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The following memorandum comprises Task 3.3 Interview Summary Memorandum of the referenced parking study. Walker conducted eight (8) one-on-one interviews with developers of multifamily housing and County staff, with a focus on their experiences with existing LA County minimum parking requirements for market-rate and Affordable multi-family housing and mixed-use developments and discussed solutions for streamlining site plan reviews related to parking.

OUTREACH PLAN

This section discusses Walker's outreach plan and outreach efforts.

OUTREACH OBJECTIVES

The key outreach objectives are as follows:

- Inform key stakeholders within the development community and appropriate County staff about the study and why it is being conducted.
- Understand the current barriers that the parking requirements for multifamily land uses as set forth in Los Angeles County's Title 22 Ordinance imposes on developing new multi-family housing and opportunities to modify policies to promote the development of new housing.
- Obtain input from stakeholders within the development community that would be affected by changes to parking regulations to help inform the outcomes of the study, with the ultimate goal of constructing more housing.

OUTREACH PROCESS

Walker reached out to 26 developers and nine (9) LA County staff members to interview and asked participants to fill out a Doodle poll with availability. A second request was sent to the list of developers and LA County staff members. Based on the response rate, Walker interviewed five (5) developers during four (4) meetings and four (4) LA County staff members via video conference.

DEVELOPERS

Developers were asked to complete a brief online survey prior to the interview to learn more about their work and experience with LA County's parking requirements. Developers were also sent a PowerPoint presentation prior to the interview providing background and study goals, study purpose, and discussion questions related to the current regulations, shared parking, constraints, demand management, and issues and opportunities. The PowerPoint presentation is included as an attachment to this memo.

LA COUNTY STAFF

LA County staff were provided a separate PowerPoint presentation prior to the interviews, which included the study purpose and discussion questions related to current regulations, constraints, demand management, and opportunities. The PowerPoint presentation is included as an attachment to this memo.

DEVELOPER INTERVIEW KEY FINDINGS

Walker conducted four (4) interviews with developers, including a range of market rate and Affordable housing developers as well as representatives from industry organizations.

SURVEY RESULTS

As mentioned in the Outreach Process section, developers were asked to complete a brief online survey prior to the interview. A total of four (4) respondents responded to the survey. This section includes a summary of the survey results.

QUESTION 1 – WHERE HAVE YOU DEVELOPED AFFORDABLE, MARKET-RATE, AND MIXED-USE DEVELOPMENTS (SELECT ALL THAT APPLY)?

One (1) respondent indicated that they have developed properties in unincorporated areas of LA County, three (3) respondents indicated that they have developed properties in incorporated areas of LA County, one (1) respondent indicated that they have developed properties outside of California, and one (1) respondent indicated “none of the above.”

QUESTION 2 – DO YOU HAVE PLANS TO DEVELOP AFFORDABLE, MARKET-RATE MULTI-FAMILY AND MIXED-USE PROJECTS?

Three (3) respondents indicated that they do not have plans to develop the project types referenced in the question and one (1) respondent indicated that they do have plans to develop the project types listed in the question.

QUESTION 3 – ON A SCALE OF 1-5, WITH 5 BEING THE MOST BURDENSOME AND 1 BEING THE LEAST BURDENSOME, HOW WOULD YOU RATE YOUR EXPERIENCE WITH LA COUNTY’S MINIMUM PARKING REQUIREMENTS WHEN DEVELOPING AFFORDABLE, MARKET-RATE, AND MIXED-USE PROJECTS?

Four (4) respondents provided a rating in answer to this question, with an average rating of 3.5.

QUESTION 4 – REGARDING YOUR EXPERIENCE WITH PARKING REQUIREMENTS FOR NEW DEVELOPMENT, HAS IT ONLY BEEN WITH LA COUNTY’S REQUIREMENTS AS REQUIRED IN THE PLANNING AND ZONING CODE UNDER TITLE 22, OR HAVE OTHER REGULATIONS SUCH AS OVERLAY ZONES, STATE OF CALIFORNIA REGULATIONS, DENSITY BONUSES, OR SIMILAR COME INTO PLAY IN DETERMINING HOW MUCH PARKING YOU PROVIDE? PLEASE EXPLAIN.

