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Planning October 2018

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Parking Price Therapy

The High Cost of Free Parking diagnosed the malady and prescribed a treatment. Parking and the City examines how it worked.

A driver pays for parking on Fourth Street in Santa Rosa, California. Photo by the *Press Democrat*.

By Donald Shoup, FAICP

> How much proof do we need about the harmfulness of something before we act?
> — *Malcolm Gladwell*

The driver who takes the last open parking space on a street creates a cascade of costs for everyone else. There is no problem finding a curb space if at least one is open on a block. When that last space is filled, however, there is nowhere to park,

and drivers circle the block in their metal cocoons with leather seats as soft as a caramel mousse, trolling for an open space and increasing the traffic flow. Thus, filling the last curb space on a block quickly creates a congestion problem.

When traffic flow increases past a critical point and vehicles are bunched too closely together, suddenly all the cars and buses are mired in stop-and-go traffic. When traffic becomes stop-and-go, cars' fuel consumption, pollution emissions, and greenhouse gas emissions per mile quickly increase. And drivers who are distracted while hunting for parking increase the accident risks for pedestrians, cyclists, and other drivers.

So the car that fills the last open curb space on a block creates a host of damaging consequences.

The maddening shortage of on-street parking also leads to political demands for off-street parking requirements, which have further catastrophic consequences throughout the housing and transportation markets. In other words, free curb parking on a busy street gives a small, temporary benefit to a few lucky drivers but creates big problems for everyone else. Cruising for free curb parking is individually rational but collectively insane.

The lack of an open parking space may seem minor, but it causes disaster. Failing to charge the right prices for curb parking can lead to widening dysfunctions in related markets and produce grave results that few people will trace back to the lack of an open curb space. By the same reasoning, charging the right prices can produce a cascade of benefits that few people will trace back to an open parking space. An open parking space helps everyone, not just drivers.

No one likes paying for parking but no one likes hunting for parking either. Parking fees can pay for public services, but time spent hunting for parking is gone forever. When all the consequences are considered, the world would be a better place if drivers paid market prices for on-street parking and cities didn't require off-street parking.

The benefits will be highest in the densest cities. Great cities never seem to have enough places to park. With demand-based prices for curb parking, however, great cities will always have available parking spots and also more money to pay for public services. A few vacant spaces on a crowded street may look underused or even wasted, but vacant spaces are valuable because they are vacant.

Parking and the City
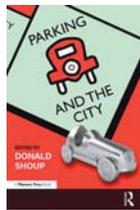
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Debating the doubters

Despite all the damage done by cruising for underpriced curb parking, convincing cities to charge market rates is hard. I know because I have tried for many years and in many cities to make the case for it. Drivers who want free parking tend to shout and dominate public debates.

In 2009 I was invited to make a presentation in Santa Rosa, in the wine country of Northern California. Santa Rosa has a lively downtown with many good restaurants and a parking problem. I was pleased to see the large auditorium in city hall packed with residents waiting to hear a professor talk about parking. I spoke for an hour and explained why I thought Santa Rosa should charge market prices for its scarce curb parking and spend the revenue to improve the metered areas.

The city's parking meters operated from 8 a.m. to 6 p.m., but almost all the curb spaces were empty before 10 a.m. and full after 6 p.m. I suggested that the city should begin to operate the meters at 10 a.m. so more customers might come to

the coffee shops that were open early. I also suggested operating the meters later in the evening to prevent a shortage of curb spaces for the restaurants. If the right-priced meters created a few open spaces in the evening, people would find it easier to drive downtown. Anyone who didn't want to pay for curb parking could park for free in Santa Rosa's municipal garages. Cars will fill most but not all of the available curb spaces, so the parking meters can't be chasing many customers away.

The audience seemed to agree, but the first question came from an angry man in the top row of seats. He wasn't foaming at the mouth, though people nearby seemed to recoil from flying bits of saliva. He shouted that if the city ran the parking meters in the evening, he would never come downtown to a restaurant again. He seemed to think that settled the question.

