OPINION + VOICES

Free parking isn't such a good deal

UCLA parking guru: When a city temporarily suspends parking meters it often backfir for the businesses it was meant to help

Donald Shoup | June 19, 2014

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Donald Shoup is a nationally renowned expert on parking and the author of "The High Cost of Free Parking." He is a distinguished professor of urban planning at UCLA's Luskin School of Public Affairs. This article originally appeared in the Spring 2014 issues of Access, the magazine of the University of California Transportation Center. Subscribe for free.

In December 2010, the City Council of Berkeley, California, voted to give what they thought was a generous Christmas gift to the city's merchants: free parking at all parking meters in the city. "There are a couple of messages going out here," said councilmember Laurie Capitelli. "One is that we are



inviting customers to our commercial districts. Two, we're sending a message to our small businesses, saying 'we are hearing your concerns, and we do want to respond to them.'"

The Downtown Berkeley Association cheerfully informed its members, "There will be no pay and no time limits! And, remember that this is a gift to our customers. Please tell your employees to leave this space available for customers." Berkeley's city manager estimated that the city would lose between \$20,000 and \$50,000 in meter and ticket revenue for each day of the meter holiday.

Merchants may thank elected officials for free parking at the time of peak demand, but open spaces will become even harder to find. Drivers congest traffic and pollute the air while searching for curb spaces, and the lucky ones who find a space will occupy it longer than if they were paying to park. Parking holidays are well-intended, but the gift is more like a lump of coal for businesses that depend on parking turnover.

Creating a Commons Problem at Christmas

Free curb parking creates a classic commons problem — no one owns it, and everyone can use it. In his famous essay, "The Tragedy of the Commons," Garrett Hardin used free curb parking at Christmas to illustrate the problem:

During the Christmas shopping season the parking meters downtown were covered with plastic bags that bore tags reading: "Do not open until after Christmas. Free parking courtesy of the mayor and city council." In other words, facing the prospect of an increased demand for already scarce space, the city fathers reinstituted the system of the commons.

Hardin also used parking meters as an example of social arrangements that encourage responsible behavior:

To keep downtown shoppers temperate in their use of parking space we introduce parking meters for short periods, and traffic fines for longer ones. We need not actually forbid a citizen to park as long as he wants to; we need merely make it increasingly expensive for him to do so. Not prohibition, but carefully biased options are what we offer him.

Despite the need to manage parking demand during the peak shopping season, many cities continue to wrap their parking meters in December, giving motorists a commons problem for Christmas. Consider the program in Bellingham, Washington:

This year, for the two weeks before Christmas the city will offer all-day free parking. ... To help shoppers park close to businesses and keep spaces available, the city is asking that people still observe the time limits at meters. Shoppers planning to be downtown for more than a couple of hours are encouraged to park on the ground floor of the Parkade.

Free curb parking will not "keep spaces available," and few motorists will comply with the request to "still observe the time limits at meters." Meter holidays invite commuters to park free all day in metered spaces, leaving less parking for customers.

Although well-meant, meter holidays create a shortage of curb parking at the busiest time of year, making it more difficult for shoppers to find a curb space and exacerbating traffic congestion. Consider this report of what happened when Durango, Colorado, bagged its parking meters at Christmas time:

As sleigh bells ring and the countdown to Christmas comes to a close, the city has been promoting free downtown parking for holiday shoppers. ... But there is just one small problem: There's nowhere left to park. ... Cuenca said he has noticed some motorists driving dangerously, pulling aggressive maneuvers to secure their spot before spreading commerce and holiday cheer. "It's created a frantic frenzy just to find a spot."

Harnessing the Seasonal Urge to Help Mankind

Rather than provide free parking, cities could instead post signs during the Christmas season saying, "The city will donate all parking meter revenue in December to pay for food and shelter for the city's homeless population." Shoppers might like this more than a parking holiday that makes it harder to find a curb space. They might also feel better about paying to park downtown if they know their money is going to help the homeless. Parking charity rather than meter holidays will help those in greatest need, prevent parking shortages, and aid businesses that depend on curb parking. Wanting free parking for Christmas will begin to look quite greedy.