The following responses were provided:

- “all of the above...much unincorporated County areas are way, way outside any possible TPA (transit priority area), thus State Density Bonus parking provisions less relevant. Transit service density generates tenant parking demand in submarket, which then is echoed by capital partner req'ts.”
- “We frequently utilize State Density Affordable Housing Bonuses for calculating parking needs.”
- “Parking minimums are an issue for overall housing development. In the past, SCANPH has been most concerned about ways to help Affordable housing developers gain a leg up above their market rate competitors. Last year, we opposed a bill that took away parking minimums for all residential development because we believed it would undo incentives set up for Affordable housing developers.”

- “Building code is an issue, in terms of dictating acceptable dimensions, turning radii, etc.”

QUESTION 5 – DO YOU AGREE OR DISAGREE WITH THIS STATEMENT: LA COUNTY’S PARKING REQUIREMENTS CREATE BARRIERS TO DEVELOPING AFFORDABLE, MARKET-RATE MULTI-FAMILY, AND MIXED-USE PROJECTS?

All four (4) respondents indicated that they agree with this statement.

CHALLENGES OF CURRENT PARKING REQUIREMENTS

Developers cited the following key challenges to minimum parking requirements:

- Parking requirements increase the amount of land needed to build development projects. Small development projects can become economically infeasible if a parking deck or multi-story configuration is needed.
- One of the most significant cost impacts of parking requirements is when requirements result in the need to build additional levels of parking. The need for one additional parking space can result in the need to build an additional parking level, resulting in an increase of millions of dollars to the project budget.
- Project site constraints, especially on infill sites, have a significant impact on the extent to which projects can meet the parking requirements on-site and the cost of meeting the requirements on-site.
- Parking requirements impact affordability because they often result in the need to build at the high end of the market, thus resulting in the need to charge higher rents.
- Parking requirements can lengthen the amount of time projects are reviewed in the development process. Zoning-related parking issues can result in lengthy reviews and more staff time to conduct the reviews.

POTENTIAL PARKING ORDINANCE SOLUTIONS

Developers offered the following potential solutions related to the parking ordinance update:

Eliminate Parking Requirements/Maximum Requirements:

- Eliminating parking requirements increases the zoning envelope, allowing developers to build more residential units if they choose, depending on market conditions.
- One developer suggested eliminating parking requirements and requiring those who provide parking to pay a fee that would fund transportation demand management (TDM) improvements.
- Parking maximums can present challenges with obtaining financing on certain projects, especially if the maximum parking ratio is significantly lower than what a lender would prefer to finance. A better alternative could be to provide density concessions for developers who choose to build fewer parking spaces.

Unbundle Parking

- Unbundling the cost of parking from the cost of the residential unit allows for residents to only pay for the amount of parking they want, thus potentially saving money on rent.
 - One developer suggested that the combination of minimum parking requirements and requirements to unbundle parking is too burdensome for the developer. If a developer is required to build parking spaces and unbundle parking, they need assurances that they can include the cost of the space in housing rents in order to recoup costs associated with constructing parking spaces.

In-Lieu Fee

- Charging a fee in-lieu of providing the required number of parking spaces (parking in-lieu fees) is a potential solution allowing for the reduction or elimination of parking requirements.

- Parking in-lieu fees can provide more flexibility for developers. Especially if paying an in-lieu fee would avoid the need to build subterranean parking, developers may be more likely use the in-lieu fee option.
- For the in-lieu fee revenue collected, there needs to be a clear implementation timeline and funding allocation to communicate to residents living near a new project.
- In-lieu fees are context sensitive. If a fee is set at too high of a rate, developers may elect to build parking instead of paying a fee. Market forces also impact the potential for an in-lieu fee. Certain markets require that more parking is built on site; making it unlikely developers would use an in-lieu fee option.
- Parking in-lieu fees typically fund improvements made outside of a project site. Developers may prefer to fund on-site improvements that directly benefit their residents.

Shared Parking

- Shared parking is a potential solution to reduce the number of parking spaces needed, but there is market resistance to sharing commercial and residential parking. Both commercial and residential tenants may want reserved parking or assurances that parking will be available. Some commercial uses may not be compatible to share with residential uses, such as a bar with higher nighttime parking demand.
- There is a significant amount of underutilized parking in existing development projects. The overall percentage of total housing units that are part of new construction is relatively small. Existing underutilized parking presents an opportunity for more housing development.

