Parking Planning White Paper Series

Parking as an Economic Development Strategy

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ACKNOWLEDGEMENTS

This research began with at the request of several clients that desired more information on the topic of “Parking as an Economic Development Strategy”.

A series of initial research questions was developed and refined internally and then an email was sent out to respected industry experts and economic development practitioners.

We would like to acknowledge several individuals that made special contributions to the production of this “white paper”.

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INTRODUCTION

Parking as an Economic Development Strategy?

The idea that parking can be an effective economic development strategy has gained greater and greater acceptance as innovative programs from around the country have proven this concept with many successful examples. We have documented several of these case studies in this white paper.

However, as the principles have become more accepted many clients are asking us how they can take this concept to the next level.

» What new trends are emerging?
» What are the specifics strategies that have proven to be most successful?
» What are realistic ‘return on investment’ ratios?

In this White Paper we will evaluate these questions and many more.

Leverage parking development to catalyze additional community development.

Having a well-defined and shared vision relative to preferred or targeted types of development is a key first step in the process.

Parking can also be used as a “platform” to achieve a variety of other community goals, beyond parking infrastructure.

Consider parking as a platform to support these other potential community priorities:

☑ Downtown Residential Development
☑ Urban Parks/Green Space
☑ Activated Street Level Retail with Office or Residential Above
☑ Public Art / Local Artist Community Engagement
☑ Sustainable Development / Renewable Energy
**OVERVIEW**

Several maturing parking programs across the US want to move into a new phase for their organizations. They are looking for ways to improve their communities and stimulate additional community and economic development opportunities by leveraging strategic parking and mixed-use facility development.

These programs have developed more advanced and sophisticated planning capabilities in recent years. They have well defined “parking analysis zones” and actively monitor changes to parking supply and demand. They measure and track changes to on-street utilization. Using pricing and regulation (time-limits, special permitting strategies, etc.) they are managing their limited on-street resources to maximize their value by promoting turn-over. Price is being used, as recommended by the noted UCLA economist Dr. Donald Shoup, to achieve a targeted on-street vacancy rate of 15%.

New technologies are emerging that will greatly change the parking management landscape in ways that would have been hard to image even a few years ago. The impact of “smart meters”, wireless sensors, web-based parking availability data, on-line parking reservation systems and even satellite-based mechanisms that employ GPS and GIS “geo-fencing” technologies will combine to create “smart parking systems” that will help reduce greenhouse gas emission, improve parking availability and make paying for parking easier and more customer friendly. All of this is even more powerful when combined with sophisticated new mobile devices such as the I-Phone. Indeed, at last count there were already 60+ “apps” designed just for parking related uses. It is hoped that this new data rich world of “smart parking” will allow us to better utilize existing parking resources (and recapture some of the value inherent in the “over-built” parking supply of the past decades) as well as to begin providing better designed parking facilities that are integrated with a variety of mixed-uses and that better complement the urban fabric in which they exist.

**Mixed-Use Parking as an Economic Development Catalyst**

There are many variations on the theme of parking as an integrated use in a mixed-use development project. There is little doubt that parking is an essential element in the success of these projects. In many cases, it is often the parking dimension that, from a developer’s perspective, makes the project “not pencil”. Parking facility design and management have dramatically improved in recent years. We no longer “deaden an entire block or half block in a downtown for a “vehicle warehouse”. We now see parking facilities more as the “interface between the vehicular and pedestrian experience”. Parking facilities are being designed more as “people places” than simply as dull, grey, utilitarian storage facilities.
Mixed-Use Parking Design Advances

Architecturally, parking is being developed to better blend into and even contribute positively to the “urban form”. Several successful design approaches for integrating parking in urban environments with other uses are becoming well accepted. These models include:

**Description:** This 912 space, 3 bay parking facility is located at 316 S. Spring Street, Greenville, SC. This multi-level parking garage, located adjacent to the Wachovia Building and the Bookends development, provides monthly, daily and event parking in downtown Greenville.

**Description:** This 686 space, 2 bay parking facility is located at 15th street and Pearl street in downtown Boulder is conveniently located near the Pearl street mall. This multi-level parking garage is wrapped with retail uses on the street level and office space above.
The facility provided monthly and hourly parking.

**Description:** The Wynkoop garage in the LoDo District of downtown Denver is an example of a “stack” garage design with 2 levels of below grade parking, a destination restaurant at grade, 4 levels of above grade parking below 4 floors of residential development.

**Description:** The Terrace at Riverplace is located just off of Main Street and across from the $13.5 million River Falls Park on the Reedy River in downtown Greenville, SC. The Terrace is part of the $65 million RiverPlace mixed use development which includes 155 RiverPlace, RiverHouse, The Terrace, and The Hampton Inn and Suites. The project includes office space, retail space, restaurants, and condos. RiverPlace also offers underground secured parking with card access.
Parking as an Economic Development Strategy?

Best Practices Research

Innovative municipal parking programs, urban redevelopment agencies, business improvement districts and downtown development authorities have led the charge as it relates to leveraging investments in strategic parking and mixed-use facility development as a key strategy to improve their communities and stimulate additional economic development opportunities.

