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MANAGER'S REPORT NO.	55
COUNCIL MEETING	94/10/03

TO: CITY MANAGER 1994 September 29

FROM: DIRECTOR PLANNING AND BUILDING

SUBJECT: **PAYMENTS IN-LIEU-OF REQUIRED PARKING  
HASTINGS STREET AREA AND METROTOWN**

PURPOSE: To obtain approval of the specific recommended amounts for payments in-lieu-of required parking within the Hastings Street Area and Metrotown.

**RECOMMENDATIONS:**

1. **THAT** payment by developers be permitted in the amount of \$8,000 for each stall reduced from the standard commercial parking requirement in the Hastings Street Area Plan.
2. **THAT** payment by developers be permitted in the amount of \$10,000 for each stall reduced from the standard commercial parking requirement for the Metrotown payments-in-lieu program.

***REPORT***

**1.0 BACKGROUND**

In June 1991 Council adopted the Hastings Street Area Plan, which was prepared by the Hastings Street Advisory Committee and discussed through an extensive public input process. Two of the highlights of the plan include:

- i) rezoning of the commercial area to provide an incentive for village scale commercial uses with residential potential; and
- ii) increased parking and street improvements in conjunction with a Downtown Revitalization Program.

These objectives are inter-related through the concept of a municipally-administered parking fund. One of the key features of the commercial zoning district in this Area is the potential to redevelop sites the size of the standard small lot in the area. The Hastings Street Area Plan notes that this potential would be encouraged by the creation of a municipally-administered parking fund which would allow commercial parking requirements to be met off-site through a payment-in-lieu. The Area Plan designates 12 public parking lots, one public parking facility and additional side-street parking which the City has developed or will develop in due course.

Section 964(2)(b) of the Municipal Act permits municipalities to accept payment of money in lieu of off-street parking spaces.

Council at its meeting of 1994 August 22 considered a report addressing the establishment of the desired parking fund related to the Hastings Street Area Plan and adopted the following recommendations:

- a) "THAT provision be made for satisfying the requirements of the Zoning Bylaw for off-street parking for commercial uses in the Hastings Street Area Plan by accepting payment to the City in an amount as yet to be determined for each parking space where the commercial use, building or structure in the Hastings Street Area Plan is within 770 metres of a municipally operated parking facility.
- b) "THAT the City Solicitor be authorized to prepare a bylaw amending the Zoning Bylaw to permit the above provision of payment in lieu of required parking for the Hastings Street Area Plan."

Arising from the discussion, Council also adopted the following:

- c) "THAT staff prepare a report on fees in lieu of parking spaces providing a comparison of current fees with actual market costs and a rationale for establishing a proportional charge for the fees in lieu of parking spaces."

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It was requested that the amount be reviewed for the parking levies for both the Hastings Street area and Metrotown.

## 2.0 HASTINGS STREET PAYMENT-IN-LIEU

The previous report considered by Council on 1994 August 22 indicated an amount for the payment in-lieu-of providing required parking in the amount of \$7,000. Council at that time requested a further report on the amount of payment to be determined.

Consideration of the payment amount could be based on a number of criteria such as construction costs, land costs, developer's ability to pay, concept of shared parking, and city objectives. These are discussed as follows:

- a) Construction costs are variable from project to project. However, based on the City's experience in constructing parking facilities and some general development industry feedback, surface parking can be provided at a cost in the range of \$4,000 per stall and underground parking in the range of \$15,000 per stall. Larger parking facilities can result in a lesser average cost per stall and smaller facilities a higher average cost. It is also noted that maintenance of the public parking facilities will constitute an on-going City cost.
- b) The cost of acquiring land for the purpose of providing parking is also highly variable depending on whether the lands have been acquired many years ago or will likely be acquired some years hence. Recent property acquisition costs for public parking use on the Hastings Street area are in the range of \$70 per sq.ft. or related to one of the typical parking lots (approximately 25 stalls) in the range of \$22,500 per stall. While the capital cost of under-ground parking is greater, the land cost per stall would be lower for underground parking due to more intensive land development.
- c) The developer's ability and willingness to make payments in-lieu-of providing required parking is based primarily on his cost and feasibility of providing parking on-site. One developer has indicated an approach suggesting that the revenue generated by one parking stall in the Hastings Street corridor could be capitalized at a \$6,000 per stall value (based on revenue of \$2.50 per business day and a capitalization rate of 10%). As indicated in this report, the cost of surface parking is in the range of \$4,000 per stall and underground parking in the range of \$15,000 per stall.

The predominantly small scale, street commercial developments on smaller sites along Hastings Street suggest that the provision of on-site surface parking of any appreciable number is slight. The provision of underground parking is the likely alternate option other than providing the subject "payments-in-lieu" for developers to optimize the development potential of sites in line with the Hastings Street Area Plan. In the case of very small sites, even underground parking could not practically be provided.

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However, the use of payments-in-lieu is considered beneficial to allow such small difficult sites to experience reasonable redevelopment.

It is our estimation that developers will not be willing to pay more than \$10,000 per stall as a payment-in-lieu and may even consider this to be somewhat high, as has been specifically expressed by at least one developer.

