MEMORANDUM FROM STAFF

From: Marcellus Johnson, Planning Administrator
To: Lapel Advisory Plan Commission
Date: 09/03/2026
RE: Parking In-Lieu Fees
Exhibits: Chapter 4.3 Pedestrian Mobility: Parking In-Lieu Fees

What are Parking In-Lieu Fees?

Parking in-lieu fees are fees that a property owner pays instead of providing the required parking. The fees can be mandatory—the developer is required to pay the fee and cannot provide parking—or voluntary—the developer may pay the fee instead of providing parking if providing the required number of spots is not practical or possible. In this way, these fees can provide an alternative to the BZA process in situations where providing the required parking presents a hardship or practical difficulty.

The fees are paid into a specific fund, and that fund can be used by the town to provide public parking. This can include all stages of development: land acquisition, planning and design, permitting, actual construction, and continued maintenance/operation of the public parking facility.

How is the fee level determined?

Parking in-lieu fees typically are set to represent the cost of providing one parking space. The intent is not to provide a way for developers to save money on parking but rather to give them an alternative way to meet the parking requirements by paying into a fund that will then be able to provide public spots. Therefore, an estimate of the cost of providing one parking space—including land acquisition, planning and design, and permitting costs if the parking fund covers those—can be made and provide the basis for a fixed fee; or, applicants seeking to take advantage of the fee can submit their own estimates as an offer for Plan Commission (or another body) to accept or dispute. Developers tend to prefer a fixed fee because it provides certainty and minimizes delays in the permitting process as a result of negotiations around the fee.

Case Studies

The following case studies come from the Sustainable Development Code, a planning resource created to document planning best practices for sustainable development.

Morro Bay, CA

Morro Bay is a city of almost 11,000 people along the California coast about halfway between Los Angeles and San Francisco. Even though it has more people than Lapel, it’s parking requirements are very similar to Lapel’s so their fee ordinance provides a good model.

Their fee is a one-time fee assessed only at the time parking needs increase. For new development, that means the fee is assessed at the time of development, and for existing developments that expand or change use, the fee is assessed only if the re-development increases the required number of spaces and applies only to the increase. If the property is sold, the new owner does not have to pay the fees again if they have already been paid. The fee is set by their council, similar to other planning and zoning fees. The fee fund is limited to be spent only on the planning, design, land acquisition, and development of public parking facilities and public transit to offset the need for additional parking. The creation of a parking in-lieu fee program does not preclude the ability of the council to create a Special Assessment District (SAD) in the future. The program is also geographically limited and does not apply to the city as a whole.

Dundee, FL

At around 5,200 people, Dundee is much closer to Lapel in size, and it is located in Polk County about 90 minutes south of Orlando. Dundee's ordinances allow on-street parking to count towards a property's parking requirements under certain conditions:

- The spaces must directly abut the lot (i.e. spaces across the street cannot count)
- The spaces may not extend beyond the side property lines (only spots fully contained within the property's frontage may count)
- The spaces may not be restricted or reserved without approval from the authority with jurisdiction over the ROW
- The ROW must have the space and infrastructure to allow on-street parking
- On-street parking spots must be clearly identified on the site plan

Additionally, if the spaces are removed by the authority controlling the ROW for any reason, the property is considered to be legally non-conforming and is not required to provide the lost spots elsewhere. This provides a good example of how on-street parking can be incorporated into parking minimums in a responsible and manageable manner.

Miramar, FL

Miramar is the largest of the case studies by far at almost 135,000 people and is located in the Miami Metropolitan Area. Despite this, Miramar provides a useful example as its in-lieu fee program clearly establishes how the fee is calculated and what a developer agrees to by agreeing to pay the fee instead of providing the parking spaces.

Their ordinance implements a fixed fee to be paid for every required spot not provided. The fee is based on the average cost to provide the required spot in a public parking facility and includes land acquisition, planning and design, legal fees, engineering fees, permit review and inspections, and actual construction (I could not find a resolution or fee schedule listing what the fee is). Applicants can pay the full fee all at once, or they can pay according to a 36-month, up to 3-installation payment schedule specified in the ordinance:

- First installment of at least half the fee must be paid up front when the agreement is signed, prior to the issuance of the building permit
- Second installment must be at least 25% of the total fee and must be paid within 24 months of signing the agreement
- The final installation shall cover the remaining balance and must be paid within 36 months of signing the agreement.

Staff Recommendation

It is not staff's intention to recommend specifically that Plan Commission move to adopt a parking in-lieu program. Staff's recommendation is that Plan Commission move to *either* adopt a parking in-lieu program *or* a parking minimum program that counts on-street parking in some way or both. At least one of these options is necessary to avoid forcing applicants to seek a variance for any development they may be attempting in the Downtown Commercial (C2) zoning district, which will discourage potential development and run counter to the intention of the zoning district and the Comprehensive Plan. The above examples are meant to demonstrate how these ordinances work and what aspects need to be considered. Lapel may not be able to adopt and enforce ordinances that work the same way depending on what Indiana state law allows.