Parking charity can extend beyond the Christmas season. Many stores and malls reserve the most convenient parking spaces for disabled access, but able-bodied drivers sometimes park in them. To deal with this problem, and to provide spaces for all drivers who want quick access, a store can install parking meters in a few spaces adjacent to the disabled spaces, while keeping all other spaces in the lot free. To justify this policy, the store can place a sign on every

The prices for the charity meters can be set at a level that will keep one or two spaces open, allowing able-bodied drivers to park in convenient spots without

meter saying that all the revenue will be donated to charity. harming disabled shoppers. Able-bodied drivers who do park in disabled spaces will look even more contemptible if they can instead donate to charity at a nearby meter.



Some drivers may be happy to pay for convenient parking when they really want it. Suppose the charity meters charge \$1 an hour. A driver who is in a hurry to make a quick purchase and who parks for only 15 minutes might not mind donating 25 cents to charity to park near the front door, while a driver who parks for four hours can park farther away and save \$4. A higher turnover of cars in the charity spaces will also benefit the store because customers who park in them will probably spend more per minute while they are in the store. And customers who walk past the charity meters might applaud the store's altruistic parking policy.

If cities donate their meter money to charity during the Christmas season, and if stores place a few charity meters in their most convenient spots, drivers will begin to see that charging for parking can do some good for the world. Only a Grinch would demand free parking for Christmas.



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Parking fee changes boost Santa Fe revenue

Feb 15, 2018 | Industry News |

SANTA FE – Adjustments to the parking rates in Santa Fe were overdue and necessary, resulting in a projected \$900,000 annual increase in parking revenue, according to a memo from the director of the city's parking division.

The memo from Noel Correia dated Monday concludes the city achieved what it set out to do when street parking meter rates were increased and off-street parking rates were lowered in 2016. It was included in the packet for Monday night's Public Works Committee, but the informational item was postponed by the committee in the interest of time because three of its members – Peter Ives, Joseph Maestas and Ron Trujillo – were scheduled to attended a mayoral candidate forum later that night.

Many residents and downtown business owners complained when rates at parking meters went up from \$1 to \$2 for the first hour of parking, saying the higher rates would discourage potential customers from coming downtown to shop.

"Although not too popular, a parking meter rate adjustment was not only way overdue but an absolute necessity to correct the parking imbalance which was caused by the long-standing and inappropriate parking rate structure," Correia wrote.

But the adjustment has been successful in creating 15 percent parking space availability for metered parking, an industry standard followed by most cities, according to Correia. That means there's enough turnover in parking spots for people to more easily find an open parking spot. The result of that is more than 200,000 vehicles using on-street parking spots and for shorter periods of time when compared to before the increase went into effect.

According to the parking division's analysis, the average time a vehicle is parked at a meter dropped by more than an hour – from 2 hours, 42 minutes to 1 hour, 37 minutes.

Basing parking revenues on midyear figures, Correia wrote the city is on pace to generate about \$2.33 million from metered parking this fiscal year, compared with \$1.41 million before the

increase.

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Use of the city's parking garages has increased as a result of the rate adjustment because people have more incentive to use off-street parking, the report says.

The first hour of parking in a garage was reduced from \$2 to \$1. In addition, a new monthly rate of \$35 that's available only to people making \$15 per hour or less, or \$31,200 per year, has had "phenomenal" success. So much so that the number of spots allocated for monthly parking spots at the Sandoval Street garage and the Water Street lot are maxed out.

Correia is scheduled to present the report to the Public Works Committee at its next meeting on Feb. 26.

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Vox

Why free parking is bad for everyone

By Joseph Stromberg | Jun 27, 2014, 11:40am EDT



Vladimer Shioshvili

America is built around cars. And most of us expect that we'll be able to park our cars for free, pretty much anywhere we go.

