

Cities of Yes: Changing Parking Requirements and Opportunities for Development

March 7, 2024

Although those living in urban areas may not feel it, America is a glutton for excess parking spaces. While residents of New York City or Washington, D.C. have become accustomed to the daily pattern of circling blocks in search of elusive street parking and been forced to memorize alternate-side parking rules, cities like Houston have nearly 30 parking spaces per resident, and San Bernardino, California dedicates nearly half of its downtown land area to parking. Codified within local zoning codes and state regulations is a diverse array of minimum parking requirements that require real estate developers to provide a specified amount of “off street” parking as a condition to obtaining the required approvals to develop commercial and residential projects. By some estimates, minimum parking requirements have resulted in parking lots covering one-third of urban land. In areas of the country with high levels of excess parking, changes in minimum parking requirements and a corresponding increase in allowable density under zoning codes could incentivize developers to use land currently reserved for parking for commercial development opportunities.

While minimum parking requirements can vary widely across localities, developers are typically required to demonstrate (and often construct) parking spaces based on formulas that attempt to predict parking demand for a property in order to ensure adequate availability for users of the developed space. In many cases, these predicted levels do not align with current parking demand, which has caused some cities across the country to reconsider existing parking requirements in order to promote development, improve uses of otherwise vacant land and increase the walkability of urban neighborhoods.

Changing Patterns of Supply & Demand. Several factors are driving the broad re-evaluation of minimum parking requirements, including COVID-related shifts in patterns of shopping and work, the strong demand for new residential development and a growing focus on environmental considerations. Cities have emerged from the pandemic with an increased culture of remote and hybrid working policies and an online retail environment more responsive to consumers’ needs, thereby reducing the need for parking at office and retail properties.

Further, given the nationwide housing affordability crisis discussed in our [prior series of articles](#), some cities view a reduction in minimum parking requirements as a means to incentivize the development of residential housing. Constructing parking in urban settings is expensive—upwards of \$50,000 per space for land, materials and labor in some markets—and developers are forced to make especially difficult choices in light of other development constraints such as height or density limits. Reducing parking requirements could lead to lower construction costs and potentially allow for more housing or other rentable space to be developed in lieu of parking, subject to corresponding reforms to existing local density restrictions. For tenants, a reduction in on-site parking has also been shown to lower residential rents, as such rents can be 10–15% higher in residential buildings that offer parking garages as an amenity. By removing code-driven parking and allowing developers to increase the number of rentable units offered, targeted reforms could help to improve housing affordability.

Cities have also taken environmental considerations into account in an effort to reduce minimum parking requirements and discourage driving to urban centers, potentially easing traffic congestion and lowering carbon emissions. The City of London's congestion pricing and emission-based parking rules have resulted in a 3% reduction in carbon emissions. Parking lots can also contaminate rainwater and have been shown to trap heat, leading some municipalities to replace lots with trees and other vegetation to improve drainage and decrease the risk of floods.

Legislative Initiatives. In practice, the factors described above have led to certain parking policy changes across American municipalities, starting in the 1990s but picking up in recent years. Los Angeles's repeal of downtown parking minimums in the 1990s sparked a wave of office conversions into condominiums and a revitalization of certain downtown neighborhoods. More recently, California has removed parking minimums for developments built within a half-mile of a public transit stop. San Jose, San Francisco and Austin have become the largest U.S. cities to eliminate minimum parking requirements entirely. Buffalo was one of the first U.S. cities to eliminate minimum parking requirements altogether in 2017, and new developments in the city since then have provided 21% fewer parking spaces than prior rules would have required. The city has also since seen higher housing starts (boosted, in part, by state grants), as well as historic rehabilitation and smaller mixed-use projects, development of which has been made more feasible due to a reduction in minimum parking requirements. Cities such as Detroit, Dallas and San Diego have turned former parking lots into public parks or natural areas, and cities from Charlotte to Honolulu have built apartment buildings on sites previously dedicated to parking.

On the East Coast, Boston and parts of New York City have eliminated minimum parking requirements for affordable housing developments. New York City Mayor Eric Adams has also proposed eliminating minimum parking requirements for all new

housing developments as part of a suite of zoning law reforms in his “City of Yes” plan. The mayor’s plan must first go through New York City’s Uniform Land Use Review Procedure and receive input from the City’s 59 community boards, and a final vote from the City Planning Commission and City Council is expected in fall 2024. Paired with the congestion pricing plan in Manhattan potentially starting in June 2024, reforms to the City’s current minimum parking requirements could serve as meaningful deterrents to driving in New York City, in an effort to reach the City’s environmental goals. Further, increased costs for commuting by car could provide a much-needed boost to public transit in New York City as it attempts to recover from the COVID-driven decrease in ridership.

Market-Driven Opportunities. It is important to bear in mind that reducing parking minimums does not prevent developers from building parking, but merely shifts decisions about parking supply from local governments to developers, a market-driven outcome that better aligns commercial decision-making with market demand.

Developers in cities that take steps to reform antiquated parking requirements could see more opportunities to develop additional space for higher and better uses and meet market demand. In some markets, developers have already created transit “hubs” that combine parking, electric vehicle charging and storage as a response to loosening minimum parking requirements. Assuming that local zoning codes keep up with changes in parking and the need for greater development, owners of commercial properties could see land values increase in response to increased density potential and have opportunities to market parking as an amenity at their properties and charge higher rates for its use in areas where parking demand is clearly present.

As evidenced by the recent political battle over congestion pricing in New York City, there will likely be significant opposition to parking law changes from city residents, commuters or professionals who rely on car travel to and from urban areas. Nevertheless, local governments may see an opportunity to capitalize on public sentiment in favor of creating additional housing and lowering pollution by targeting parking oversupply in certain markets.

Looking ahead, the urban parking landscape may be upended in the coming decades if self-driving cars become widely used, as urban-adjacent lots may be repurposed for cars to “self-park” while commuters are at work without the need for parking in close proximity to office buildings. For now, it will be exciting to watch how discussions relating to urban parking considerations continue to unfold nationwide, especially the opportunities that may result if owners, developers and operators are permitted to turn excess parking into higher and better-used spaces.

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