CHAPTER 4.3
PEDESTRIAN MOBILITY

Parking In-Lieu Fees

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INTRODUCTION

Parking in-lieu fees, also known as "Park and Walk Systems," are generally used in larger cities and suburbs. They are often utilized if a defined area has sudden development growth or there are multiple establishments renovating their property.[1] These fees are in-lieu of having or meeting individual off-street parking requirements.[2] Pursuant to ordinances with parking in-lieu fees, new developments are required to pay a fee into a designated fund.

The monies from parking in-lieu fees are used to pay solely for one or more larger parking developments[3] that serve an entire district.[4] The parking areas should be centrally located, so that pedestrians and shoppers have easy access to businesses.[5] Since the larger parking developments serve an entire district, the parking area must be strategically placed for full accessibility to all the participants within the district.[6] Depending on the jurisdiction, the parking developments are often "managed by the city, parking authority, or master developer."[7]

The in-lieu fees may be mandatory or voluntary depending on the jurisdiction.[8] Local governments can either require developers to pay the fee, or a developer can choose to pay the fee or provide individual parking.[9]

Fees are typically set using two approaches.[10] The first approach is to calculate a flat rate for each parking space not provided.[11] This flat rate is also known as a "uniform fee."[12] A uniform fee is a tangible way for developers to incorporate the proposed fee into their financial analysis.[13] The fee calculation can vary by jurisdiction, but can involve variables such as building gross square footage, gross parking demand, net parking demand, and parking provided on site.[14] The second approach is to determine appropriate development-specific fees on a case-by-case basis.[15] This approach is seen as more time-consuming and expensive because of the specific nature of each case.[16]

EFFECTS

Enacting a parking in-lieu fee ordinance can provide several benefits, including decreasing the amount of individual parking lots, which can have significant impacts on stormwater systems, energy demands, and other challenges.[17] Parking in-lieu fees provide a set option for developers. Instead of paying to construct individual parking spaces, which can be expensive, developers are given the option to pay the fee for a district parking area.[18]

In addition, because the central parking area is for the entire district, the shared parking spaces may be occupied more often when not solely devoted to one particular development or business.[19] Therefore, fewer spaces are necessary to meet the overall demand, since the turnover rate is higher when different businesses require parking at different times of the day.[20]

"[L]ess on-site parking allows continuous storefronts without gaps for adjacent surface parking lots."[21] Multiple parking lots interrupt the aesthetics of the continuous line of storefronts.[22] Parking in-lieu fees may also reduce variance requests.[23] Developers often request variances from parking minimums.[24] Because the fee includes a built-in alternative there is no need for a variance.[25] In-lieu fees also allow "adaptive reuse of historic buildings where the new use requires additional parking that is difficult to provide."[26]

Parking in-lieu fees contribute to positive pedestrian mobility systems by incentivizing people to walk. Because there are no direct off-street parking attached to each development in a parking fee district, shoppers and other pedestrians must walk from the designated parking area to their destination.[27] The presence of open shops and people on the street also encourages other people to walk.[28] Walking by shops and restaurants to get to their destination gives pedestrians a more comfortable and encouraging environment.[29] Empty streets with few pedestrians are usually avoided by other pedestrians.[30] Indeed, "[t]he more downtown is broken up and interspersed with parking lots and garages . . . 'the duller and dead it becomes'"[31]

Safety from a central parking location also benefits pedestrian mobility. With the in-lieu parking fees, there are fewer separate parking lots. Fewer parking lots can decrease the amount of traffic concentrated in a particular sector because parking is not available. Fewer parking lots also means pedestrians do not have to walk by or through parking lots and access driveways that have cars entering and exiting at different intervals (for a brief discussing the benefits of limiting access points for pedestrian safety, see Limit Driveway Access Points).[32]

EXAMPLES

Scottsdale, AZ

Scottsdale is located in Maricopa County, AZ.[33] In 2019, the population was estimated at about 246,645.[34] The City's in-lieu parking program is implemented in the downtown district.[35] The program focuses on smaller properties and provides owners opportunities to "reinvest, develop, and redevelop to the highest and best use of the property."[36] Scottsdale views the in-lieu fee policy as an investment for the future, when businesses and populations will increase. Another purpose is to provide an encouraging environment for pedestrians.[37] Fewer parking lots means fewer unsafe or inconvenient encounters that pedestrians will have with vehicles. Scottsdale also wants the ability to properly use the space in their downtown district and to fully appreciate the "urban design" of the downtown area by having fewer parking lots.[38]

Part of this in-lieu parking policy is the allocation of fees. First, a property owner or developer pays a fee to the City's downtown parking program.[39] The fees themselves are established by the City Council and subject to change.[40] Then, the fees are distributed to the downtown parking program as well as to the downtown tram service.[41] Part of the downtown parking program uses the fees for maintenance and provision of the centralized parking spots.[42]

The City Council determines whether a property owner or developer is eligible to participate in the program.[43] The City's in-lieu parking plan also includes an in-lieu parking credit system.[44] Credit is awarded by the Zoning Administrator and can be used for permanent, monthly, or evening use.[45] The number of parking credits equates to the number of parking spots available to the property owner, with the maximum being five in-lieu parking credits.[46] The property owner can "purchase and/or lease the requested number of in-lieu parking space[s]."[47] The parking credits are used by the City Council to ensure the proper allocation of parking spots for each property owner.[48]

To view the provisions, see Scottsdale, AZ, Code of Ordinances, App. B, § 9.108(D) (2018).