But economist Donald Shoup of UCLA has made a name for himself by advocating an alternative scheme: charging for street parking anywhere there are more people with cars than spaces to park.

Shoup's 2005 book, *The High Cost of Free Parking*, articulated why exactly he thinks free parking is such a bad idea. His ideas have started to influence policy: several cities, **including San Francisco**, have recently begun experimenting with the variable, market-set pricing scheme he thinks makes the most sense. And recent studies have confirmed that it cuts down on cruising time and traffic congestion.

Shoup recently spoke with me to explain his argument in detail.

Parking isn't a public good — and isn't used by everyone



Photo by David McNew/Getty Images

Over the past century, we've come to regard parking as a basic public good that should be freely shared — partly because of the sheer historical accident that parking meters **didn't come along until the 1930s**, a few decades after the car.

"By then, the custom of free parking was well-established," Shoup says. "It's hard to start charging people for something that the government owns and had been free." Consequently, parking is still free, he calculates, **for 99 percent** of all car trips made in the country.

But a parking spot, **unlike things we normally consider to be public goods**, is finite. It can only be used by a one car at a time. So if we let the market set the price, in cities, it'd certainly go above zero — and there's not really any compelling reason why it alone should be kept free. "We pay for everything else about our cars — the car itself, the gas, the tires, the insurance," Shoup says. "Why is it that parking should be different?"

WHEN WE FIND AN OPEN SPOT ON THE STREET, IT SEEMS FREE — BUT IS THE RESULT OF GOVERNMENT SPENDING

One counterexample you might point to are roads, which are ostensibly free public goods. But there are mechanisms in place, such as **the gas tax**, that try to ensure roads are largely paid for by automobile users, in proportion to their use of it. **The gas tax system may be broken**, but it still reflects the idea that car drivers should pay for the roads.

When we find an open spot on the street, and there's no meter, it *seems* free — but it too is the result of government spending. The cost of the land, pavement, street cleaning, and other services related to free parking spots come directly out of tax dollars (usually **municipal or state funding sources**). Each onstreet parking space **is estimated** to cost around \$1,750 to build and \$400 to maintain annually.

"That parking doesn't just come out of thin air," Shoup says. "So this means people who don't own cars pay for other peoples' parking. Every time you walk somewhere, or ride a bike, or take a bus, you're getting shafted."

All our free street parking also leads to secondary problem: most city governments (with the exception of New York, San Francisco, and a few other dense cities) require all new buildings to include specified large numbers of added parking spaces — partly because otherwise, **the free street parking would be swamped** by new residents. "In most of the country, you can't build a new apartment building without two parking spaces per unit," Shoup says.

This too costs money. In Washington DC, the underground spots many developers build to comply with these minimum requirements **cost between \$30,000 and \$50,000 each**. Whether they're constructed along with apartment buildings or shopping complexes, this cost ultimately gets passed along to consumers, in the form of rent or the price of goods.

"Wherever you go — a grocery store, say — a little bit of the money you pay for products is siphoned away to pay for parking," Shoup says. "My idea is simple: if somebody doesn't have a car, they shouldn't have to pay for parking."

If just the way we paid for free parking were unfair, it might not be all that big of a deal. But there are a few totally unrelated and negative consequences of keeping parking free.

Free parking forces people to cruise for spots, subsidizes driving, and is bad way to allocate land



JaseMan

In many urban areas with high parking demand, when we subsidize its cost and freeze its apparent price at zero, there are many more people who want it than spots available. Without meters to stimulate turnover, people tend to take spots and hold on to them all day. As a result, we waste our time cruising, looking for scarce open space.

