



Payment



Parking...

IN LIEU OF

...A Growing Trend for

For years, municipalities both small and large have used payment in lieu of parking (PILOP) initiatives as a way of allowing new developments to be built without the need to create new parking supply. This concept has proven to be beneficial to both public and private interests, and can be a valuable tool for driving new development, or as a way to help revitalize and reinvigorate older areas.

■ What is payment in lieu of parking?

Simply stated, a developer or other entity pays into a parking or municipal fund in lieu of creating new parking supply. Cities generally have specific zoning requirements stipulating the number of spaces required to be built to serve a particular land use. For instance, a residential development in a downtown area may require 1.5 parking spaces for every two-bedroom unit. Other land uses, such as restaurants, may require a significant number of new spaces to be built.

Payment in lieu of parking ordinances can be mutually beneficial for both the developer who can avoid constructing costly parking, as well as a municipality

who may not have a need for parking to serve the particular business. Therefore, a fee is paid. The amount of the fee is frequently calculated based on the per space cost of constructing either on-street or structured parking. Depending on the location and type of parking, this in lieu of fee can range from as little as \$500 per space in smaller towns with surface parking, to over \$20,000 per space in more dense, urban areas where structured parking is generally a necessity.

Many municipalities around the country have adopted by-laws providing different ways to help finance the in-lieu costs developers must pay. It typically depends on the fiscal needs, liquidity, and desires of each municipality. A few of these payment options include:

- lump sum payments
- annual payment increments
- combination of both of the above
- require purchasing a set number of permits to provide reliable cash flow



Economic Development

By Chris Walls, CPP, in cooperation with the Miami Parking Authority

Further benefits of payment in lieu of parking ordinances may include a reduction in over building, encouraging shared parking opportunities, saving valuable land for other uses, and creating a fund from which to build parking in the future. The fund allows the opportunity to build parking not only when it is needed, but also where it is needed.

A specific example of a city that has implemented and enjoyed the benefits of payment in lieu of parking initiatives is Miami, Florida. The City of Miami's PILOP program was implemented in the popular area of Coconut Grove in the early 1990s when the Miami zoning department recognized key parking issues facing the area. At the time, the trendy Coconut Grove neighborhood was at the peak of its popularity, and there was a strong influx of new restaurants and retail outlets. There was simply not enough parking to satisfy the zoning requirements for these new businesses.

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improvements" says Art Noriega, chief executive officer of the Miami Parking Authority (MPA). "About one-third of the funding for the Miami Parking Authority's Oak Avenue Parking Plaza, which is a major mixed-use facility in the Grove, came from the PILOP. The fund has also been used for improved signage, street lighting, special holiday lighting and other capital projects, but the lion's share always goes towards parking."

Noriega and the MPA have seen where business owners get behind the PILOP concept when they see tangible improvements to their area or neighborhood. "Property owners who pay an up-front, lump-sum fee into the PILOP program to receive a permanent parking waiver have seen a significant increase in the value of their properties over time," he says.

Coconut Grove's in lieu program is now run by the local Business Improvement District. The organization makes the recommendations as to how to spend the funds, with the Miami City Commission giving final approval. This process has allowed the local business district to have a strong voice as to how the funds are implemented in the most beneficial way.

"You need to have a certain environment for a PILOP program to be successful," says Noriega. "You need to have a concentrated business district that's configured so that you can place future parking inventory in a way that it's accessible district-wide. You also need preexisting buildings that did not have parking built with them or their use has changed over the years to be more parking-intensive. You also need a thriving and growing business climate that currently has significant unmet parking demand. All of these elements have to be in place before you can reasonably collect fees for a successful PILOP program."

As we have seen in places such as Coconut Grove in Miami, payment in lieu of parking can be a valuable way to more effectively plan and pay for parking resources while being an engine to help drive growth and revitalization. In these difficult economic times, using parking and transportation-based initiatives to encourage development will likely increase in popularity in the coming months and years, and payment in lieu of parking will certainly play a role. ▀

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