One key trend we have identified is that many of these parking programs have developed more advanced and sophisticated planning capabilities in recent years. They have well defined "parking analysis zones" within their downtowns and actively monitor changes to off-street parking supply and demand. They also have begun measuring and tracking changes to on-street utilization. Using demand-based pricing and other creative parking management strategies such as extended time-limits combined with progressive on-street parking pricing, pay-by-cell phone options, special permitting strategies, etc., they are beginning to manage their limited on-street resources to maximize their value by more effectively promoting turnover and also providing enhanced customer services and more flexible parking options. Price is being used to achieve the goal of a 15% on-street vacancy rate. This has had the related effect of improving access to businesses, reducing traffic congestion, lowering fuel consumption and lessening greenhouse gas emissions.

These advances in planning and management are being combined with another, and perhaps more important trend – a philosophy that aims at making parking more visitor friendly (and thereby positively impacting the "overall downtown experience"). It is important to note however, that "friendly" does not equal "free". Parking is never free, even when there is no direct charge to the customer – someone somewhere is paying the price for providing not only the space, but the utility costs, the maintenance, the management, etc.

As part of the research effort for this project we focussed on identifying new or creative approaches to using parking as a tool for economic development.

Following are a series of interview questions and responses from several respected industry professionals.
Research Interviews

1. What are the current industry best practices and successful strategies related to parking facility development? How are these development deals structured?

   a. “Generally public/private deals are not unlike pure private deals insofar as each side has assets to bring to the table to leverage the assets of their partner. The primary negotiation revolves around how much each side is willing to offer to get what the partner can provide. Thus it is very important on the private side to understand what the public interest is for any given project, and tailor a response to that. Usually it is clearly articulated in a plan (a downtown plan for example) or in a series of goals in the community’s comprehensive plan.

   b. From the public side, it is important to understand how the developer is structuring a proforma…what market they are trying to land and where their cost centers and risk centers are. For example, if a major tenant is insisting on available parking while the lender is insisting on a certain return ratio, the ability of the public to bring the parking availability to bear to remove the cost and risk of building and operating parking from the developer’s proforma, while addressing the tenant’s demand, can make the difference as to whether a project gets the necessary bank funding to get off the ground. Understand, however, that unlike private / private agreements, the public side is heavily wrapped in legal limitations, public process and transparency. This comes with the territory, so any time a private developer wants to leverage their idea by working with a public entity, they need to build in sufficient time and resources to work through a lot of the necessary “fairness” limitations the public side has to work with, and be ready for the “sunshine” laws to come to bear…so lots of documentation will be necessary.

   c. Consider the concept of a “Bridge Investment” rather than a full subsidy as in the example below. From the public entity perspective, understanding the “real needs” of the private sector partner can mean the difference between a project moving forward or not. Our agency was in discussions with a partner to redevelop a surface parking lot into a 600,000 square foot mixed-use project. Originally the developer asked the agency to build them a $12,000,000 parking structure. Ultimately it was determined that the there was financing gap of $180,000 per year for five years. Rather than a cash incentive, the agency ultimately agreed to lease the developer 200 parking spaces/year (which it had available in a nearby parking facility) for five years
at no charge (an in-kind contribution of approximately $1,000,000 in value). This essentially equated to a “bridge investment” by the agency that allowed the deal to move forward.

2. What is the best way to interest potential development partners?

a. Transformational investments. If an existing property or area has inherent value that is not being tapped, the market will already have responded to that and you will be fending off development proposals. Usually the case is that the public is trying to interest developers in property that really does not appear to have inherent value beyond its current use. The way to change that is for the community to decide on what can be done on the public side to inject value where there was none before.

For example, before our Fayetteville Street Renaissance project was funded and under construction, nobody would take a risk on downtown Raleigh. After…suddenly a lot of properties were being acquired, new buildings built and everything seems to have taken on new value and a transformed market image that generated a lot of tax base. Deciding what that transformational investment or investments are is the key. You need LOTS of private sector, market savvy input before pulling the trigger on expensive public projects to ensure that there will be a fish on the end of the hook when you cast it.

b. Boise essentially created a parking district that over-built supply in strategic locations and then worked on multiple tracks to stimulate community development to “grow into it”. We approached parking as a utility to support long-term growth. Under this approach it is perfectly logical to build capacity ahead of immediate demand needs.

c. Our approach also considered the “idealized build out” of the downtown based on our downtown master plan. We developed our parking development plan to support the desired build out. We were guided by two major principles – first, we desired to keep the public parking supply between 30 – 40% of the total parking supply. This approach provides us flexibility relative to attracting new development and allows us the capacity to address uses in the realm of the “public good”. Second, we understood that we would have to make more of our parking investment on the front end of the process.

d. Boise made it to the top of the Forbe’s “Best Places to Do Business” list by “creating places where people want to
be”. The combination of integrated parking (all of our parking is in convenient, mixed-use facilities with activated street-level uses) and a concentrated effort on “place making” and public realm improvements.

e. We embraced the idea of an “E Zone” or “Energy Zone” in the downtown core. The synergies created by the downtown environment is large part of our success. Parking, and specifically parking facility design, is an important component because it contributes to our compact urban form and the reduction of surface parking lots.