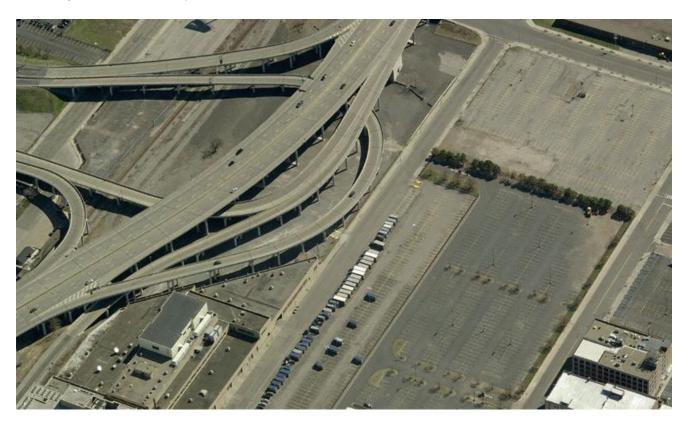
WHEN YOU HAVE PEOPLE DRIVING AROUND LOOKING FOR PARKING, IT ADDS TO TRAFFIC CONGESTION AND CARBON EMISSIONS

"When you have people driving around looking for parking, this adds to traffic congestion and carbon emissions," Shoup says. This effect isn't trivial: **Shoup has estimated** that in a 15-block area in Los Angeles' Westwood Village alone, cars travel about 950,000 miles annually just cruising for parking, burning 47,000 gallons of gasoline and emitting 730 tons of carbon dioxide.

There's also evidence that the free parking subsidy **increases the demand** for parking and the total number of miles driven — not just those driven while people cruise. A **recent study** found that people who

live in residences in Brooklyn, Queens, and the Bronx that have minimum parking requirements are significantly more likely to drive to work in Manhattan (compared to others who live and work in the same areas). **Another study** found that among dense American cities, public transit use is significantly higher where parking is more expensive.

In total, Shoup has estimated the annual free parking subsidy to cars to be **as much as \$127 billion** nationally. For daily commuters that park free, this subsidy **can be worth more** than the cost of driving, on a per-mile basis. And by driving down the price of parking this heavily, we're giving everyone lots of incentive to rely on cars as often as possible, packing them in to crowded city areas and making it harder for everyone to drive and park.



Downtown Buffalo, New York, a city that's recently eliminated minimum parking requirements due to excess parking. CityLab

Finally, by mandating that developers build many spots of free parking to accompany all new developments — instead of letting demand determine how much parking is necessary — parking minimum requirements often end up wasting space on unnecessary empty lots and garages.

This hurts cities as a whole: in using space for parking instead of tax-paying business, a **recent study found**, the city of Hartford gives up about \$1,200 in tax revenue per parking spot annually, for a total loss of \$50 million. In some cities, **huge percentages of increasingly empty downtowns** have been given over to surface lots in order to comply with these requirements.

Free parking stimulates car-based development that hurts the poor



RJ Sangosti/The Denver Post via Getty Images

The main argument for free parking is that charging for it is **effectively a regressive tax**, because it disproportionately affects people with lower incomes. Spending on parking represents a larger percentage of their budget — and because having to pay for parking **might price some lower income people out of their cars**.

But currently, **people who don't own cars are disproportionately lower income**. Every tax dollar they spend that goes towards parking infrastructure is a more direct and regressive tax than what would be levied on car-owning people if they always had to pay for parking.

'THE WORST THING THAT MANY AMERICAN CITIES HAVE DONE, FOR LOW-INCOME PEOPLE, IS TO CREATE A WORLD IN WHICH YOU NEED A CAR'

Additionally, having an abundance of free parking — and requiring it to be built along with all new developments — spurs the design of cities that depend wholly on cars, making it more difficult for people who can't afford cars to get around.

"The worst thing that many American cities have done, for low-income people, is create a world in which you *need* a car," Shoup says. "Parking pushes everything farther apart, and even if you're too poor to own a car, you have to pay for all the free parking you don't use."

