

**SENATE JUDICIARY COMMITTEE**  
**Senator Thomas Umberg, Chair**  
**2023-2024 Regular Session**

AB 1317 (Wendy Carrillo)  
Version: June 23, 2023  
Hearing Date: July 6, 2023  
Fiscal: No  
Urgency: No  
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**SUBJECT**

Unbundled parking

**DIGEST**

This bill requires property owners of “qualifying residential properties,” new multi-family properties in 10 specified counties, to unbundle the cost of parking from the cost of the rent.

**EXECUTIVE SUMMARY**

Parking spaces included in residential properties’ rent hide the true cost of parking and create other economic and environmental impacts. Concerns have arisen that on-site parking takes up valuable land that could otherwise be used for more housing, results in overreliance on motor vehicles, and creates an inflation in housing costs that represents a barrier to housing for low-income tenants.

This bill seeks to address these issues by requiring “unbundled parking.” Property owners of multi-family properties with 16 units or more that are issued a certificate of occupancy on or after January 1, 2025, in 10 specified counties across the state, are required to unbundle the cost of parking from the rent of the residential unit. The bill requires that tenants be given the right of first refusal to any parking spaces available.

This bill is sponsored by SPUR and Streets for All and is supported by numerous public transportation and housing advocates, including California YIMBY. There is no known opposition.

**PROPOSED CHANGES TO THE LAW**

Existing law:

- 1) Requires a multifamily residential project certified for streamlining pursuant to the California Environmental Quality Act on an infill site to provide unbundled parking, such that private vehicle parking spaces are priced and rented or purchased separately from dwelling units. (Pub. Res. Code § 21184.5.)
- 2) Prohibits a public agency from imposing or enforcing any minimum parking requirement on a residential, commercial, or other development project if the project is located within one-half mile of public transit. (Gov. Code § 65863.2.)

This bill:

- 1) Requires an owner of a qualifying residential property, if the owner provides parking with the property, to unbundle parking from the price of rent.
- 2) Requires all off-street parking spaces be unbundled from the qualifying residential property for the life of the property.
- 3) Defines "qualifying residential property" as any dwelling or unit that is intended for human habitation that meets all of the following criteria:
  - a) the property is issued a certificate of occupancy on or after January 1, 2025;
  - b) the property consists of 16 or more residential units; and
  - c) the property is located in one of the following counties:
    - i. Alameda
    - ii. Fresno
    - iii. Los Angeles
    - iv. Riverside
    - v. Sacramento
    - vi. San Bernardino
    - vii. San Joaquin
    - viii. Santa Clara
    - ix. Shasta
    - x. Ventura
- 4) Excludes a residential property or unit with an individual garage that is functionally a part of the property or unit, including townhouses and row houses.
- 5) Defines "owner of qualifying residential property" as any person, acting as principal or through an agent, having the right to offer qualifying residential

property for rent, and includes a predecessor in interest to the owner.

“Unbundled parking” means the practice of selling or leasing parking spaces separate from the lease of the residential property.

- 6) Prohibits off-street parking accessory to a qualifying residential property from being included in any residential rental agreement and requires it to be subject to a rental agreement addendum or provided in a separate rental agreement.
- 7) Provides a tenant of a qualifying residential property the right of first refusal to parking spaces built for their property. Authorizes remaining residential unbundled parking spaces to be leased by the owner to other on-site users or to off-site residential users on a month-to-month basis. Spaces built subsequent to move in shall first be offered to tenants.
- 8) Prohibits a breach of a separately leased parking agreement from forming the basis of any unlawful detainer action against the tenant. If a tenant fails to pay by the 30th day following the date payment is owed for a separately leased parking space, the property owner may revoke that tenant’s right to lease that parking spot.

### COMMENTS

#### 1. Stated intent of the bill

According to the author:

Property owners often provide ‘free parking’ as part of a lease. However, when parking is ‘free,’ people bear the cost regardless of whether they use the parking. Furthermore, ‘free parking’ disincentives public transit use and promotes automobile reliance. According to UCLA, households with bundled parking drive 3,800 miles more, spend \$580 more on gasoline, and emit an additional metric ton of carbon dioxide annually. AB 1317 would allow tenants in qualifying residential properties to purchase parking as an optional expense, increasing housing affordability while reducing traffic congestion, car dependency, and carbon emissions. This bill is a well-tailored and cost-effective approach to alleviating the State’s dual housing and climate crisis, all while giving tenants greater flexibility and promoting equity.

#### 2. The cost of free parking

The author points to a series of studies that support the conclusion that bundled parking comes at a cost to both housing affordability and environmental impacts.

An article in the Journal of the American Planning Association discussed the quantitative evidence, which suggests a price effect of unbundled parking:

Converted back into dollars, the statistically significant coefficients suggest that bundled parking is associated with a \$22 per square foot increase in the asking price of a unit, other variables held constant. An apartment with bundled parking is associated with \$200 more in asking rent, and bundled parking with a condo is associated with a \$43,000 increase in asking price.<sup>1</sup>

Another study explores the hidden costs of bundled parking in major cities across the country; it explains its methodology and conclusion:

The relationship between parking and housing prices, however, remains poorly understood. We use national American Housing Survey data and hedonic regression techniques to investigate this relationship. We find that the cost of garage parking to renter households is approximately \$1,700 per year, or an additional 17% of a housing unit's rent. In addition to the magnitude of this transport cost burden being effectively hidden in housing prices, the lack of rental housing without bundled parking imposes a steep cost on carless renters—commonly the lowest income households—who may be paying for parking that they do not need or want. We estimate the direct deadweight loss for carless renters to be \$440 million annually. We conclude by suggesting cities reduce or eliminate minimum parking requirements, and allow and encourage landlords to unbundle parking costs from housing costs.<sup>2</sup>

This bill addresses these issues by decoupling rents for specified units from any associated parking spaces. The bill prohibits an owner from a “qualifying residential property” from bundling parking with the price of rent. However, it also ensures that any available spaces are first provided to tenants of the property. If spaces are subsequently made available, tenants are required to be provided the right of first refusal.

