helps reduce overall prices across the market.

The cost of constructing too much parking is both a direct cost and an opportunity cost. A notorious case of public opportunity cost is the overparking at DC USA where the city paid \$40 million to build a 1000+ space garage that ended up being vastly underutilized. This is despite receiving a variance from the minimum parking requirement. A parking minimum was a poor measure against which to assess the appropriate level of parking for this project. Site specific factors should have been used to assess an appropriate amount of parking. In addition to the shortfall in revenues and ongoing costs of the parking garage that burden the DC government, a good portion of the city's \$40 million bond for the parking

could have gone to other community needs.

In the case of affordable housing, parking minimums that force in more parking that is warranted also creates an opportunity cost. Parking is a large cost factor in an affordable housing project. It is a cost factor that cannot be made up by adjusting the prices upward because the rents or prices are set by the financing program. Thus minimums can make a project infeasible or require additional subsidy. Parking minimums can also impact the design of the project where every square foot of the project counts. For affordable housing projects with an enhanced social service component, parking minimums can crowd out space for affordable units or services. Given that low income households own far fewer cars than other groups, high minimums are particularly inappropriate and harmful.

Parking minimums – the original purpose of requirements - have negligible effects on on-street parking demand

The justification of parking minimums was originally based on the goal of reducing demand to store private vehicles on the public street by making off-street parking available. The link between on-street availability and off-street parking supply is weak at best. On-street parking is offered to residents for free or cheap through the Residential Parking Permit program or is entirely unmanaged. Demand for on-street parking in a popular neighborhood will always be high and less available when the price is essentially zero.

While comprehensive studies are not available, one consultant study shows similar modest rates of residents parking on the street regardless of the off-street parking supply (which is underutilized). Based on analysis of 2011 data provided by a real estate consultant who advises developers on how much parking to build, data from 10 buildings in Dupont, Logan, Kalorama and Woodley (5 with parking, and 5 without) compared the rate of street parking among occupants of studio and small one bedroom units (larger unit sizes are presumed to have standard parking supply formulas). The rate of utilization of street parking for small units was 6.9% for buildings without parking, and 7.2% for buildings with parking. Occupancy rates of off-street spaces the buildings with parking ranged from 17% and 62%.ⁱⁱⁱ Thus off-street parking requirements do not appear to serve the original intent. Large numbers of residents do not opt to rent parking spaces in the building in which they live, and a modest number use street parking. A more appropriate and direct approach for zoning is to leave minimum parking supply to be determined by the market, and encourage DDOT to revise current curbside management policies.

Opponents of reforming DC's parking requirements have often cited the increased number of registered vehicles in DC as a reason to retain or even increase parking minimums, fearing that this increase in vehicles means that existing off-street supply might not keep up with demand, and could impact the availability of on-street parking. Census data show that while the number of occupied housing units grew by 7.4% from 2000 to 2012, the number of vehicles grew by 3.7%, with the rate of car-less households remaining stable or increasing at 38%. Sufficient evidence suggests that off-street parking is generally oversupplied and that it can be made available as demand warrants. The extensive leasing to outsiders in the JBG U Street survey demonstrates this, as does the 2011 survey cited above.^{iv} Additional anecdotal evidence of specific projects shows underutilized parking supply and low market prices for both residential and commercial uses. Examples include: Archstone First + M (0.3 miles from Union Station) is fully leased by only 60% of the parking is leased. The developer is considering reducing the amount of parking planned for the second phase of the project. The new AVA building is dropping parking prices to \$125 to get residents to lease un-leased spaces. Babe's Billiards PUD parking analysis showed ample parking that could be used for commercial and residential users in the area. Given the amount of oversupply, it would be far more efficient to encourage the sharing of existing parking before requiring more to be built, that might sit underutilized.

After a half century of increased automobile use, driving and parking demand is in long term decline

After more than a half century, the role of personal vehicle ownership is on a downward trend.^v This decline in demand further justifies a new approach to parking mandates, recognizing that there is no such thing as a fixed amount of parking demand. Parking demand is based on price and alternatives. The emergence of smartphone technology and services such as carsharing, bikesharing, Uber, and online shopping, are making it even easier for all kinds of households to live without a car, and make all kinds of trips without a car.

Here are some of the facts contributing to a long term decline in parking demand and the rapid rise of alternatives to driving that is giving more people the freedom to construct a lifestyle that does not include car ownership:

- People are driving less – nationally, regionally, and especially in DC. This means there will be less demand for both commercial and residential parking. Tracking national trends, from 2005 and 2011, the region increased in population by 7.3%, but the region’s per capita driving fell by 6%. DC’s decline in driving was 7.69%.^{vi}
- The proportion of young adults getting drivers licenses is dropping – the share of 19 year olds holding drivers licenses has fallen from 87% in 1983 to 70% in 2010.^{vii}
- DC has a particularly high number of car-free households. Despite the population boom of 60,000 new residents since 2000, the percent of car free households has remained stable or slightly increased. In 2012, the Census estimated the number to be nearly 38%.
- D.C. has a larger share of car-free households than other cities often cited for comparison. After New York city, Newark and Jersey City, D.C. has the highest number of car-free households in the U.S.

