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Attachments: 1. Parking CIL Policy.docx

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Resolution to Establish a Contribution In Lieu of Required Parking Policy as Part of the 2009 Downtown Off-Street Parking Amendments

In November 2009, City Council approved the Ann Arbor Discovering Downtown (A2D2) zoning and parking amendments. One element was the addition of an option for a contribution in lieu of required off-street parking from downtown developers in those instances where parking is required, but the site constraints and/or the economics or goals of a project make the construction of on-site parking infeasible or unattractive. The code states that this payment is to be “consistent with the formula adopted by City Council.” What this Contribution in Lieu formula might look like remained unspecified at the time the code amendments were approved.

The amendments to Chapter 59 proposed for approval on April 2, 2012 are intended to provide clarity about the Contribution in Lieu option and also improve flexibility by adding an option for developers to meet their off-street parking requirements through execution of a contract for parking permits within the City’s public parking system and spreading out the contribution in increments over a set time period.

The Ann Arbor Downtown Development Authority (DDA) has operated the Ann Arbor public parking system since 1992, and during that time has managed parking contracts approved by City Council with downtown developers. Given this experience, there was DDA interest in assisting with the development of recommendations for a Contribution in Lieu option for downtown Ann Arbor. Members of the DDA met with the Planning Manager to learn about the various in lieu policies around the country, and they then spent time considering the ways an in lieu policy might be shaped for this community.

After several months’ discussion, at the July 2010 DDA meeting the following elements were put forward by the DDA as a recommendation for the framework of a Contribution in Lieu to implement the A2D2 amendments:

- The Contribution in Lieu of Parking Policy should provide that the developer and the DDA will work together to formulate a long-term parking contract that, at minimum, will satisfy the City's requirements under Chapter 59. This option should provide for a one-to-one exchange for required parking and monthly permits. Although the DDA would manage this process, ultimately this would lead to a parking contract between the developer and the City.
- The length of the contract should be for as long as is needed by the City, using contract renewals so that the developer and the City can revisit this arrangement throughout its duration to ensure that needs on both sides are being met.
- This Contribution in Lieu of Parking Policy would require a monthly 20% surcharge on top of the standard monthly parking permit rate, and this surcharge would annually increase by the rate of inflation. The standard monthly permit rate is also anticipated to increase over time.
- As managers of the public parking system, the DDA recommends that it be authorized to work with developers to determine where in the public parking system the parking spaces provided under this Contribution in Lieu of Parking Policy would be located to serve the development. Previous City parking contract obligations, intense hourly parking demand, space constraints, and similar factors at parking facilities adjacent to a new development may lead the DDA to determine that requested parking will be located at an alternate public parking facility or facilities, elsewhere in the parking system.
- If additional parking above what is required under City regulations is requested by the developer, the DDA would manage this request under a separate arrangement or contract.
- The DDA would enter into CIL parking contracts if it is able to, but there may be circumstances where this is not possible.
- In the unusual circumstance that a developer would rather not contract for monthly parking permits, the parking requirement could be satisfied by a one-time contribution, to be deposited prior to certificates of occupancy in the DDA Transportation Fund.
- Funds generated by this Contribution in Lieu of Parking Policy would be used for maintaining existing public parking or supporting enhancements of the transportation system, including non-motorized facilities and transit service that benefit the downtown.

Based on the framework identified by the DDA and city staff, the attached policy document, "City of Ann Arbor Special Parking Districts Policy for Contributions in Lieu of Required Parking," was drafted by staff.

There are several advantages to the proposed Contribution in Lieu of Parking policy.

Property in the D1 (Downtown Core) and D2 (Downtown Interface) districts are parking exempt for the 'by-right' floor area, but if a developer chooses to pursue premium floor area, it triggers the need for a minimum number of parking spaces for this extra floor area. Under the proposed policy, developers would have the option to meet their parking obligation while supporting the public parking system.

The DDA considered the benefits of a one-time contribution, but this left open the question of how to address the parking needs of tenants, as nearly every downtown development - including those that include some number of parking spaces - have tenants that look to the public parking system to meet their parking needs. Providing an option for a developer to secure monthly parking permit addresses, at least in part, this tenant parking demand. The DDA determined that it would make development in downtown more attractive if the Contribution in Lieu of Parking cost were not required as a lump sum, but rather it was spread over time in the form of a monthly surcharge.

One of the most attractive advantages to the DDA's recommendation is that encouraging parking in the public system rather than in private developments can help limit the number of curb cuts across downtown sidewalks, thereby lessening the instances where pedestrians have to watch out for cars as they traverse downtown. This is an important concern given our quest to make downtown as walkable and pedestrian-friendly as possible.

And finally, the DDA anticipates that at some point in the future there will be a great many more transit and transportation options downtown, and a future City Council may opt to eliminate downtown parking requirements entirely. Thus it makes sense to provide for future flexibility when considering site plan parking requirements.

This recommendation was presented to the Ann Arbor City Planning Commission in July 2010 and again in December 2011 as part of the proposed amendments to Chapter 59, and many good comments were received, including the following:

- The City's parking requirement for new developments should not be interpreted as meaning that the City sees these parking spaces as being needed by the project, because many future downtown tenants will choose not to use a car. The Commission noted that car sharing options such as ZipCar can make new developments without parking operated successfully.
- There is a support for allowing developers to contract for permits with the DDA and spread out their contribution as proposed, however, there still needs to be an option for developers who feel that it is unnecessary to provide parking for their development. In the latter case, funds collected through an upfront Contribution in Lieu of Parking will be available right away to support transit and non-motorized enhancements of the downtown transportation system and facilities.

For these reasons, the Planning Commission recommended that amendments to the Special Parking District continue to include the option of a one-time contribution in lieu of parking, in addition to the new option proposed by the DDA for a monthly surcharge associated with a contract for monthly parking permit.

The attached policy document would establish the details of a Contribution In Lieu of Parking Policy for downtown development petitions, in accordance with the requirements of Section 5:169 Chapter 59 of Ann Arbor City Code.

Attachment: City of Ann Arbor Special Parking Districts Policy for Contributions in Lieu of Required Parking - March 2, 2012

Prepared by: Susan Pollay, Ann Arbor Downtown Development Authority Executive Director and Wendy Rampson, Planning Manager

Whereas, In November 2009, City Council approved the A2D2 Zoning and Parking Amendments,

which provided for the option of a contribution in lieu of required parking from downtown developers who either cannot or chose not to provide required off-street parking as part of their developments;

Whereas, On April 2, 2012, City Council approved further amendments to the Special Parking District section of Chapter 59 to add an option for meeting the off-street parking requirements through the execution of a contract for parking permits within the City's public parking system;

Whereas, Chapter 59 (Off-Street Parking), Section 5:169 calls for such contributions to be consistent with the formula adopted by City Council;

Whereas, The formula for these contributions in lieu of parking has not yet been specified by City Council;

Whereas, The Ann Arbor Downtown Development Authority (DDA) has worked to develop a Contribution in Lieu of Parking recommendation for adoption by City Council; and

Whereas, The Ann Arbor DDA recommended approval of the Contribution in Lieu of Parking Policy elements at its July 2010 meeting;

RESOLVED, That City Council establish a Contribution In Lieu of Parking Policy for downtown development petitions that propose to provide required project parking offsite, in accordance with the requirements of Chapter 59, Section 5:169 of Ann Arbor City Code, as described in the "City of Ann Arbor Special Parking Districts Policy for Contributions in Lieu of Required Parking" dated March 2, 2012.