3. What combinations of financing options are most popular and most successful?

a. One successful strategy is “Certificates of Participation”. They offer several benefits. First, they are mortgage-backed, essentially, because City assets are put up as collateral, thus making them low risk and thereby low cost investment vehicles. We have found them equivalent to General Obligation financing in terms of cost, without the necessity of any kind of taxpayer referendum on their use.

b. When putting together public / private partnerships, one of the benefits of working with the public is that public sector entities are often more tolerant of longer-term payback schemes where an asset is provided by the public to leverage private development, much more so than equity partners or banks, so this ability to be around long enough to tolerate a longer horizon is a potential “asset” that public entities bring to the table.

c. Another option to consider is the “condominiumization of parking”. Under this scenario the land doesn’t have to be purchased by either party. The condominium association owns the land and manages the property including shared expenses and taxes.

4. What combinations of incentives are currently being offered?

a. Right now (due to the economic downturn) we are not offering a lot of direct incentives, but generally when it comes to land development, the cost of land is one of the first things the developer goes after. If the public can acquire land and then re-sell it at favorable terms, this helps leverage a private proforma.

b. Many communities provide cash incentives based on jobs or total investment. Some believe that this rarely determines whether the project gets built, particularly in a downtown. Usually after the private side team has already determined where it wants to build, then it goes after as much cash as it can leverage out of the elected officials.

c. Parking is a favorite downtown leverage tool, as it is a business the public is often already in and it is usually (unless you are in a REALLY big or very enlightened mar-
With capital funds in short supply, public investment can sometimes make the difference with “projects on the bubble”. The key is often understanding the real estate equation. The agency needs to understand where to draw the line. Sometimes, the fact that an incentive is offered at all is as important as the amount.

ket) a key factor for lenders as to whether they will finance a project. Co-development with transit stations for those communities with a fixed-guideway transit system is also a huge incentive to partner with the public.

5. What specific options are seen as producing “win - win” scenarios for different communities?

a. Deals that are structured where there are documented returns to the public are often easiest to justify...a cash flow that can be documented such as specific tax base enhancement commitments, creation of permanent jobs if a major employer is involved, etc.

b. On the other side, developers need to see both a short term (this current project is profitable in the short run) and a longer term (this deal will potentially spin off more deals with the same public entity) benefit from playing ball with the public sector. This is often why working with local developers with more of a stake in the success of the local market sometimes works better than going after the big, national development entity who may flee the market if times turn bad.

6. What are the common obstacles that tend to sour these public-private partnerships?

a. Unrealistic expectations...on both sides. Also an unwillingness to trust. There is no way you can write down every last contingency in a deal. All deals involve some level of trust on both sides. This has to be clear up front, and a commitment made to work through things in the middle when something unexpected comes up. The best thing to do is to talk clearly about how to deal with unexpected issues, not to try to anticipate all of them and write them all into an agreement up front.

b. The public sector is all about process and fairness. There will be multiple committee meetings. The design will likely be micromanaged to some degree. It is very important for private side entities to build this extra time into the project schedule and make sure somebody on their team is good at navigating the public process.

7. What types of deals should public agencies avoid? Why?

a. Avoid anything that involves putting the public in the role of primary risk-taker. Risk analysis in land development is not something public sector agencies do particularly well, and in a public/private deal it should be made clear up front that the public is not in the entrepreneur role in a typical deal. That should be the private sector entity’s role, and the public risk ought to be clear, simple, and limited...the major financial benefits may need to go to the private side but the primary risk should be there also.
b. Public entities also ought not to make their decisions based on a glorious vision of a very cool development. Instead, the decision should be made looking at a spreadsheet and a balance sheet. The key success factors on public/private developments revolve around the strength of the private side financing package and the predictability of behavior of the public side partner. To the extent these can be maximized, the likelihood of the project being a success is enhanced.

8. What creative combinations of land uses have produced special benefits for their communities?

a. Projects that attract the young as well as the working age public. Kids bring parents. Parents bring money and come back on the weekend if they like what they see. Youth brings energy.

b. Libraries are excellent tools for attracting kids, as are museums. Places to have big outdoor parties that generate lots of press (New Year celebrations, food celebrations, concerts, etc.) are great compliments to retail and office as well as urban residential. In Boise, housing projects have generated the greatest amount of “spin off” benefits.

c. Sports venues bring lots of people but beware…they also tend to spawn lots of surface parking that kills life around it when an event is not taking place. The best public investments we have made in Raleigh have SYMBOLIC value! The reconnection of iconic architectural views between the state capitol and the performing arts center. A major artwork that can be seen on the skyline, creating a postcard view. These things change the way people think about a place, and lift everyone’s boats.