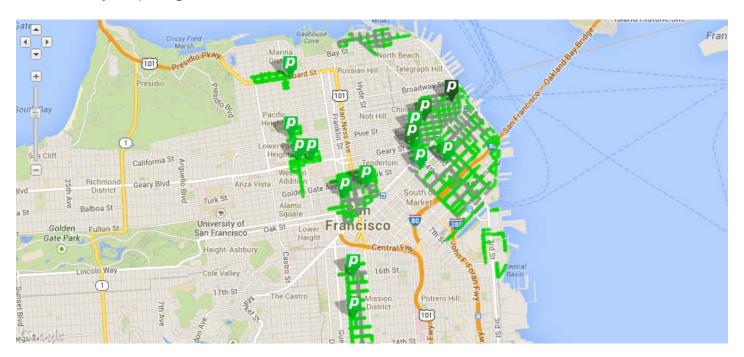
Shoup contrasts Los Angeles' Walt Disney Concert Hall, which was required to be built with **fifty times more parking spots** than San Francisco's Louise Davies Hall. "Those kinds of decisions, made enough times, make the two cities look very different," he says.

Obviously, some people might prefer the car-friendly landscape of Los Angeles to the dense downtown of San Francisco, and there'd be nothing wrong with that. But currently, municipal parking requirements aren't even letting people make the choice: they're forcing it upon them, by requiring developers to surround every new building with seas of parking, whether at the surface level or underground.

So what's a better option for parking?

To cities where he serves as a parking consultant, Shoup's recommendation is simple. "Charge the right price for on-street parking," he says. "I see this as the lowest price you can charge and still have one or two open spaces per block." This means the market sets the price — and people are paying as little as possible for parking without creating the cruising problem.

Modern technology makes this easier than you might imagine. Three years ago, the city of San Francisco installed sensors in the pavement of 256 blocks' parking spaces, in order to calculate the spots' occupancy rates and vary the pricing based on it.



A real time map of parking costs in specific blocks is available online. SFPark

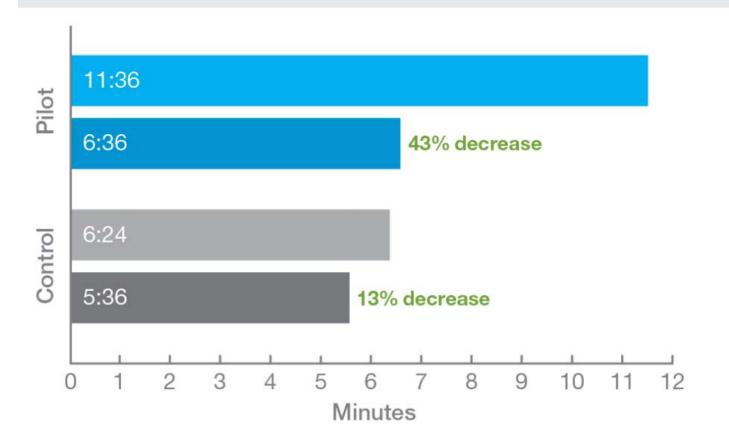
Every six months, **they've adjusted the price** of spots on each block, using wifi-connected meters. If more than 80 percent of the spots on a block are occupied in a given time slot, per hour parking prices go up 25 cents, and if less than 60 percent are, it goes down by 25 cents.

A **study published in March** (with which Shoup wasn't involved) found that the new scheme cut cruising in half, compared to a 55-block control area with fixed meter prices. A **city study found** that the total amount of driving in these areas fell by 30 percent — as people spent less time circling for spots — and that parking

citations and double parking also fell. The effect is also visible when you compare the parking availability on these blocks before and after 6 pm, when the variable meters are turned off — and **cruising goes up dramatically**.

Parking search time (minutes)

Reported search times, before vs. after Pilot vs. control areas | Weekdays 9am to 6pm



SFPark

"It's made parking easier," says Shoup. "Wherever you go, you see one or two open spaces on the block where you're headed. It made it quicker, in the sense that you didn't have to drive around looking for parking. And this reduced traffic congestion and carbon emissions."