I responded that if this guy didn't drive downtown, someone who was willing to pay for parking would take his place. Then I asked the crowd who they thought would leave a bigger tip in a restaurant, someone who would come downtown only if he could park free after driving around for 20 minutes hoping to see a car pulling out or someone who was willing to pay for a curb space near the restaurant. I also suggested that if the man didn't want to pay for parking downtown, he might get a better deal in the food court of a suburban mall with ample free parking. The large audience began to laugh, clap, and cheer, no longer a silent majority.

I had dined in Santa Rosa the previous two evenings, and I asked the servers — as I do whenever I visit a restaurant — where they park. Because the parking meters stopped operating at 6 p.m., they said they arrive before 6 p.m., when there are a few metered spaces available, pay for the short time until 6 p.m., and then park free for the rest of the evening. If servers occupy parking spaces that customers could have used, that means fewer customers for the restaurants and fewer tips for the servers.

Waitstaff who park at the curb will probably be solo drivers, but two, three, or four diners may arrive in one car. If a metered curb space turns over twice during the evening, each space can deliver two groups of diners to a restaurant rather than one server. With more customers, the restaurants can expand, hire more waitstaff , and pay more sales taxes.

It seems counterintuitive that restaurant staff will be better off if the parking meters operate in the evenings, but they and everyone else involved will benefit. Some servers can park in garages or more distant on-street spaces, and restaurant customers will take their place. The on-street parking will be well used, but the parkers will be different; they will be customers, not restaurant staff . Business will improve even if the parking occupancy doesn't look much different.

One argument against operating meters in the evening is that the conventional one- or two-hour time limits are inconvenient for customers who want to spend more time at a restaurant or theater. For this reason, cities should remove the time limits at meters in the evening and allow prices alone to create turnover.

A stronger argument against operating meters in the evening is that servers and other staff who work late hours and earn low wages cannot afford to pay for parking. For this reason, some cities charge for on-street parking and offer free or discounted parking passes in municipal garages for evening and night workers. Because evenings and late nights are usually a time of low parking demand in downtown garages, there are plenty of off-street parking spaces.

When Santa Fe, New Mexico, extended its meter hours into the evening, it also began to offer "social equity" parking passes in municipal garages at half the usual price for drivers who work for downtown businesses and have wages of $15 an hour or less. Portland, Oregon, and Sacramento, California, have similar programs. Shifting workers to off-street spaces can make the most convenient on-street spaces available for customers.

Finally, to shorten any debate about how much to charge for on-street parking, I sometimes ask critics of demand-based prices what principle they would use to set the prices for parking on every block at every time of day. Asserting that demand-based prices are unfair is much easier than coming up with a logical alternative.

It took longer than I expected for Santa Rosa to reform its meter policy. In 2017 Santa Rosa decided to operate the parking meters from 10 a.m. to 8 p.m. and to increase the meter prices in the high-demand areas to $1.50 an hour. As reported in the city's newspaper, the *Press Democrat*:

> The city has been considering progressive parking policies since 2009, when Donald Shupe, an influential academic on the subject, visited Santa Rosa and outlined his views. He is the author of a book called "There Ain't No Such Thing as Free Parking." Shupe argued that a community should shoot for 85 percent occupancy of its parking spaces, and adjust rates to hit that level if possible.

The reporter misspelled my name and garbled the book's title, but he nailed the policy proposal: *A community should shoot for 85 percent occupancy of its parking spaces, and adjust rates to hit that level if possible.*

Three Parking Reforms

In *The High Cost of Free Parking* (2005), I recommended three parking reforms that can improve cities, the economy, and the environment. The practitioners and researchers who wrote *Parking and the City* chapters say these reforms work.

CHARGE THE RIGHT PRICES FOR ON-STREET PARKING. The right prices are the lowest prices that will leave one or two spaces open on each block. Prices will balance the demand and supply.

SPEND THE PARKING REVENUE to improve public services on the metered streets. If people see their meter money at work, new public services can make demand-based prices politically popular.

REMOVE OFF-STREET PARKING REQUIREMENTS. Developers and businesses can then decide how many parking spaces to provide for their customers.

