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CITY OF VANCOUVER
ENGINEERING SERVICES
T.R. Timm, P.Eng., General Manager

VanRIMS No. 13-5500-10

MEMORANDUM

March 3, 2006

TO: Mayor and Council

CC: Judy Rogers, City Manager
Syd Baxter, City Clerk
Terry Corrigan, Director of Financial Services
Graham Johnsen, Assistant Director of Legal Services

FROM: Tom Timm, General Manager of Engineering Services

SUBJECT: **PARKING PAYMENT IN LIEU BACKGROUND**

City Council is considering approval of a payment-in-lieu in connection with the development application for 1110 Hamilton Street on March 7, 2006. This memo provides background information on the payment-in-lieu option that many developments can utilize.

Allowing developers to pay the City in-lieu of providing parking that is required for a development arose in the early 1980's when property owners in Gastown, Chinatown, and Yaletown were faced with great difficulty in meeting their parking requirements for their development applications. A detailed study was performed by McCreery Architects to examine what it meant to force provision of parking, with the focus on Yaletown since on-site provision would usually mean cutting through the characteristic loading docks. It was found that due to spatial and structural complications, the cost of providing a parking space in the basements of these buildings would cost two to three times the normal cost of constructing a parking space. Since parking was a critical need for the economic vitality of these historic areas, a way had to be found to provide parking and permit development to proceed.

The strategy developed saw the City embark on a program of developing parking facilities to serve the Historic Areas as well as other areas of the city centre with serious parking shortages. To help fund the City's parking developments, a payment-in-lieu program was established whereby developers can opt to offer a payment to the City in-lieu of providing parking on their site. The City would then use these funds to develop parking facilities. This option is only available within a prescribed area as approved by City Council in 1986 (see map attached). The prescribed area is defined to include those areas where a parking deficiency exists and where the City has developed, or plans to develop, parking that may serve a pay in-lieu applicant.

The Council approved legislation allowed only commercial or industrial uses to pay in-lieu, except that the general relaxation enjoyed by heritage sites has been interpreted to allow payment-in-lieu for all uses on any such site. Whenever an application for payment-in-lieu is received, Council is required to pass a by-law amending the Parking By-law to "register" the payment-in-lieu to ensure that the parking credit remains permanently with the property.

The current payment-in-lieu amount is \$14,500 per space and it represents the average net cost, not the full cost, to the City of providing parking within a structure. The full cost of constructing a parking space averages \$25,000 to \$35,000 or even higher on difficult sites. Payments-in-lieu are deposited in a separate account that accrues interest and are dedicated to funding new parking facilities. Those paying in-lieu get right of first refusal to reserve parking spaces in City parkades, but no ownership of parking.

The payment-in-lieu policies have been very successful as they provide another option for property owners and developers to meet their parking commitments, normally at less cost, while enabling developments to proceed. There are provisions to allow for refund of a previous payment-in-lieu if the applicant can find another means of meeting the parking required and if the payment-in-lieu has not yet been used by the City to develop parking. To date there have been some three dozen approved applications for payment-in-lieu, representing a total of approximately 150 parking spaces. Parkades that have been developed or upgraded utilizing payment-in-lieu funding include Gastown, Chinatown, Columbia/Cordova, Pacific Centre, 535 Richards, Yaletown - Bill Curtis Square, Yaletown - Narod Mews, Library Square, and 1067 Seymour.

Should you have any further questions about our parking payment in lieu program, please call Paul Pinsker at 873-7917.

Tom Timm, P.Eng.
General Manager/City Engineer

pmp/agh
attach.

PAYMENT-IN-LIEU-BOUNDARY