Factors That Can Influence Parking Demand

- Providing bicycle parking in-lieu of vehicle parking can help alleviate the development pressure of a site. One developer worked on a project in incorporated Los Angeles on a constricted site that would have been undevelopable or would have needed to be built with fewer units without the bicycle parking reduction allowances.
- One developer suggested that the ability to have unattended tandem parking spaces would be beneficial. Parking lifts and automated parking can make unattended tandem spaces feasible.
- Allowing for provision of Transportation Demand Management amenities can encourage developers to build less parking.
- Neighborhood walkability contributes significantly to whether someone will choose to drive. Having amenities close by can reduce residents' reliance on single occupancy vehicles (SOVs).
- Proximity to transit can also reduce reliance on SOVs. However, the quality of the transit is important. Not all transit stops serve many destinations or have frequent enough transit service to serve as a viable alternative to driving. Developers suggested that in some cases, neighborhood amenities (grocery store, pharmacy, etc.) had more influence on the need for parking than transit. Especially if transit is low-quality and does not reach many destinations.
- One developer suggested that if a development is constructed near transit, and transportation amenities are provided (e.g. scooters or carshare), less parking could be provided, but it is very context-dependent. The developer cited a Transit Oriented Communities (TOC) project in the City of Los Angeles built with zero parking spaces. The lack of parking requirement facilitated the construction of more affordable units (not Affordable units, but units with lower market-rate rents). The property includes small units and studios with lower absolute rents. Project lenders did not have significant concerns with the lower rents and lack of parking because the value proposition made sense on a price per square foot basis and the property is not marketed as a luxury residential development.

- One developer pointed out that Affordable housing residents may have car dependent jobs (longer commutes or different hours/schedules), that may have off-peak transit hours making transit infeasible.

OTHER CONSIDERATIONS

Developers cited the following additional considerations regarding the parking ordinance update and housing affordability:

Flexibility

- Flexibility is important to developers in how they satisfy the parking requirement. At the same time, the parking ordinance should be clearly articulated, defined, understood, and applied.

Market Pressures

- Even if parking requirements are lowered or eliminated, developers may still elect to build more parking. Sometimes the amount of parking provided is driven by investors.
- The development market impacts the amount of parking that is required to serve a development. Developments in certain locations are marketed toward clientele that would be willing to have their parking unbundled and to use car share. Developments in other locations may need to be built with more parking spaces to accommodate the needs of the potential residents.
- There can be a relationship between the rent of a housing unit and the amount of parking that is needed. Higher-end luxury apartments often need to provide more parking to be marketable. Affordable housing units often need fewer parking spaces, as there tends to be lower rates of car ownership and higher transit usage for these residents. However, one developer pointed out that Affordable housing residents may have car dependent jobs (longer commutes or different hours/schedules), that may have off-peak transit hours making transit infeasible.

Approval Process

- The development approval process can impact the feasibility of development projects. Discretionary approvals often take longer time and have less predictability for developers. Elongated schedules, complexity in the process, and uncertain outcomes create risks that can cause developers to forego a project, or concern lenders and investors as to whether to support a project. Elongated schedules can also generate greater community opposition or, far worse, frivolous litigation. The result can be development projects, and residential units, that do not get built.¹
- Developers cited experience with the City of Los Angeles Transit Oriented Communities (TOC) Program. One developer mentioned that the TOC program has enabled developments to provide residential units at a lower cost because developers avoid the need to build as much parking. Another developer found that projects built more parking than is required per the TOC ordinance. Developers that are building both Affordable and market-rate development projects need to subsidize the Affordable units with higher market rate rents. The residents who live in units with higher market rents may require more parking, driving up the parking ratio.

Design Standards

¹ This finding was mentioned by developers and expanded upon in the Policy Brief: *By Transit, By-Right: Impacts of Housing Development Approval Processes on Transit-Supportive Density*. By Michael Manville, Nolan Gray, Shane Phillips, and Paavo Monkkonen. January 2022. University of California Institute of Transportation Studies.

- Regarding adjusting parking dimension requirements, one developer mentioned that vehicles are getting larger and abusing compact stall restrictions.

On-Street Parking Policies

- When considering updates to the off-street parking requirements, it is important to consider on-street parking policy. On-street parking is part of the solution to maximize space for parking.

LA COUNTY STAFF INTERVIEW KEY FINDINGS

Walker conducted four (4) interviews with LA County staff. The LA County staff who were interviewed include staff from the LA County Department of Regional Planning and Department of Public Works' Building and Safety. Staff interviewed have experience with residential housing development in LA County.