Price therapy, not parking requirements

If market prices for on-street parking don't work well, a city can easily reverse them, but off-street parking requirements have major, almost irreversible, effects. (See "People Over Parking (/planning/2018/oct/peopleoverparking/)" in this issue.) To use a medical analogy, market prices resemble physical therapy while parking requirements resemble major surgery. Because physical therapy is much cheaper and does much less damage if it turns out to be the wrong choice, many physicians first recommend physical therapy to see if it can resolve a problem before resorting to drugs or surgery. Similarly, planners should try price therapy before they require asphalt and concrete to solve parking problems.

Planners have diagnosed a shortage of free parking as a failure of the market to supply enough parking spaces. Their recommended remedy has been to require ample off-street parking, which has a high cost in money and disfigured cities. Because the demand for free parking is so much higher than the demand for market-priced parking, cities must require many more off-street spaces than the market would provide. The oversupply of required off-street parking then leads to more cars and driving, which increases traffic congestion and creates the demand for wider roads.

The resulting traffic congestion has led many people to blame cars as the source of the problem. If cities price the curb properly and remove off-street parking requirements, cars will produce more private benefits, fewer social costs, and more public revenue.

Will price therapy harm the poor? On balance, no. It will harm drivers who prefer to spend their time circling the block, congesting traffic, wasting energy, polluting the air, slowing public transit, endangering pedestrians and bicyclists, causing accidents, and contributing to climate change rather than pay to park.

Faster and cheaper public transit, cleaner air, and safer walking and biking will help everyone, including those who cannot afford to own cars. Likewise, the public services financed with parking revenue will help everyone.

There are also worldwide equity concerns. Free parking is a subsidy for burning fossil fuels and therefore increases carbon emissions. If cities charge market prices for curb parking and remove off-street parking requirements, they will reduce their carbon emissions. Because charging for curb parking is far easier than charging for carbon emissions, advocates for carbon pricing should also advocate parking pricing. Climate change's potential to harm everyone on earth makes free on-street parking and high off-street parking requirements unfair and unwise not only locally but also globally.

Off-street parking requirements reflect planning for the present, not for the future. Politically useful in the short run but dangerous in the long run, parking requirements create great places for cars but not great cities for people or a great future for the planet.

Repeal and replace

Off-street parking requirements are a fertility drug for cars. In *The High Cost of Free Parking*, which APA Planners Press published in 2005, I argued that parking requirements subsidize cars, increase traffic congestion, pollute the air, encourage sprawl, increase housing costs, degrade urban design, prevent walkability, damage the economy, and penalize people who cannot afford a car. Since then, to my knowledge, no member of the planning profession has argued that parking requirements do not cause these harmful effects. *Parking and the City* reports on the flood of recent research showing that parking requirements do cause these harmful effects. Parking requirements in zoning ordinances are poisoning our cities with too much parking.

If cities want to increase the supply of affordable housing and reduce the demand for cars, they should not require housing to provide parking. Off-street parking requirements reduce the supply of housing and increase the demand for cars. Nevertheless, despite all the harm they cause, off-street parking requirements are almost an established religion in city planning. One should not criticize anyone else's religion, but when it comes to parking requirements, I'm a protestant and I believe city planning needs a reformation. How much proof do city planners need about the harmfulness of parking requirements before they will act?

Repealing off-street parking requirements and replacing them with market-priced on-street parking may at first glance seem a tremendous social task, almost like the Reformation or Prohibition, too big an upheaval for society to accept peacefully. Nevertheless, the repeal-and-replace strategy should attract voters across a wide political spectrum.

Conservatives will see that it reduces government regulations and relies on market choices. Liberals will see that it increases spending on public services. Environmentalists will see that it reduces energy consumption, air pollution, and carbon emissions. New urbanists will see that it enables people to live at higher density without being overrun by cars. Developers will see that it reduces building costs. Drivers of all political stripes will see that it guarantees convenient if not free curb parking. Elected officials will see that it reduces traffic congestion, allows infill development, and provides public services without raising taxes. Finally, planners can devote less time to parking and more time to cities.

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RESOURCES

A Fix for New York's Parking Problems: Donald Shoup offers a solution in a *New York Times* op-ed. https://nyti.ms/2MDiB6l (https://nyti.ms/2MDiB6l)

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