'PEOPLE CAN SEE THE METER MONEY AT WORK LOCALLY, AND KNOW IT'S DOING GOOD FOR THEM'

He also suggests doing away with both minimum and **maximum numbers** of off street parking for new buildings. "I'm pro-choice," he says. "Let the developers build however many parking spots they want." This

will let demand determine the area of a city given over to lots and garages. For drivers, it'll also make paying for street parking more palatable, as they won't already be paying for parking in their rent and in the price of goods.

Finally, he recommends that cities not just put new parking revenues into their general funds. "We should use the revenue in a very visible, flamboyant way — so people can see the meter money at work locally, and know that it's doing good for them," he says.

In Ventura, for example, **parking revenue has been used** to pay for public wifi and new street lighting. Pasadena has used it for **all sorts of infrastructure improvements** that Shoup credits with revitalizing its downtown shopping area. "In Pasadena, this has led people on a lot of streets to come out and say, 'we want meters,'" Shoup says.

Further reading:

- "Free Parking Comes At a Price": Tyler Cowen's New York Times column on this idea
- Shoup's 1997 article, "The High Cost of Free Parking," which inspired his book
- A trailer for the documentary "Parking Craters"
- Aerial photos of Buffalo then and now pre (1902) and post (2011) takeover by parking lots

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Why Oakland's Free Holiday Parking Is Hurting Businesses

The city says it is helping merchants by offering free parking — but experts, including Oakland's own transportation policy director, say the plan will likely have the opposite effect.

By Sam Levin @SamTLevin



BERT JOHNSON

Experts said Oakland's free holiday parking will only make it harder for shoppers to find spots.



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In a stated effort to support independent merchants this holiday season, the City of Oakland is offering free street parking every Saturday through the end of the year. In a recent press release announcing the free meters, which began on Friday and Saturday of Thanksgiving week, the city wrote: "The free parking encourages shoppers to get out and explore the plethora of local shopping options."

But while free parking may initially sound like a pro-business move, transportation policy experts and cities across the country have repeatedly demonstrated that, in reality, free meters end up hurting businesses. That's because, when there's free parking on high-demand retail corridors, motorists and employees of area businesses hog spaces for hours at a time, resulting in low turnover and no available spaces for short-term shoppers. As a result, customers are forced to drive in circles looking for a spot, and when they can't find one, they often decide not to stop at all — and instead spend their money in a different neighborhood or suburban mall where it's easier to find parking.

Experts say the best parking strategy to boost business and encourage shopping in a busy urban center is to set meter prices based on supply and demand. In this model, known as "demand-responsive parking," cities increase fees for popular streets with high demand for parking, thereby creating steady turnover and ensuring that there are

consistently one or two spots open per block. That means people who want highly coveted spots in front of restaurants and shops have to pay a bit extra — and with the right prices and time limits, they won't occupy these spaces for too long. On less-crowded peripheral streets or in city garages that tend to have high vacancy rates, cities should set lower fees to incentivize drivers to take advantage of the underutilized parking supply. If the prices match demand and if clear signage directs people to cheaper spots, motorists won't have to drive in circles anymore, which means businesses can get more customers and cities can significantly reduce greenhouse gas emissions.

Oakland officials are well aware of the benefits of this kind of progressive approach, which has proven successful in Berkeley, San Francisco, New York City, and elsewhere. As I reported in October (see "Oakland's Sweeping Plan for Parking," 10/28), Mayor Libby Schaaf is hoping to bring demand-responsive parking to business districts throughout the city, with the understanding that higher meter prices on busy streets in downtown, Temescal, Grand Lake, and other commercial districts will encourage turnover and help restaurants and shops better attract patrons.