CURRENT LA COUNTY CODE AND DEVELOPMENT CONDITIONS

LA County staff offered the following considerations regarding current parking requirements and residential development in the LA County Code:

- Particularly for market-rate development projects, parking requirements are an impediment to development and often result in fewer units being built.
- Affordable housing developers often build fewer parking spaces to reduce development costs. The LA County Code currently allows for parking reductions for Affordable housing development as part of the density bonus program. Applicants often ask for further parking reductions. If applicants offer greater affordability than the threshold, greater parking reductions will be allowed. Developers are required to provide a letter that justifies the request financially.
- Developers have stated in parking waiver requests that they cannot build more units because they must build underground parking.
- Residential housing in which 100 percent of the units are Affordable are approved under a ministerial process with no public hearing.
- With ministerial approvals, LA County staff lacks the mechanism to verify implementation of transportation demand management (TDM) improvements or unbundling of parking from the cost of the rental unit.
- Developers often include Affordable units in development projects in order to obtain density bonuses, setback reductions, and parking requirement reductions.
- LA County has an inclusionary housing requirement, requiring developers to provide Affordable units for developments with five (5) or more units and that are located in certain sub-markets in the County.
 - Rental housing development in one of these submarket areas: Coastal South Los Angeles, San Gabriel Valley, or Santa Clarita Valley.
 - For-sale housing development in one of these submarket areas: Antelope Valley (excluding condos), Coastal South Los Angeles, East Los Angeles/Gateway, San Gabriel Valley, Santa Clarita Valley, or South Los Angeles (excluding condos).

POTENTIAL PARKING ORDINANCE SOLUTIONS

LA County staff offered the following potential solutions related to the parking ordinance update:

Code Flexibility

- Some developers are likely to take advantage of parking in-lieu fees for mobility and neighborhood improvements. One staff member expressed concern that with in-lieu fees, the cost of the fee will be passed onto the tenants.

- The process is currently discretionary to permit waivers such as reductions to the required back-up space (26 feet), allowing for compact parking spaces, or allowing for uncovered parking spaces. Adding more leniency in the code could be beneficial.
- One staff member suggested to allow for the use of mechanical stackers to promote flexibility.
- Unbundling the cost of parking from the cost of the residential unit is a potential solution. However, one staff member suggested that unbundling parking might encourage residents to park on the street instead.

Criteria

- Criteria cited to reduce parking included proximity to transit, walkability to places of interest, proximity of transit to employment centers, provision of nearby bicycle facilities.
 - One staff member indicated that a neighborhood's walkability is even more important than transit access in terms of reducing demand for parking. Some community members in rail transit-served areas do not use transit because they worry about safety walking to and from the stations and riding on trains.
 - One staff member suggested offering car share at LA Metro park and rides.

OTHER CONSIDERATIONS

LA County staff offered the following other considerations related to the parking ordinance and housing affordability:

- Even if parking requirements are reduced or eliminated, developers may provide more parking than is required due to market reasons.
- The parking ordinance should be streamlined as to not extend the length of time of the development review process. If additional layers of review and approvals are added to the code, the planner reviewing will need more time to complete the review.
- If parking is reduced, it is important for local residents to understand their mobility options. Parking reductions must be replaced by something tangible.
- Parking spillover from residential development onto on-street parking supply is a concern of residents when parking reductions are requested. One staff member suggested there may be community support for on-street parking regulations near new projects.
- Supportive housing typically does not require parking for residents, but developers typically provide parking for case workers and guests.

CONCLUSION

Based on the Task 3.3 interview summary analysis, the following key themes emerged:

- Minimum parking requirements can have a significant impact on project budgets. One of the most significant cost impacts of parking requirements is when requirements result in the need to build additional levels of parking.
- However, even if parking requirements are lowered or eliminated, developers may still elect to build more parking. Sometimes the amount of parking provided is driven by investors.
- The development approval process can impact the feasibility of development projects. Discretionary approvals often take longer time and have less predictability for developers.

- Developers and staff suggested flexibility in parking requirements. For example, flexibility could be offered in parking stall dimensions, allowances for mechanical parking, and charging a fee in-lieu of providing the required parking spaces.
- Criteria cited to reduce parking included proximity to transit, walkability to places of interest, proximity of transit to employment centers, provision of nearby bicycle facilities.