9. From a planning perspective, are there new concepts or specific development code approaches that encourage creative urban designs and special partnership opportunities?

a. “Form-based” codes often work well in dense urban areas, by creating an emphasis less on land use and more on form, relationship of the building to the street, density and amenity access. Having a rehabilitation code option that applies realistic building code standards to old buildings means more investment in historic buildings that bring character and interest to a city.

b. Most of the incentives that might encourage more public-private arrangements would happen on the state level in states that govern the activities of cities. The ability of public entities to engage in private projects is often limited by “no-competition” limitations or by restrictions on the ability of the community to provide tax or fee incentives for projects with a public benefit.
CasE SToRiES

CaSe StuDY #1

The Ashley Mews Project
Ann Arbor, Michigan

Ashley Mews was one of the first downtown developments since the early 1980’s. The city owned a piece of land at the intersection of Main/Packard and wanted to sell it for redevelopment with the goal of seeing at least some affordable housing units (80% of AMI) included as part of the project.

The Ann Arbor Downtown Development Authority (DDA) helped facilitate the conversation between the City & the developer (Syndeco is the real estate arm of Detroit Edison). Final arrangement had a 9 story office building with first floor retail and penthouses on the top, and approx. 50 stacked townhouses of which 8 are permanently affordable.

The developer brought 120 of their own underground parking spaces, but needed 100 more parking spaces plus some gap financing. The DDA provided some funds toward the affordable housing units and additional funds toward the project’s pedestrian improvements to make the numbers work.

We gained a wonderful mixed use project that made it possible for Detroit Edison to bring 400-500 high paying jobs (the building houses all the energy company’s subsidiaries such as Detroit Edison Nuclear, Detroit Edison Wind, etc.) plus more than 50 new downtown residents (the penthouses were a slower sale because the space wasn’t built out and residents clearly had trouble understanding what $1 million was buying them).

Lesson Learned:

1. The City must know what it wants up front in a development deal like this so we can understand if it’s worth providing a limited public asset (lots of public parking spaces) to accomplish their goal.

2. If possible, use these public/private arrangements to clean up previous mistakes (before the DDA took over parking, the City had given away parking permits in a contract for 3 renewable 20 year terms at the cost of operations plus bond payments. The bond payments were ending/if we hadn’t revised the agreement the developer would have been paying $10-20/month for permits that cost other downtown users $100/month).

3. Consider all the elements that can make a project work, not just the parking elements.
Supporting Documents:

- Ashely Mews Development Agreement
- Ashely Mews Parking Agreement
- Ashely Mews Planned Unit Development (PUD) Agreement

Case Study #2

“BoDo” Development
Capital City Development Corporation, Boise, Idaho

The Capital City Development Corporation (CCDC) is the urban renewal agency in Boise, Idaho. The CCDC manages three separate districts in the downtown area as well as managing the off-street public parking system.

CCDC has a stated goal of a 5 to 1 return on infrastructure investments. With the recent completion of the so called “BoDo” (Boise Downtown) project, they leveraged $15.5 million dollars in public infrastructure investment (The Civic Center parking garage [$8,000,000], the Myrtle street garage [$6,000,000] and a $1,500,000 investment in streetscapes) in return for $87,000,000 in private development – a 5.61 return on investment!

Beyond this initial success, the “BoDo” project also generated another $650,000 in tax increment financing revenues that the CCDC will reinvest in downtown and the project is generating an additional 1,000 parkers per day for an estimated $800,000 in additional parking revenue per year. It is also worth noting that the “BoDo” project brought several targeted types of development to the downtown including a 17 story residential development, a multi-plex cinema and a new hotel.

Lessons Learned:

1. CCDC has successfully used “parking development as a catalyst for other development”
2. They have a defined expectation (5 to 1) relative to parking and other infrastructure investments.
3. Their standard agreement is a “blank page”. Be flexible. Consider all options,
4. Housing/Residential development projects have more spin-off benefits.
5. Their parking strategy was based on an “idealized build out” of the downtown based on the downtown master plan. Their parking development plan is designed to support the desired build out.
6. Goals: Keep the public parking supply between 30 – 40% of the total parking supply & realize that more parking investment is needed on the front end of the process.
Case Study #3

Village Green
Ann Arbor, Michigan

Village Green is the Ann Arbor DDA’s most recent development project. The City distributed an RFP to sell/redevelop the site of our oldest parking structure. The Village Green project was selected and plans include a multi-story apartment building with an underground public parking structure.

The development agreement was much simpler than the Ashley Mews Project discussed above. The DDA formulated early what it was willing to provide to make this deal work ($100K per unit for up to 4 units of affordable housing to 60% AMI = $400,000 and exact dollar amounts for what it would pay to have the underground parking structure constructed ($35,000/above ground space + $45,000/below ground space). This eliminated negotiations later on, as the developer bids on the property were made knowing that these were the only two sources of local funds for the project.

Currently the DDA has no developers on its board so knowing the cost up front made sense for us. Since we no longer had folks on the board with real estate experience to negotiate for us.