Why, then, is the city rolling out a holiday parking plan that contradicts its own long-term goals? Matt Nichols, Schaaf's transportation and infrastructure policy director — who is spearheading Oakland's long-term parking plan and is an expert in demand-responsive pricing — did not have much of an explanation. "It could have the wrong effect," he admitted during a phone interview after the city sent out a news release claiming that the free parking would help businesses. "You could have employees parking … for free and actually making things worse for customers. That could be counterproductive for both parking and economic development."

The move is particularly surprising considering that in 2014, then-Councilmember Schaaf piloted the city's first-ever demand-responsive parking effort in Montclair Village. Nichols also successfully brought this parking strategy to Berkeley, where he formerly worked as a principal transportation planner. What's more, Nichols also previously studied with UCLA urban planning professor Donald Shoup, the preeminent expert on this pricing model and the author of *The High Cost of Free Parking*, a book outlining the many negative consequences that arise from the conventional — and incorrect — idea that free parking equals better business. In fact, Shoup has specifically criticized free holiday parking, writing in an article last year: "Parking holidays are

well-intended, but the gift is more like a lump of coal for businesses that depend on parking turnover."

Oakland's free parking, available last Friday and on five consecutive Saturdays this season, extends to all metered spots as well as eight city-owned garages and lots in downtown, North Oakland, Grand Lake, and Montclair. The usual time limits, which range from thirty minutes to five hours, remain in place, meaning that people who want to park all day would have to move their cars. Oakland Grown — a program that supports local independent businesses (and which the *Express* cosponsors) — is also promoting the free parking.

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Bert Johnson

Matt Nichols, Oakland transportation policy director, said free parking can hurt businesses.

Nichols noted that Oakland has done this kind of free weekend parking in December for years. He said that because the city is in the early stages of researching and expanding demand-based pricing, officials did not get around to rethinking the holiday parking strategy this season. Next year, he said, Oakland will likely adopt a more thoughtful approach. But experts noted that if Oakland at the very least maintained its yearround, on-street parking fees — typically two dollars per hour with a two-hour time limit — it'd be much better for holiday business this year than free parking across the board.

"People think free parking will encourage a lot of business, but, in fact, it undermines people's access to that location," explained Valerie Knepper, regional parking initiative manager for the Metropolitan Transportation Commission, the Bay Area transit agency. Free parking can result in cities not only losing meter revenue but also potentially losing sales tax revenue.

Although free parking is seen as a nice holiday gesture by a city, there are other creative ways municipalities can give back without eliminating the vital role that meters play in creating turnover and thus spurring economic development. Knepper, for example, noted that if Oakland is willing to forgo meter revenue during the holidays, it could instead donate meter fees to charities. The City of Santa Cruz chose this method as an alternative to free holiday parking after merchants complained that free meters hurt business because they result in no available parking.

Transportation experts note that another downside to free parking is that Oakland is incentivizing people to drive when officials should instead be promoting alternative modes of transportation — particularly in shopping districts that are easily accessible by public transportation, walking, and bicycling. Knepper suggested that if Oakland wanted to seriously invest in supporting holiday commerce, it could sponsor special holiday shuttles, which would help promote shopping and would be more environmentally friendly.

In San Francisco, businesses have generally supported the demand-responsive parking, which the city has expanded to roughly 25 percent of all metered spots over the last several years, according to Andy Thornley, San Francisco Municipal Transportation Agency senior administrative analyst. San Francisco has no holiday parking deals. "The better management of parking had a direct benefit on the businesses," Thornley said, noting that the average time motorists spend searching for parking has decreased by 43 percent since the city instituted demand-based pricing. "Businesses ... are not interested in having customers circle the block for 45 minutes. They're interested in a customer pulling over, getting her wallet out, and spending money in their shop."

Berkeley stopped offering free holiday parking a number of years ago when the city and small businesses realized it mostly made it harder for people to find a spot, recalled John Caner, CEO of the Downtown Berkeley Association. "There wasn't much of an upside to it. ... In general, there was consensus that the cost outweighed the benefits."

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