

Cash in Lieu of On-site Parking Programs

Cash in lieu programs have been implemented in Vancouver, Calgary and Ottawa. Fees range from \$2,400 to over \$20,000 in Vancouver and \$35,000 per parking space in Calgary.

Vancouver has an extensive cash in lieu program. It is no longer directed to new garage parking construction as there are other mitigation measures such as encouragement of transit use that have taken priority over creation of new parking areas. It is now targeted toward maintenance of existing parking garages rather than the construction of new garages.

Calgary has a cash in lieu program in the Downtown area, however, it ceased programs in three inner city areas of the City in 2008 as a result of a petition by the business revitalization zones representing these areas. Funds were not being collected at a rate that was able to provide expected shared parking facilities within a reasonable time period. The balance of the funds collected was then redirected to improving on-street parking infrastructure.

Calgary's program in its Downtown area has been in place since the 1970s and applies only to Office uses, with some exceptions (Restaurant, Drinking Establishments, Nightclubs and Retail are generally exempt from parking space requirements in the Downtown). It is a mandatory program in that half the required parking spaces for Office uses are required to be dedicated through cash in lieu payments. This program was designed primarily to mitigate traffic congestion (encourage transit use and locate parking facilities where they would minimize downtown congestion). The mandatory aspect ensures that the Calgary Parking Authority has the funds to secure sites and to pay for construction of shared parking facilities. The rate is currently at \$35,000 per required parking space. Calgary is set to review this program, due to concerns of the cost of such a program for development in the downtown.

Ottawa has had similar challenges. A number of applicants sought and obtained exemptions from the cash in lieu fees from Council due to financial hardship. Its program was terminated in 2013.

Benefits of cash in lieu programs:

- may provide a development incentive for redevelopment in targeted commercial and mixed use areas where it is uneconomical for a single development or business to provide otherwise required parking on-site;
- provides an opportunity for shared parking facilities that can be provided for multiple businesses in an efficient manner, through capitalizing on opportunities to share parking spaces that may be required by different businesses at different times; and

- potential opportunity to strategically locate parking facilities for maximum sharing (provided that sites are available when required).

Risks of cash in lieu programs:

- the cost to business owners may be prohibitive and therefore may deter new businesses and development;
- motorists may be reluctant to use off-site parking facilities that are not immediately adjacent a given business;
- the complexity of collecting and administering funds, including the challenge of projecting timelines for collecting adequate funds to develop parking or transit infrastructure;
- uncertainty as to future land purchase and construction costs;
- uncertainty as to the future availability of sites that are suitable for development into parking facilities;
- potential frustration of business owners subject to cash in lieu fees when completion dates of shared parking facilities are uncertain; and
- increased competition for nearby on-street parking before shared parking facilities are available (particularly if mitigation measures are not implemented).

Areas that are subject to significant rates of redevelopment are the best candidates for Cash in-lieu programs.

A cash in lieu parking program would need to:

- define areas in which the program is applicable;
- create a range of allowable parking reductions;
- set the rates used to determine payments; and
- forecast most likely date when parking facilities may be constructed.