Does Eliminating Parking Mandates Hurt Affordable Housing Production?

Q&A

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1. **Is there any evidence that parking requirements actually help cities build affordable housing?**
   No. But there is overwhelming evidence that abolishing parking requirements near transit will significantly improve the performance of existing State and local density bonus programs – and make it feasible to build more “missing middle” homes. Claims to the contrary are anecdotal and, despite their fervor, unsubstantiated by any evidence.

2. **But don’t developers often ask for parking reduction in Density Bonus projects?**
   Yes, but only because they often can’t use the bonus density without parking reductions. Read on . . .

3. **What’s the “value” in the Density Bonus program to developers?**
   Developers participate in Density Bonus programs because they want to build more market-rate units and get more rent. Everything else in Density Bonus – more height, lower parking requirements, etc. – is there to “make room” for the extra density.¹ Even though developers regularly ask for relaxed height and parking relief, they have no direct value. A 45-foot high building with 30 units generates exactly the same rent as a 48-foot high building with the same unit count. But when a site’s topography is such that a 45-foot building isn’t feasible, those three extra feet make all the difference to using the Density Bonus or not.

Imagine you go to a farmer’s market, and a vendor tells you can have ten extra apples as long as you can carry them. Then she hands you a small sandwich bag. At that

¹ This is why the legislature put non-density “concessions” into Density Bonus law – they knew that height limits, parking minimums and other zoning constraints could indirectly kill Density Bonus projects. A 2017 amendment to the California Housing Accountability Act (HAA) made clear that this was the program’s original goal, and further suggested that the goal remained elusive:

*The Legislature’s intent in enacting this section in 1982 and in expanding its provisions since then was to significantly increase the approval and construction of new housing for all economic segments of California’s communities by meaningfully and effectively curbing the capability of local governments to deny, reduce the density for, or render infeasible housing development projects and emergency shelters. That intent has not been fulfilled.* (See AB 678, 2017.)
moment, you’d appreciate a bigger bag—not because the bag is valuable on its own (you
didn’t come to the market because you wanted a bag, you came for apples) but because
a bigger bag is essential for you to get what it is you really value. A parking reduction,
in the context of the Density Bonus and the TOC, is a “bigger bag” in which to fit the additional units.

4. But if we abolish parking requirements, won’t that just create a windfall for developers?
No. For two reasons. First, the evidence is clear: Parking is an amenity households pay
extra for. Otherwise identical homes rent/sell for more when they have onsite parking.
Homes without rent/sell for less. Developers can’t charge as much when they build less
parking because people won’t pay as much when there isn’t parking. Second, the very
real cost savings do matter to developers. But they matter, not because they make
high-end projects more profitable (they don’t – high-end projects often build more
parking than is required by code), but because they make lower-priced projects that
don’t pencil today (particularly lower-priced “missing middle” housing) finally feasible.

5. What's the evidence?
In 2019, San Diego abolished parking requirements near transit for all housing projects –
effectively with AB 2097 will do statewide – and housing production soared. The overall
number of homes units went up by 24%. Density Bonus units increased by 5X. And
deed-restricted units in Density Bonus projects skyrocketed by 6X.

An in-depth study of L.A.’s Transit-Oriented Communities program (an enhanced local
density bonus program) further confirmed that eliminating parking requirements will in no
way threaten Density Bonus programs. The study showed that extra density is the
central value of TOC. The 254 discretionary mixed-use TOC projects surveyed
in aggregate used 94% of the potential bonus density. Developers left little density on
the table.

But by contrast, TOC developers left plenty of parking reductions on the table. While
they nearly always built less parking than baseline zoning would have required, they built
on average 80% more parking than the TOC minimums. If parking requirements worked
as some have theorized, developers would maximize the parking concessions in the
same way they maximize the density bonus. But they don’t. Instead, we see developers
building a much broader range of parking solutions suited to their particular projects and
target price ranges. More parking equals higher prices; less parking means savings for
renters and homebuyers.