Table 1: Percent of car free households comparison cities, 2012 ACS (1 yr estimate) and Walkscore Rankings, 2014

City	% Households without a vehicle	Walkscore (2014)	Walkscore Rank
New York city	56.5	87.6	1
D.C.	37.9	74.1	7
Boston	36.9	79.5	3
Philadelphia	32.6	76.5	4
San Francisco	31.4	83.9	2
Chicago	27.9	74.8	6
Miami	21.1	75.6	5
Seattle	16.6	70.8	8
Portland OR	15.3	63	16

- Transit ridership is increasing – DC residents commuting by transit rose from 32.3% in 2000 to 40.2% in 2011.^{viii} Improving real time information for transit arrival times and widespread adoption of smartphones is making it more convenient for more people to rely on transit.

- Bicycling more than doubled from 1.4% of DC commuters in 2000 to 3.5% of the commute in 2011. Three year old Capital Bikeshare has 35,000 members, and hosts almost 10,000 trips a day.^{ix}
- Zipcar was first but now DC offers many carsharing choices including car2go, Hertz and Enterprise. According to a 2012 Washington Post survey, 19% of DC residents had used carsharing or a similar service, up from 9% in 2010. DC focus groups of realtors and buyers indicated that individual car parking is less important and the presence of Zipcar was major selling point. Studies show dramatic drop in car ownership among carsharing members. A North America study in 2008 found that, 25% of households sold a vehicle and 25% decided against purchasing an additional car.^x
- Widespread use of smartphone technology makes all these transportation options even easier to use. While over half of all US adults own smart phones, among African Americans, the rate is much higher: 64%.^{xi} In 2000, smartphones did not exist.
- The increased walkability of DC neighborhoods means more reasons to shed the cost of personal car ownership and rely on alternatives. According to Walkscore, DC's 74 score ranks as the 7th most walkable city in the country. The top 4 neighborhoods tying score of 97 – a “Walkers Paradise” are: Dupont Circle, Chinatown, U Street and Downtown. Ten years ago, few would have called U Street a walkers paradise. The current rank of Brookland is 74th among DC neighborhoods with a walkscore of 47. Given the significant influx of new stores and restaurants, that ranking and score is likely to rise dramatically. The current transformation many neighborhoods in DC demonstrates that the city can offer residents more walkable neighborhoods that allow more or nearly all errands to be accomplished on foot. The question is how to offer these opportunities to many more neighborhoods which currently lack many amenities within walking distance.

Parking demand is not a fixed level

All the above factors corroborate the idea that there is not a fixed amount of parking demand per person or per household, but rather than many factors affect the travel and car ownership choices of DC residents. These factors can be affected by policies such as mandates to oversupply parking (thus driving down the market price), or alternatively provide transit passes or carsharing memberships to all building residents (thus driving down the cost of riding transit or using carsharing).

Due to poor management of on-street and sometimes off-street parking, it's often overlooked how much excess parking supply might be available. The Babe's Billiards case (ZC Case No. 10-23) demonstrated that ample metered parking and off-street parking supply was unoccupied and would be able to accommodate the demand generated by the project, even with no new parking supplied.

The 2012 study to assess parking demand in the U Street market by JBG of 7 market rate apartment buildings found that most buildings built more parking than residents wanted, and most rented out spaces to nearby non-residents to recover some of the cost of the spaces.^{xiii} The survey found that the average demand was 0.5 parking spaces per unit but that demand ranged down to 0.3. Two of buildings which face the P Street Whole Foods in Logan Circle have parking residential demand ratios of 0.4 but had built close to 0.8 ratios. Given the lower than expected demand, the buildings rent 20-30 spaces, or about half of the total garage spaces to outsiders. The conclusion of this 2012 study was that Walk score was a better predictor of parking demand than transit access alone.

These numbers validate feedback anecdotally from other developers – that a 0.5 parking minimum requirement in some zones near transit are too high, and generate excess parking that wastes money and subsidized car ownership. For example, Progression Place (at Shaw Metro station) built to a 0.5 parking ratio, but has leased only 13% of the available parking. Although the building is not fully leased, the developer does not anticipate that the low take rate of parking can be made up when the building is leased out.

DC’s uniquely large share of car-free households is a market segment that should be encouraged

Most of DC’s rapid growth is concentrated in areas in the downtown, the higher density central parts of the city and close to Metro stations. The number of car-less households is stable or increasing, despite the higher incomes of in-migrants. DC has always had a significantly higher share of households without access to a car. In part, this is due to a high poverty rate – lower income households own fewer cars than higher income households.^{xiii} DC’s pattern of car-less households shows that low income areas and centrally located and transit accessible areas tend to have higher percentage of households without cars (see Figure: “Life Without a Car? Possible and Popular in D.C.” submitted with CSG’s Nov. 14 testimony on Subtitle I). Wards 1, 2 and 8 all have close to half their households without a car. Wards 1 and 2 are centrally located, highly transit accessible and have substantial growth and wealth. Ward 8 has limited access to Metro but extensive bus service and has the lowest incomes in the city. Between the large number of DC residents who are car-less by necessity, and those who are car-less by choice, removal or at least very low parking minimums is the best approach to allowing those residents to have greater control over their housing costs, and support their car-free lifestyles.