Lessons Learned:

1. If the developer is building a public parking structure as part of this public/private development, come to an agreement up front on what the DDA or City is willing to pay per parking space since it is virtually impossible to delineate what is/isn’t part of an underground parking structure (earlier developers wanted to charge the DDA for their construction crane costs, all costs to bring utilities to the site, etc.) Once this price is established, it makes it easier to sort between various bids for the site since the variables are reduced.

2. The DDA/Village Green parking agreement has us providing 73 spaces for monthly parking + 73 flex parking spaces, leaving some number for public parking. The flex parking numbers made the banks happier about providing financing since the project has more parking spaces per unit - even though the flex spaces can only be used at night.

Supporting Documents

1. Village Green Parking Agreement
A Primer on Economic Development for the Parking Professional

For Parking Professionals to understand and effectively interact with Downtown and Economic Development Professionals, it is important that we become familiar with their worldview and the tools they use.

The history of recent economic development strategies in Downtowns can be traced to the passage of the Urban Development Action Grant (UDAG) legislation in 1977.

Recommended Reading:

- Economic Development in Local Government
  ROGER L. KEMP
- The High Cost of Free Parking
  DONALD SHOUP
- Planning Local Economic Development
  EDWARD BLAKELY

Summary of Economic Development Tools

Economic development practices have evolved from a limited number of inducements to the use of many diverse, yet highly focused, incentives.

- One-Stop Permit Process
- Business Assistance Programs
- Enterprise Zones
- Development Standards
- Business Retention Programs
- Small Business Development (Incubator Programs)
- Low-Cost Financing
- Zoning Changes or Variances
- Mixed-Use Preferences / Density Bonuses
- Tax Rebate Programs
- Redevelopment Areas
- Tax Increment Financing Districts
- Land Subsidies
- On-Site Improvements
» Subsidized Parking, etc.
» Off-site Improvements
» Infrastructure development
» Economic Development Corporations

Economic Development 101

Economic Development Incentives
The following summarizes some key elements and specific tools used in the development of a community economic development strategy.

» Political Philosophy
  • The underlying political philosophy of elected officials frequently recognizes the need to stimulate economic development.
  • A political philosophy of self-reliance, recognizing the need to expand the city’s tax base and create jobs, sets the political background against which all economic development activities occur.

» Political Climate
  • The climate created by a local government’s political philosophy may serve to entice development. Elected officials favoring economic development, or specific types of projects, may make their intentions known through a number of different methods. News travels fast about the availability of economic incentives to the private sector.

» Positive Staff Relations
  • The ability of a government’s staff to work with the development community can create a healthy business atmosphere.
  • The time spent by the staff explaining the rules, trying to work with property owners, and negotiating within predetermined guidelines fosters a positive relationship with the private sector.

» One-Stop Permit Process
  • Many local governments have implemented a one-stop permit process to facilitate the processing of development applications. Rather than make applicants go to several locations to obtain permits, they are issued at one central location. This saves the private sector both time and money when seeking approval of development plans.

» Business Assistance Programs
  • Because of the increasing number of economic incentives offered by local governments, this type of program makes information about all incentives available at a single location. Existing staff members are educated as to all pro-
grams and resources. This information is made available to both existing and new businesses.

» Enterprise Zones
- A phrase which refers to an area targeted by local government officials for development. They are typically blighted areas, ones where jobs are needed or increased revenues are desired. Economic incentives may be offered in specific areas, subject to approval of the elected officials.

» Development Standards
- Local government officials have the power to alter many development standards, such as parking, lot coverage, setbacks, and landscaping, to name a few.
- Requirements may be waived, or lowered, depending upon the type of development and the agreement negotiated. These changes usually require the approval of elected officials.

» Business Retention Programs
- These programs are designed to monitor the economic climate of important businesses and industries in a community.
- Staff members make contact with failing enterprises, offering financial and technical assistance as appropriate. This helps maintain a healthy business climate where jobs and revenues are important.

» Small Business Development
- Sometimes referred to as “incubator” programs, both the public and private sectors are creating developments that offer amenities to attract and foster the growth of small businesses.
- These amenities include low-cost rental rates, small office spaces, shared secretarial services, etc.

» Low-Cost Financing
- Various forms of low-interest financing are available to the private sector. These programs typically save the developer a few percentage points below market lending rates.
- The project is usually the security for the loan, and the payments are normally made by the property owner.

» Zoning Changes
- Local elected officials may approve an upgrade to the zoning applicable to a site, thereby permitting a higher land use. Frequently, single-family residential zoning may be upgraded to multiple-residential, industrial, or commercial, depending upon the location of the site and the type of development desired by the community.
Mixed Land Uses
- Zoning within particular areas is usually standardized to protect property values and to separate different land uses.
- A trend is developing to permit commercial uses in residential developments, and vice versa, in order to generate additional revenues and jobs. Mixed land uses have been more popular in central city areas.

Density Bonuses
- Many local governments are offering increased dwelling unit densities in selected areas. The number of residential units permitted can be increased, thereby enhancing the value of the development.
- Greater building densities can make a community more attractive to the development community.