The definition of “qualifying residential property” substantially limits the impact of this bill on landlords. First, the bill only applies to larger properties with at least 16 units. This prevents any hardships on smaller property owners.

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<sup>1</sup> Michael Manville, *Parking Requirements and Housing Development* (2013) Journal of the American Planning Association, Winter 2013, Vol. 79, No. 1.

<sup>2</sup> C. J. Gabbe & Gregory Pierce, *Hidden Costs and Deadweight Losses: Bundled Parking and Residential Rents in the Metropolitan United States* (2017) Housing Policy Debate, Vol. 27:2, 217-229.

Second, qualifying properties are only new buildings with certificates of occupancy issued January 1, 2025 or later. This prevents any compliance issues for existing rental properties and provides ample runway for owners to prepare for the unbundling.

Finally, the bill only applies to such properties located in the following 10 counties:

- Alameda
- Fresno
- Los Angeles
- Riverside
- Sacramento
- San Bernardino
- San Joaquin
- Santa Clara
- Shasta
- Ventura

This will allow the Legislature to assess whether this approach is appropriate elsewhere in the state. Furthermore, the bill makes clear that breach of an unbundled parking lease cannot form the basis of an unlawful detainer action against the tenant. However, the bill does allow for a property owner to revoke the tenant's right to lease the spot after failing to pay by the 30<sup>th</sup> day following the payment due date. The author may wish to consider whether some process should be afforded tenants before they lose access to a parking space connected with their housing after missing only one month's payment.

Recent amendments removed itemization requirements that drew concerns from the housing industry.

### 3. Stakeholder positions

SPUR, a co-sponsor of the bill, writes:

Research finds that free parking at home is a powerful incentive to promote private car ownership and use. For example, a household that has the cost of parking built into its rent is 60% to 80% less likely to be car-free than a household that pays separately for parking. Bundled parking, therefore, leads to more cars on neighborhood streets, more cars competing for parking in the local commercial districts, and fewer patrons supporting local businesses that are accessible by foot, transit, or bicycle.

In addition to exacerbating congestion and parking problems, bundled parking is also inequitable. Where housing is rented together with parking, tenants are forced to pay for a parking space they may not need, while others go without a parking space they do need.

Unbundling residential parking reduces rental costs for those who do not have a vehicle and creates more parking options for others without building expensive new parking spaces.

Writing in support, California YIMBY argues:

In recent years, California has prioritized parking reform policies. In 2017 the legislature passed SB 35, which exempts select projects streamlined from parking requirements. Last year, we were proud to sponsor AB 2097 (Friedman, 2022), which prohibited local governments from imposing minimum parking requirements near transit. Despite these efforts, the prevalence of bundled parking requires that housing-insecure tenants pay for the oversupply of existing parking.

Between the high construction costs, the annual maintenance required, and the property taxes levied, the true cost of “free parking” is hidden from tenants. By requiring landlords to price and offer detached off-street parking separate from the rental unit, this bill would reveal the true costs to tenants and help them make informed decisions.

### SUPPORT

Streets For All (co-sponsor)  
SPUR (co-sponsor)  
Abundant Housing LA  
Active San Gabriel Valley  
CalBike  
California Community Builders  
California YIMBY  
City of Gilroy Councilmember Zach Hilton  
City of Santa Monica  
Climate Resolve  
Coalition for Clean Air  
Costa Mesa Alliance For Better Streets  
Culver City Democratic Club  
East Bay for Everyone  
East Bay YIMBY  
Greenbelt Alliance  
Grow the Richmond  
Happy City Coalition  
How to ADU  
LISC San Diego  
Marin County Bicycle Coalition  
Mountain View YIMBY

MOVE Santa Barbara County  
Napa-Solano for Everyone  
Northern Neighbors  
Norwalk Unidas  
Peninsula for Everyone  
Peninsula Interfaith Climate Action  
People for Housing Orange County  
PLACE Initiative  
Progress Noe Valley  
San Diego County Bicycle Coalition  
San Francisco YIMBY  
Santa Ana Active Streets  
Santa Cruz YIMBY  
Santa Rosa YIMBY  
Seamless Bay Area  
Silicon Valley Bicycle Coalition  
SLO County YIMBY  
South Bay YIMBY  
Southside Forward  
Streets Are For Everyone  
Streets for People  
Telegraph for People  
TransForm  
Urban Environmentalists  
Ventura County YIMBY  
YIMBY Action

### **OPPOSITION**

None known

### **RELATED LEGISLATION**

#### **Pending Legislation:**

SB 611 (Menjivar, 2023) requires certain disclosures in the advertised rates for rental properties and prohibits certain fees from being charged by landlords. SB 611 is currently in the Assembly Judiciary Committee.

AB 12 (Haney, 2023) limits the maximum amount a landlord can demand for a security deposit at one month's rent. AB 12 is currently on the Senate Floor.

**Prior Legislation:** None known.

**PRIOR VOTES:**

Assembly Floor (Ayes 54, Noes 18)  
Assembly Judiciary Committee (Ayes 8, Noes 3)  
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