Dania Beach, FL

Dania Beach is located in Broward County, FL.[49] In 2017, the estimated population was 32,030.[50] The Community Development Director determines the adequacy of the current on-site parking situations at new or existing developments.[51] If there is inadequate on-site parking, the owner of the property applies for a waiver allowing off-street parking spaces.[52] If the waiver is granted, the property owner pays a fee-in-lieu of the on-site parking.[53] The fees are calculated by the "average cost to the city for the construction of a parking space in a parking structure."[54] Collectively, these decisions are made by the Director of Finance, the Public Services Director and the Community Development Director.[55] The City also has Parking Priority Districts; these districts receive priority use of the parking in-lieu funds.[56]

To view the provisions, see Dania Beach, FL, Code of Ordinance § 265-92 (2012).

ADDITIONAL EXAMPLES

Morro Bay, CA, Code of Ordinances § 17.44.020(A)(7) (2017) (stating requirements for parking in-lieu fees and how these fees are calculated).

Dundee, FL, Code of Ordinances § 3.03.02(I)(7) (2017) (describing requirements for parking in-lieu and the limitations of the program).

Miramar, FL, Land Development Code § 715.3.1.2 (2017) (explaining in-lieu of parking fund fee calculation and the terms of the agreement for the program).

CITATIONS

[1] Robin Zimbler, *Driving Urban Environments: Smart Growth Parking Best Practices* 4, https://perma.cc/3T7E-AXAJ (last visited May 28, 2019).

[2] Jeff Speck, Walkable City Rules-101 Steps To Making Better Places 40 (2018).

[3] Naperville, IL, Code of Ordinances § 11-2E-3 (2018), https://perma.cc/787Z-HA5W.

[4] Speck, *supra* note 2, at 40.

[5] *Id.*

[6] *Id.*

[7] *Id.*

[8] Kimley-Horn and Assoc.'s, Inc., *Downtown Parking Strategic Plan*: *Appendix 2-Parking Planning White Paper Series, Parking in Lieu Fees*, Capital City Development Corp 9 (Dec. 2012), https://perma.cc/T6P6-QEK6.

[9] Donald C. Shoup, *In Lieu of Required Parking* 309 (2001), https://escholarship.org/uc/item/8rp7s63c.

[10] Zimbler, *supra* note 1, at 4.

[11] *Id*.

[12] Shoup, *supra* note 9, at 309.

[13] Columbus Short North Parking Study, *Best Practices-Parking in Lieu Fee* 14, https://perma.cc/4JEU-GZEQ (last visited May 28, 2019).

[14] *See e.g.*, Naperville, IL, Code of Ordinances § 11-2E-3.

[15] Zimbler, *supra* note 1, at 4.

[16] Columbus Short North Parking Study, *supra* note 13, at 14.

[17] *Id.*

[18] Shoup, *supra* note 9, at 308.

[19] *Id*.

[20] *Id*.

[21] *Id*.

[22] *See id*.

[23] *Id.*

[24] *Id*.

[25] *Id*.

[26] *Id*.

[27] Michael Manville & Donald Shoup, *People, Parking, and Cities* 6 (Fall 2004), https://perma.cc/FRW5-WX7P.

[28] *Id*.

[29] *Id*.

[30] *Id*.

[31] *Id*.

[32] *See* Zimbler, *supra* note 1, at 25.

[33] World Pop. Rev., *Scottsdale, Arizona Population 2019* (last updated May 27, 2019), https://perma.cc/7SNT-ET9D.

[34] *Id.*

[35]*See* Scottsdale, AZ, Code of Ordinances, App. B, § 9.108(D) (2018).

[36] *Id*.

[37] *Id*.

[38] *Id*.

[39] *Id*.

[40] *Id*.

[41] *Id.*

[42] *Id*.

[43] *Id*.

[44] *Id*.

[45] *Id*.

[46] *Id*.

[47] City of Scottsdale, *In-Lieu Parking*: *Development Application Checklist* 2 (Mar. 2, 2015), https://perma.cc/PY3J-CCPT.

[48] *Id*.

[49] *Dania Beach, Florida Population 2018, 2019*, https://perma.cc/5D4P-CGP6 (last visited Jun. 11, 2019).

[50] *Id*.

[51] Dania Beach, FL, Code of Ordinance § 265-92 (2012).

[52] *Id*.

[53] *Id*.

[54] *Id*.

[55] *Id*.

[56] *Id*.

Please note, although the above cited and described ordinances have been enacted, each community should ensure that newly enacted ordinances are within local authority, have not been preempted, and are consistent with state comprehensive planning laws. Also, the effects described above are based on existing examples. Those effects may or may not be replicated elsewhere. Please contact us and let us know your experience.