Tax Rebates
- Local governments may provide tax rebates as a development incentive. Rebates typically involve property taxes, sales taxes, business taxes, utility taxes, and so forth.
- The amount returned, and the duration of the rebate, is subject to negotiation and usually based on the economic benefits generated by the project.

Redevelopment Project Areas
- Redevelopment projects are formed in blighted areas targeted for economic revitalization. The property tax base is frozen upon formation.
- As development occurs the increased property taxes, called tax increments, are spent in the project area to attract more businesses.

Tax Increment Financing
- In redevelopment project areas, the additional property taxed (i.e., tax increments) received after the base year can be spent in several ways. They can be used, with appropriate approvals, to finance on-site and off-site improvements, provide land subsidies, and for the acquisition of property for private development.

On-Site Improvements
- Although not as frequent, tax increment revenues can be used to finance on-site improvements on projects in redevelopment areas. Surface parking lots and parking structures are the most common types of improvements.
- An agency’s financial participation, ownership rights, and maintenance responsibilities are subject to negotiation.

Land Subsidies
In redevelopment areas, tax increment funds may be used
to purchase land for private development. This cannot be
done outside of legally designated redevelopment areas.
The extent of an agency’s subsidy, which may be as high
as 100 percent, is subject to prior agreement. Desirable in-
dustries, generating jobs and revenues, frequently request
such subsidies.

**Economic Development Corporations**
- Local governments, frequently together with business
groups, have formed this type of nonprofit organization.
- Their purpose is to offer low-interest financing and
economic development assistance to the private sector.
Several smaller agencies, which may have limited funds
and staff expertise, commonly band together to form
such corporations.

**Benefits**
- The direct and indirect economic benefits of private develop-
ment to a community can be substantial – especially for larger
projects.
- These benefits include:
  - Increased user fees, property and sales taxes
  - Number of jobs created
  - Expansion and improvement of the economic base
  - Diversification and an im-
  - Creates a means of raising revenues without raising taxes
- The direct and indirect economic benefits of private development to a community can be substantial – especially for larger projects.
- These benefits include:
  - Increased user fees, property and sales taxes
  - Number of jobs created
  - Expansion and improvement of the economic base
  - Diversification and an im-
proved ability to withstand economic uncertainties
  • Creates a means of raising revenues without raising taxes

In Summary

» When considering how parking can best contribute to our larger community strategic objectives or specific economic development goals, we might do well to expand our view of parking management and take a more macro-economic perspective.

» The most innovative and successful municipal parking programs operating today, have embraced a “dual mission” approach, with parking being directly linked to agencies whose primary goals are downtown management and revitalization.
SUCCESSFUL STRATEGIES

The following are examples of successful parking related strategies for your consideration.

1. The Importance of Shared Parking

In considering parking as part of any development project, maximizing the benefits of shared parking is an important consideration. Because of the cost of investing in structured parking, it is in the community’s interest to get the most benefit from these public fund investments. Consider, for example, the investment in a 600 space public parking facility at $30,000 per space – an $18,000,000 investment. This investment could help support a variety different development projects.

The number of projects it could support depends on several variables such as project size, proximity to the parking facility, types of users and significantly the combination of land uses.

This is significant because of the combination of land-uses defines the potential for shared parking. Certain land-uses, because they offer complementary (i.e., not overlapping) peak parking demand accumulation periods can provide greater shared parking benefits. One of the best examples of these “complementary land-uses” is hotels. Because the typical peak parking accumulation for hotels occurs overnight as opposed to, for example, an office use which has its parking accumulation peak between 10:00 AM and 3:00 PM.

Consider this theoretical development scenario:

<table>
<thead>
<tr>
<th>LAND USE</th>
<th>UNITS</th>
<th>PARKING DEMAND RATIO</th>
<th>PARKING REQUIREMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office</td>
<td>40,000 Sq. Ft.</td>
<td>4 spaces / 1,000 Sq. Ft.</td>
<td>160 spaces</td>
</tr>
<tr>
<td>Retail</td>
<td>10,000 Sq. Ft.</td>
<td>4 spaces / 1,000 Sq. Ft.</td>
<td>40 spaces</td>
</tr>
<tr>
<td>Hotel</td>
<td>200 Rooms</td>
<td>1.25 spaces / Room</td>
<td>250 space</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td></td>
<td></td>
<td><strong>450 spaces</strong></td>
</tr>
</tbody>
</table>

The following graphs illustrate the typical parking accumulation patterns for office, retail and hotel. The patterns for office and hotel are virtually inverse of each other. Through the application of shared parking, virtually, the entire 250 space parking requirement can be accommodated in the parking provided for the other uses during the daytime peak, because they will not be in use during the hotels peak period.

Let’s assume that the hotel will have management, operations and some restaurant staff on duty during the day. Still it would be reason-
able to assume that, for this specific development, that a parking demand reduction of 200 could be applied.

A shared parking policy would allow a 200 space reduction from the original 650 spaces (based on individual land use components – treated as if they stand-alone developments). 200 spaces at the stated construction cost of $30,000 per space equals an investment value of $6,000,000.