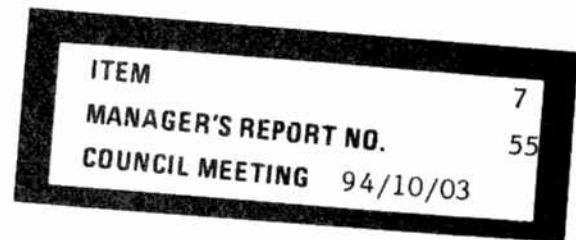
The use of payments-in-lieu results in the provision of shared (i.e. non-exclusive) public parking remote from its benefiting private development site in the form of predominantly surface parking lots which would likely be less attractive in general to users than on-site parking. Therefore, this would have an effect on the perceived value of such remote parking, suggesting a payment-in-lieu substantially less than the full cost of underground parking.

- d) By making payments-in-lieu, developers will not be given exclusive rights over specific parking stalls within the public parking facilities. The public parking is to generally benefit all merchants within the areas primarily for customer parking. Consequently, one viewpoint is that a payment-in-lieu should not have to be made equal to the total cost of required parking stalls not provided by the developer. This viewpoint would correspond to the shared use of parking entailed through the establishment of these public parking facilities.

The public parking provision is also a key City initiative to assist in ensuring the economic viability and revitalization of the Hastings Street commercial area. The need for public parking is also influenced by the provincial Ministry of Transportation and Highways proposal to eliminate on-street parking along Hastings Street in the peak direction of travel during rush hours. The acquisition of lands, to achieve the public parking facilities could be seen, therefore, as a City responsibility related to these overall public objectives for the Hastings Street area.

It is concluded that the appropriate amount for the payment-in-lieu cannot necessarily be determined through use of a strict mathematical formula. As discussed, there are a number of issues and variables which influence the determination of the amount of the payment-in-lieu. It is considered that an amount for the payment-in-lieu ranging from \$7,000 to \$10,000 per stall is appropriate, with the amount of \$8,000 per stall recommended.

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The \$8,000 per stall payment is considered to be reasonably related to the utility of such remote public parking to the participating developer, to the cost of underground parking (just over 50% of the cost), the likely alternate option to payments-in-lieu, and to the concept of shared or non-exclusive use of public parking. However, the amount of \$8,000 is also considered substantial enough that developers cannot take undue advantage of the City by not providing any required parking by paying what could be otherwise considered a token amount of payments-in-lieu and placing 100% of the onus of providing parking for the Hastings Street commercial area on the designated public parking facilities, which we do not believe was the intent of the overall public parking proposal. The \$8,000 amount is therefore considered high enough to still encourage some developers especially of any large sites, to provide a proportion of their required commercial parking on-site.

It is proposed that the payment-in-lieu in the Hastings Street area applicable to commercial development be established in the amount of \$8,000 for each stall reduced from the standard commercial parking requirement. The payment-in-lieu program will be monitored and recommendations to Council may be appropriate in future to modify the amount of the payment-in-lieu to correspond to changing circumstances.

### **3.0 METROTOWN PAYMENT-IN-LIEU**

In 1982 February, Council approved a recommendation which proposed that Comprehensive Development rezoning for major office developments within Metrotown (with ancillary retail) be permitted a reduction in the parking ratio of up to 20% from the standard requirement provided that a deposit of \$2,000 was made for each parking space reduced from the standard requirement up to a maximum of 20%. The deposited funds were to be utilized by the City to assist it in acquiring and developing public parking facilities within Metrotown. The main public parking facility developed to date is the public underground parking provided under the Metrotown Civic Square and public library, in the amount of approximately 200 public stalls in addition to the library parking. It is noted that there are few other feasible locations for public parking within Metrotown, although the possibility of enlarging a potential future parking structure within Bonsor Park to meet recreational parking needs could be expanded to also meet some of the public parking needs related to the payments-in-lieu program.

In the Metrotown area as contrasted with the Hastings Street area, public parking facilities will likely not constitute a significant proportion of provided parking. For example, the current 200 stall public parking facility if compared to the three Metrotown major core developments which together provide some 10,000 stalls constitutes a negligible 2% of the core parking provisions.

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This percentage would be even lower if other major Metrotown commercial developments including projects such as Old Orchard Shopping Centre, Plaza 5000 (London Drugs), and Metrotown Plaza were considered. As noted, the feasibility of the City providing a significant component of Metrotown parking provisions even into the 10% range is unlikely. However, as a substantive gesture of the City's support of the overall Metrotown and expanding the range of parking opportunities, including some park and ride opportunities for commuters, the public parking initiatives are considered beneficial.

Since 1982, the amount of the payment-in-lieu has been raised from time to time and currently is established in the amount of \$8,000 per stall. The discussion outlined for the Hastings Street area is also generally applicable to Metrotown. It is proposed that the Metrotown payment-in-lieu be raised to \$10,000, somewhat higher than is proposed for the Hastings Street area. This amount corresponds to the larger scale and intensity of development in Metrotown; to approximately two-thirds of the cost of underground parking, the likely alternative option to payments-in-lieu; and to the concept of shared parking. Also as discussed, the ability of the City to meet a substantive proportion of Metrotown parking through the provision of public parking is more difficult and when provided will likely be in the higher cost underground parking form.



D. G. Stenson  
Director  
Planning and Building

- KI:lf  
cc: City Solicitor  
Director Recreation & Cultural Services  
Director Finance  
Director Engineering  
Director Administrative & Community Services