Inclusionary Zoning – a promising future

We also want to express our thanks to the Zoning Commission for creating the Inclusionary Zoning regulations. While the start of this program has been a rocky one, the program is getting on track. Of the 6 for-sale IZ units on the market, one unit has been sold, 3 are under contract, along with more than a dozen leased, and a pipeline of nearly 1,000. The foresight of the Zoning Commission to establish that the IZ units should remain affordable for the life of the building is reinforced by extensive experience with similar programs around the country. We are pleased to note that the pricing and resale formula adopted in the regulations uses one of the most successful approaches in the country to balancing a robust return to the owner and preservation of the affordable unit.^{xiv} DC IZ’s program also uses an innovative approach to incorporating condo fee costs into the sales price, and is likely to be the model that other programs will follow.

Our major concern with IZ is that its production of 50% AMI units is far below what we had hoped for when we first proposed this program. About 15% of the pipeline will be 50% AMI units, with the rest at 80% AMI. In the near future, we ask that the Zoning Commission assess this key issue to explore how it can strengthen this promising program to deliver more affordability.

Thank you for the opportunity to testify.

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- ⁱ Michael Manville, Alex Beata & Donald Shoup, "Turning Housing Into Driving: Parking Requirements and Density in Los Angeles and New York," *Housing Policy Debate*, Volume 23, Issue 2, 2013. <http://www.tandfonline.com/doi/abs/10.1080/10511482.2013.767851?tokenDomain=eprints&tokenAccess=pC6Jd5WediAwIb5HthR4&forwardService=showFullText&doi=10.1080%2F10511482.2013.767851&journalCode=rhpd20#.UovHIMSyDrM>; Victoria Transport Policy Institute, *Transportation Cost and Benefit Analysis: Techniques, Estimates and Implications*, 2009. <http://www.vtpi.org/tca/tca0504.pdf>
- ⁱⁱ JBG Companies. "U Street & Logan Circle Area Residential Parking Study, July 2012." Unpublished paper, and JBG Cost calculations for U Street Parking.
- ⁱⁱⁱ Unpublished 2011 survey by Real Estate Analyst - Parking Consultant.
- ^v US PIRG, *A New Direction: Our Changing Relationship with Driving and the Implications for America's Future*, 2013. <http://uspirg.org/reports/usp/new-direction>
- ^{vi} US PIRG, *A New Direction: Our Changing Relationship with Driving and the Implications for America's Future*, 2013. <http://uspirg.org/reports/usp/new-direction>; Council of Governments: <http://www.regionforward.org/regions-population-still-rising-but-driving-isnt-2>
- ^{vii} <http://ns.umich.edu/new/releases/20646-percentage-of-teen-drivers-continues-to-drop>
- ^{viii} Council of Governments, "Changes in Regional Commuter Patterns, 2000 – 2011." <http://www.mwcog.org/uploads/committee-documents/bF1bWF5b20130515091235.pdf>
- ^{ix} <http://capitalbikeshare.com/news/2013/09/04/Capital-Bikeshare-Hits-5-Million>
- ^x US PIRG, *A New Direction: Our Changing Relationship with Driving and the Implications for America's Future*, 2013, <http://uspirg.org/reports/usp/new-direction>;
- ^{xi} Aaron Smith, "Smartphone Ownership – 2013 Update," June 5, 2013, Pew Research Center. www.pewinternet.org/Reports/2013/Smartphone-Ownership-2013.aspx
- ^{xii} JBG Companies. "U Street & Logan Circle Area Residential Parking Study, July 2012." Unpublished paper, and JBG Cost calculations for U Street Parking.
- ^{xiii} For DC data showing correlation of low income census tracts to car-less households, see in our August 29, 2008 supplemental comments for on case no. 08-06-2. Also see Manville, Michael, *The Price of Unwanted Parking*, <http://www.uctc.net/research/briefs/PB-2010-02.pdf> and Victoria Transport Policy Institute, *Parking Requirement Impacts on Housing Affordability*, 2013, <http://www.vtpi.org/park-hou.pdf>.
- ^{xiv} See: Urban Institute. *Balancing Affordability and Opportunity: An Evaluation of Affordable Homeownership Programs with Long-term Affordability Controls*. October 2010. <http://www.urban.org/uploadedpdf/412244-balancing-affordability.pdf>; Ryan Sheriff, National Housing Conference/Center for Housing Policy, *Balancing Asset-Building Opportunities with the Ability to Preserve Affordability in a Homeownership Program*, 2011. http://www.nhc.org/media/documents/AB_Principles_FINAL1.pdf