The two additional graphs below show examples of shared parking summaries with different combinations of land uses.

Graph # 1 is an example in which there are no complementary land uses and therefore no shared parking benefit. The parking accumulation patterns for all of the land uses in this example have mid-day and mid-week peaks.

Graph #2 is an example in which the hotel and cinema land uses offer off-setting parking accumulation patterns when combined with the convention and retail uses.

The incorporation of shared parking as an integral element of a community’s parking policy and supports investment in parking infrastructure.

This approach also encourages a broader assessment of proposed development economic impacts including: initial project value, jobs creation (short-term and long-term), property tax impacts, estimated sales tax contributions, and potential for stimulating additional development or community investment.
2. Consider Parking as One Element of a Larger Transportation System (Not a Separate Category Divorced From the Larger Transportation Equation).

Eliminate the all-too-common issue of putting parking into its own “silo”. Our focus should be on developing an “integrated access management strategy for downtown” that supports other community goals such as “walkability”, congestion management, promotion of alternative transportation modes, environmental responsibility, and the creation of “places for people”.

**Key Issues:**

a. Define the key elements of a comprehensive and integrated transportation/access management strategy for the community.
b. Define key metrics and access management strategy goals
c. Develop measurement strategies and tools.
d. Conduct measurements and establish the current baseline in primary access categories such as parking, transit, light rail, bikes, walking, carpools/vanpools, etc.
e. Parking specific criteria might include: parking supply/demand, public vs. private supply, Tempe specific public parking demand ratios, on-street utilization (for example, manage to achieve 15% availability), parking supply within walking distance to key demand generators, etc.


Agencies or departments charged with downtown development and revitalization, recognize the need for both a long-term strategic plan and a specific, action-oriented business strategy to guide decisions on the use of public resources. We recommend integrating parking as an additional element to this approach.

One goal of developing a downtown business strategy is to establish specific targets for housing, office, retail and hotel development within the urban districts. This business strategy would ideally reflect the shared vision for the downtown and the community at large as defined in a downtown strategic or master plan. Often times, the vision is created from an amalgamation of a variety of plans and studies (Downtown Housing Strategies, Retail Studies, Transportation Plans, Comp Plans, etc.)

In conjunction with this strategy, the creation of “Business Strategy Scorecard” tool is helpful for reinforcing the primary strategy goals,
tracking progress and documenting accomplishments. To the right is an example from the Capital City Development Corporation in Boise, ID.

A business strategy score card template is provided at the end of this document (Appendix A) that also incorporates several key parking elements. In addition to the standard business score card documentation, this tool has columns to reinforce the following goals:

1. There are often many potential development projects to consider, but prioritizing those projects that help move the community forward in the desired direction and that may deserve special consideration is important. These projects that are well aligned with the strategic vision for downtown growth and development or those projects that are “transformative” for a specific area, are the types of projects where providing parking as an incentive can be appropriate and justifiable.

2. Another important dimension of this approach is that by having a defined set of community or district development goals, you are educating the development community on the types of projects that the City and downtown district will respond to favorably. Developers that actively research community development goals and priorities and attempt to align their overall project components to contribute to the defined district vision improve their chances of development plan approval. When this works well, everyone wins.

4. Development Review Processes

Creating standard processes and forms for evaluating development proposals can help both staff and decision makers. Through the development, use and refinement of these forms, for various types of projects or stages of project review, can lead to more efficient and effective development review processes.

In our research for this White Paper, we found some interesting examples. We have included three examples of development review
forms that you might find useful. These forms address three typical levels within the development review process:

» Preliminary Plat Review
» Residential and Commercial Development
» Rezoning

We have also drafted a specific review form for Parking. All of these forms incorporate a graph that is automatically generated as the electronic version of the form is completed. These forms should be considered templates or guides. We recommend that planning and administration staff review these forms and modify them to meet the unique needs your specific communities. Printed versions of various development review forms are provided in Appendix B. Electronic versions will be provided on CD or via email.

5. Integrated Access Management Strategies

In urban environments where transportation infrastructure has matured, there are a host of creative transportation alternatives being implemented to better manage parking demand. One of the most progressive of these programs is Seattle Children’s Hospital. Some of their innovative program elements include:

» Commute bonus for alternative commute--up to $65/month
» All daily parking charges--no sunk cost related to monthly parking pass *
» Company Bike’--Free bike for employee who commits to bike to work at least 2 days/week
» On-line commute management system that allows employees to claim commute bonus, see parking charges and plan alternative commute trips and find carpool/vanpool partners, etc.

Other key parking planning and management issues that today’s healthcare facility and parking/transportation professionals are dealing with include:

» Adopting new planning criteria designed to right-size parking supply
» Implementing effective demand management strategies
» Leveraging new parking technologies to enhance efficiency and customer service
» Development of new shared parking strategies
» Assessment of new parking funding and development approaches
» Reconsidering campus parking allocation strategies, and
» Reassessing paid parking and parking management alternatives.
6. Benchmarking for Quality

Born out of the Total Quality Improvement (TQI) movement, benchmarking and best practices are closely tied to customer service and effective management initiatives. Listening to your customers, understanding their needs and concerns, developing an entrepreneurial attitude in your staff at all levels, developing cultures built on respecting and rewarding individuals and having clearly stated missions and values are keys to developing quality and successfully managing change. Some of these concepts are reflected in the statements below.

