

Options for Cash-in-Lieu of Parking

Recommendation

That the January 28, 2020, Urban Form and Corporate Strategic Development report CR_7227, be received for information.

Previous Council/Committee Action

At the May 7, 2019 Urban Planning Committee meeting, the following motion was passed:

That Administration prepare a report that explores high level policy options for:

- developer payments in lieu of minimum parking requirements to contribute to public transit, and/or
- high density parking that facilitates transit options in lieu of minimum parking requirements, and
- provide a recommended option if applicable.

Executive Summary

A Cash in Lieu of Parking program has the potential to capture the value of a parking space from one development and direct that value into another area such as building a parking facility. The *Municipal Government Act* requires that funds collected through a Cash in Lieu of Parking program must be utilized to construct infrastructure, which meets the definition of a “Public Utility” under the *Act*, that directly serves the development the funds are being collected from. This may create limitations for directing funds towards public transit or for the locations where parking facilities could be provided.

Any Cash in Lieu of Parking program requires the development of a policy framework and governance structure, which would set the rules for how the collected funds are to be collected, the types of infrastructure that they can be spent on, and how exceptions are handled. A program will also require resources to oversee, administer and provide updates.

A Cash in Lieu of Parking only works when there are parking requirements in place for developers. The City is proposing to remove parking minimums through the introduction of an Open Option approach to parking.

Given this, Administration does not recommend advancing a Cash in Lieu of Parking Program because it relies on a mechanism in Zoning Bylaw 12800, which will be reduced or eliminated should Open Option be adopted. In addition, strategic

opportunities to deliver parking facilities or public transit investment may be better achieved through developer-funded infrastructure. Work is being undertaken on developing a phased off-site levy framework. Future phases of this work could explore investments as a result of parking offsets for a development.

Report

A Cash in Lieu of Parking program is a parking management practice that allows or requires developers to pay cash as an alternative to providing the minimum required amount of parking on-site. Cash in Lieu of Parking programs operate on the assumption that minimum parking requirements are in place and that they represent the right amount of parking supply needed for that business or development.

On July 11, 2012, Administration presented a report at Executive Committee, 2012TS0409, Cash in Lieu of Parking Provisions, which explored the applicability of a Cash in Lieu of Parking program in Edmonton. The report examined some of the benefits, drawbacks, potential modifications, and potential uses for cash in lieu funds, but did not make a recommendation. See Attachment 1 - July 11, 2012, Cash in Lieu of Parking Provisions Report 2012TS0409 for more information.

Since that report, strategic planning and policy in Edmonton has evolved. Council has adopted a new strategic plan, ConnectEdmonton, which signals a shift in city-building strategy with goals of Healthy City, Urban Places, Climate Resilience and Regional Prosperity. Building on these goals, the City Plan will set new directions and priorities for how and where land use decisions align with transportation infrastructure. This shift in strategic direction opens up a re-consideration of the City's role in regulating parking.

Jurisdiction Scan

Administration reviewed the Cash in Lieu of Parking programs for a number of Canadian cities. All cities reviewed except Vancouver used cash in lieu to construct parking exclusively, while Vancouver allocates its residential cash in lieu funds for bike and transit infrastructure. See Attachment 2 - Jurisdiction Scan for more details.

The scan identified a number of considerations that are features of a successful and sustainable Cash in Lieu of Parking program. Considerations included:

- establishing an accountable and transparent governance structure,
- resourcing the administrative program,
- establishing and updating the fee schedule, and
- uptake of the program to ensure that enough funds are collected to deliver the intended outcomes.

Considerations are explored in more detail in Attachment 3 - Considerations for Implementing a Cash In Lieu of Parking Policy.

Edmonton Context

Edmonton data identifies that most parking sites have a utilization of less than 50 percent, which means that parking is oversupplied for many developments in Edmonton. Further data analysis identifies that only about one percent of development permit applications obtain a variance for parking requirements. This may limit the uptake of any Cash in Lieu of Parking program, reducing its potential for success. In addition, the fees required in lieu of parking may impact the viability of new development and businesses, particularly small business. See Attachment 4 - Parking Variances and Cash in Lieu Programs: Edmonton Context for more details.

While other jurisdictions direct cash-in-lieu funds towards transit options, the *Municipal Government Act* significantly limits Cash in Lieu of Parking funding from being used for city-wide public transit. Instead, the funding must be put towards infrastructure that is necessary to serve the development that the funds are being collected from. This means that the type of projects that can be funded through a Cash in Lieu of Parking program in Vancouver are not currently available to Edmonton. This limits the ability of developing a sustainable program or one which delivers on the objectives put forward by the motion.

Further, at the May 7, 2019 Urban Planning Committee, Administration was directed to advance an Open Option approach to parking. As a follow up to that report, the January 28, 2020 Urban Planning Committee report CR_7229 recommends pathways to removing parking minimums in favour of an Open Option approach. Administration's research has found that the implementation of an Open Option approach alongside a Cash in Lieu of Parking approach are fundamentally at odds with one another. This is because a Cash in Lieu of Parking program requires that there is a parking requirement on which to base the program. The Open Option Parking approach seeks to remove defined parking requirements, which thereby removes the mechanism to implement a Cash in Lieu of Parking program.

Within CR_7229, multiple pathways to reach a full implementation of Open Option Parking are explored. Some of the pathways involve gradual implementation over time, and during that time, parking minimums will still exist. However, a Cash In Lieu of Parking program requires the establishment of policy directions and program implementation. This, coupled with the low parking variance rate in Edmonton, suggests that an interim Cash in Lieu program may be costly to develop and implement, and may not have the necessary uptake to deliver successful outcomes. There is a further concern that if a Cash in Lieu program were to be implemented as Edmonton advances towards Open Option Parking, there is a risk that full

implementation may not be achieved in favour of obtaining additional funds from developers.

Summary of Analysis

Administration does not recommend developing a Cash in Lieu of Parking program due to the limitations of the program and because it is at odds with advancing the Open Option approach to parking. The objectives being sought within the motion could be more appropriately delivered through developer-funded infrastructure, where the impacts of the development are offset by the developer through an off-site levy. An off-site levy is a mechanism for municipalities to recover capital costs incurred for municipal infrastructure improvements required because of new development or growth. As future phases of the off-site levy framework are advanced, there may be able to explore opportunities to capture investments in lieu of parking provision.

Corporate Outcomes and Performance Management

Corporate Outcome(s): Edmonton is attractive and compact			
Outcome(s)	Measure(s)	Result(s)	Target(s)
The city is attractive	Edmontonians' Assessment: Well-designed Attractive City (% of survey respondents who agree/strongly agree)	53% (2017)	55% (2018)
Neighbourhoods are designed for more efficient use of land	City Wide Density (units per net residential hectare)	27.8 (2014)	75.00 (2018)
Corporate Outcome(s): Edmontonians use public transit and active modes of transportation			
A range of travel options are available	Journey to work mode (Auto Passenger, Transit, Walk, Cycle or Other)	24.7% (2016)	25.9% (2018)

Attachments

1. July 11, 2012, Cash in Lieu of Parking Provisions Report 2012TS0409
2. Jurisdiction Scan
3. Considerations for Implementing a Cash In Lieu of Parking Policy
4. Parking Variances and Cash in Lieu Programs: Edmonton Context

Others Reviewing this Report

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