

TOO MUCH RESIDENT PARKING?

HARD TO IMAGINE



*A recent study, along with
apartment developer analysis,
helps owners determine how
much urban parking is needed.*



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Just how valuable are an apartment community's parking spaces? It varies, just like the apartment buildings and their locations.

A new Sightline Institute analysis of 23 recently completed Seattle-area multifamily housing developments reveals that the practice of providing abundant “cheap” parking actually makes rental housing more expensive—particularly for residents with modest incomes and who don't own cars.

Sightline's study found that all buildings in the sample lost money on parking. Losses on parking averaged nearly \$250 per occupied apartment unit, or 15 percent of average monthly rents. Because owners typically recoup these losses through apartment rents, all residents—even those who don't own cars—pay substantial hidden fees for parking.

The study also found that Seattle-area apartment developers build far more parking spaces than are needed. Across all developments in the sample, 37 percent of parking spots remained empty during nighttime—the time of peak demand for residential parking. Every development had nighttime parking vacancies and four developments had more than twice as many parking spots as parked cars.

Empty parking spaces mean higher construction and maintenance costs, which boosts the comprehensive cost of parking for the owner.

Berkshire Property Advisors says that one of its well-established and stabilized downtown Seattle apartment deals shows the occupancy for parking at 85.6 percent.

There, it currently has 213 occupied apartment units, with only 185 parking spaces being utilized.

“Translation: We offer far more parking stalls than can be consumed by our residents,” says Andi Thompson, District Manager, Berkshire Property Advisors.

Thompson agrees that vacant spaces contribute to higher maintenance costs (and construction costs). Thompson and Berkshire Property Advisors' Divisional Vice President Emily Watson are currently working on possibly reaching outside the community to provide non-residents with parking spaces (through a third-party lot manager) on a small partitioned parking lot for a higher fee to help recoup some of these costs.

Like most apartment communities nationwide, Berkshire does not charge residents for parking in their base rental rate. Cost and policies vary, based on the location. For some, residents simply have “access” to it and it's first come, first served. For others, residents can choose to pay each month for a parking pass, and they can park anywhere in the lot available, or pay a fee and are assigned a designated space.

“Prospects do like to know that the community has a garage whether or not they own a car,” Thompson says. “This leaves them with a feeling of, ‘in case I do buy a car I will have protection for it.’”

Many residents don't own cars. On average, developments in Sightline's sample had 20 percent more occupied apartments than occupied parking spaces—a rock-bottom

estimate for the share of apartments whose residents don't park onsite. In all, 21 of the 23 developments had more occupied apartments than parked cars.

Car-free residents still pay for parking, according to Sightline, because owners typically recoup these losses through apartment rents.

What to Charge for Parking

The communities Sightline surveyed ranged from 18 apartment homes to 324, with an average of 144 and a median of 135; 18 were in Seattle proper, the other five were in suburban municipalities outside Seattle, according to survey author Clark Williams-Derry at Sightline.

Seattle has different zoning designations, including Urban Center, Hub Urban Village and Residential Urban Village—all of which supposedly have reliable transit access.

Downtown Seattle often is praised for the efficiency of its public transportation system. Communities representing a mixture of these designations were part of the mix; however, some were completely outside urban villages and centers. Per the survey agreement, Sightline could not share the specific names of the communities it surveyed.

Most of the parking at communities in Sightline's survey was underground, with a few that had parking both above ground (including structured parking) and underground. One had parking exclusively above ground.

Zach Maggart, Vice President, Redevelopment at Berkshire Property Advisors in Dallas, adds, "In communities where we

ABOUT THE SURVEY

Founded in 1993, Sightline Institute provides original analysis of energy, environmental and economic policy in the Pacific Northwest. Visit <http://www.sightline.org/research> for the full report. Photos Courtesy of Sightline Institute.

charge for parking and where we did not have a parking garage, we would have to 'reduce' our stall pricing to show the benefit of living at our asset to compete with the cost of street parking."

Maggart says he agrees with the premise of the Sightline study, "However, if new, urban apartment developments reduce the number of parking spaces, the commodity would be scarce, therefore, higher monthly fees."

"We do not include a parking space as part of the rent," Watson says. "Therefore, I don't believe the lion's share of the cost is shared with the residents who don't park onsite. We set rents based on what the market will bear. The only time I would discount the rent is if the community was 100-percent occupied and I was unable to accommodate a resident with a vehicle."

And while Berkshire Property Advisors does have vacancy in its garages, "I do believe it would hurt occupancy if I did not have onsite parking available," Watson says. "I would imagine if you decreased the capacity of the structure by

20 percent, the incremental savings is negligible, but it would be interesting to see the development cost."

Rick Gersten, founder and CEO of Urban Igloo, a rental real estate firm that matches up renters with their ideal apartments, commented on whether residents would benefit from keeping their cars after moving into an apartment.

He says that living within a half-mile walk to public transportation in the Washington, D.C., market, for example, can cost approximately 30 percent more than living just a little farther away.

"With rent prices pushing \$2,000, that can certainly be enough to make you want to move a few miles out and hang on to your trusty vehicle. But there is so much more to it," Gersten says.

"Parking in [Washington, D.C.] is difficult to say the least, not to mention pricey," Gersten adds. Parking at an apartment or condo can range from \$50 to \$300 per month, or more. Expect the same at monthly parking garages in heavy-traffic locations."

Many leases, including all available through the NAA Lease Program, do not include a guaranteed parking space with the paid rent.

Scot Haislip, Esq., Assistant Vice President of the National Lease Program, says that the NAA Lease, available in nearly all 50 states and the District, plans to soon provide a lease addendum where apartment owners can include parking information specific to their properties.

"Currently NAA leases only mention parking in general terms such as a right to tow, safety issues, and some restrictions such as the number of vehicles a resident is allowed to park. The new addendum will allow management to provide the resident with much more specific detail regarding the exact nature of the property's parking policies such as whether a parking space is included in rent, if the space will cost extra, or if a specific space will or will not be assigned, etc." ■■

Paul R. Bergeron III is Director of Publications for NAA. Contact him at paul@naabq.org with any parking challenges or success stories from your community.

PLENTY OF SPACE?

The national average number of spaces per apartment unit is 0.81, according to the 2009 American Housing Survey. And for apartments of more than four stories, that number is 0.54.

Additionally, the American Community Survey segments its data to show the average number of spaces per unit in suburban garden apartment buildings is 2.0 and for urban apartment communities it is 0.5 to 0.6 per unit.

Typically, local or county regulations control the minimum required number of parking spaces, however sometimes developers build more for marketing purposes or perceived demand. —NMHC