» Probably the most important management fundamental that is being ignored today is staying close to the customer to satisfy his needs and anticipate his wants.

» A very important element of the track record of successful companies is an ability to encourage the entrepreneurial spirit among their people, pushing autonomy remarkably far down the line.

» The excellent organizations have a deeply ingrained philosophy that says in effect: Respect the individual - make people winners - let them stand out - treat them as adults.

» Every excellent company is clear on what it stands for, and takes the process of value-shaping seriously. In fact, it may not be possible to be an excellent company without having the right sort of values and living them every day.

Benchmarking

Benchmarking tells us whether we are moving in a direction that is consistent with the changes in our industry. It does not mean that we should be moving in that same direction, but it provides a point of reference.

Originally, a benchmark was a mark made by a surveyor on a permanent surface as a reference point among other reference points in a series to denote altitude and location. These marks make today’s topographic maps possible. For business and governance, the term is broader, but is analogous to the original meaning. Charles Christ said after he became vice president of Digital Equipment Corp.:

“The purpose of benchmarking is to gain a sustainable competitive advantage. Specifically, know yourself. Know your competition and best in class. Study them. Learn from them, and be ready to adopt their best practices... to your process.”

Benchmarking is an ongoing, systematic methodology for identifying, measuring, and comparing the work processes of another organization with your own in order to bring about internal improvement pertaining to processes. It shows management what
to concentrate on. It centers efforts on the processes where there is the greatest return - where the gap is greatest between current procedures and the best performance. It is a methodology, which, at least, will provide overwhelming evidence of the need for change. At best, it will modify or improve internal processes so that there will be dramatic improvements in quality, service, and reduced costs.

**Internal Benchmarking**

Internal benchmarking is used to analyze the practices within and between departments or divisions in order to identify the best performance area, and to measure baseline performance. The intent is to identify the “best” internal processes, and to standardize them within the organization, if this is feasible. Internal Benchmarking asks such relevant questions as:

- How are we doing in terms of our customers or end-users?
- Is quality and service what we want it to be?
- Which of our processes should we identify as needing immediate attention?
- Which departments need help?

**External Benchmarking**

External benchmarking is concerned with an analysis and comparison with institutions outside one’s organization, and may be broad - taking a look at the entire range of organizations, or narrow - taking a look only at the specific competitors or agencies who are most like your own institution in terms of size and philosophy. External benchmarking will elicit such questions as:

- How are we doing compared with other organizations?
- How are we doing compared with those organizations, who are our direct competition?
- In terms of our goals, which of the institutions in our category have processes deemed the best in the field?
- What methods shall we use to extrapolate best in the field processes in order to apply them to our own needs?
- What can we do to become best in the field ourselves - if not now, then in due time?
- How can we become the benchmark of the future?

This is termed best-in-class benchmarking, and by its very nature can lead to dramatic progress. The organization not only improves significantly internally, but also sets the pace for all others. External benchmarking can also be tricky because it is often hard to ensure that you are measuring “apples to apples”.

**Vertical and Horizontal Benchmarking**

Two other types of benchmarking should also be mentioned. Vertical benchmarking compares costs, quality, and productivity within a
specific department. Horizontal, on the other hand, selects a process for study which cuts through departmental boundaries, such as the way travel orders are dispensed, collected, and processed.

Benchmarking can provide an institution with an effective means to respond to demands for cost containment and enhanced services in a way that is itself cost effective and quality oriented and compliments existing improvement or restructuring programs (e.g., business process re-engineering and or total quality management.)

**Four Benefits of Benchmarking**

1. Benchmarking identifies the keys to success for each of the areas selected for study internally. And identifying a problem is half way to a solution.

2. Benchmarking provides specific quantitative targets to shoot for. A team can usually make progress when the numbers are openly shared and examined, because even small changes show up on the charts and stimulate effort at improvement.

3. Benchmarking creates an awareness of State-of-the-art approaches present in the industry - the best of class.

4. Benchmarking helps organizations cultivate a culture where change, adaptation, and continuous improvement are actively sought out, rather than resisted.

We have provided a set of recommended “internal parking benchmarks” for your consideration in Appendix D.
APPENDICES

Appendix A
Sample Business Scorecard

Appendix B
Development Review Checklists with Graphs
» Preliminary Plat Review
» Residential and Commercial Development Review Checklist
» Parking Development Review Checklist

Appendix C
Sample Development Agreements – Ann Arbor, Michigan
» Ashley Mews Development Agreement
» Ashley Mews Parking Agreement
» Ashley Mews PUD
» Village Green Parking Agreement FINAL

Sample Development Agreements – Toronto, Michigan
» TPA - Carpark 12 to Wittington Properties Limited

Appendix D
Recommended Parking Program Benchmarks