



Charging for On-street and Public Parking

Charging for parking is one of the simplest ways to manage parking demand, but it is not necessarily easy to implement. Although parking is never really free - the costs are just subsumed into the price of goods and services - drivers pay no charge for parking for 99% of their trips [1, p. 8]. Moving towards a "user pays" system of parking nearly always generates at least some resistance, but that does not necessarily mean that the costs outweigh the benefits or that the opponents will outnumber the supporters. Figuring out whether, where, when, and how much to charge for parking is a question of local politics as much as any other consideration, but the recommendations below can provide some input into the decision-making process.

The question of whether to implement or increase charges for on-street parking usually arises when demand exceeds supply (charging for parking when there isn't high demand is generally a bad idea - pricing should be used to manage the parking supply efficiently, not simply to raise revenue). There are many ways to address a mismatch between supply and demand, including charging for parking in certain areas. It is a good idea to start by assessing where, when, and to what extent parking demand exceeds supply by conducting a parking survey (see [how to do a parking study](http://www.mapc.org/sustainable-transportation-parking-toolkit/how-do-parking-study) (<http://www.mapc.org/sustainable-transportation-parking-toolkit/how-do-parking-study>) for more information).

Armed with a better understanding of the problem, you can use the information below to decide: [whether charging for parking is right for you](http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-strategies-topic/charging-street-and-public-park/), [how to set the rates](http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-strategies-topic/charging-street-and-public-park/), and [what to do with the revenue](http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-strategies-topic/charging-street-and-public-park/), or you can get additional ideas on [how to address a perceived parking shortage downtown](http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-strategies-topic/charging-street-and-public-park/) (<http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-strategies-topic/charging-street-and-public-park/>) (or in another busy commercial or mixed use area), from the page describing how to deal with [Not Enough Parking](http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-issues-and-questions/not-enough-parking-downtown/) (<http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-issues-and-questions/not-enough-parking-downtown/>).

Won't Charging for Parking Deter Shoppers and Hurt Business?

Many communities fear that implementing a charge for parking on the street and/or in public lots in downtown or other commercial districts will drive away customers, who will choose to shop at a mall or strip-mall outside the downtown instead. This is certainly a valid concern, but it is not a foregone conclusion. To understand whether charging for parking at the curb and/or in off-street municipal lots will help or hurt your community, there are a number of things to consider.

- If free on-street parking means there are never any spaces available, charging for parking can improve business. The inability to find a parking space can be at least as much of a deterrent as the need to pay for one, so if charging a nominal fee for parking means that there are usually a few spaces available rather than there rarely being any spaces available, this may make the area more attractive to customers.
- In order for charging for parking to be effective, it must free up some parking spaces, which means it must impact travel behavior and reduce demand for parking. The question is whether discouraging people from parking discourages them from visiting the area, or simply encourages them to get there another way. Some possible impacts of charging for parking are given below. Whether potential shoppers who might be deterred by the price of parking are driven away or whether they simply find other ways to get there will depend in part on the availability and appeal of alternate ways to get to the area.
 - Some visitors may choose to shorten their stay, increasing turnover and parking availability, though potentially reducing casual shopping.
 - If there are free parking areas that are less convenient, some people may choose to park a bit farther away rather than pay for parking (see ["shuttle service and offsite parking"](http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-strategies-topic/parking-and-transportation-deman/) (<http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-strategies-topic/parking-and-transportation-deman/>) on this page for more information). If there are nearby neighborhoods where on-street parking is unregulated, spillover parking may become more of an issue (for information on potential solutions to this issue, see [addressing spillover](http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-issues-and-questions/parking-spillover/) (<http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-issues-and-questions/parking-spillover/>)).
 - People who live near the area may choose to walk or bike downtown rather than drive if the sidewalks and bike facilities are good (see ["bike parking and amenities"](http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-strategies-topic/parking-and-transportation-deman/) on this page for more information (<http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-strategies-topic/parking-and-transportation-deman/>)). Encouraging residential development downtown can provide a customer base that can easily walk to stores.
 - People planning to shop with friends or family may choose to carpool rather than driving separately to meet downtown (see ["priority parking for carpools"](http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-strategies-topic/parking-and-transportation-deman/) on this page for more information (<http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-strategies-topic/parking-and-transportation-deman/>)).
 - If public transportation provides good access to the area, some people may choose to ride public transit rather than drive (see ["providing subsidized transit passes"](http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-strategies-topic/parking-and-transportation-deman/) on this page (<http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-strategies-topic/parking-and-transportation-deman/>) for more information).
 - Some people may choose not to make the trip at all, or to drive somewhere else to do their shopping.

- If revenue from parking meters is re-invested in the district, providing additional maintenance for the roads and sidewalks, street sweeping, streetlights, etc, the area may attract more people and increase business (see "how to use the revenue" on this page (<http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-strategies-topic/charging-street-and-public-parki>)). People will also be more likely to support a proposal to install or increase the rates on meters if some of the increase in revenue will be used to benefit the district.
- Charging for parking in public lots or garages while on-street parking is free can mean that people circle the streets searching for on-street parking rather than paying to park. If off-street parking is priced, generally speaking on-street parking should be priced too.
- Part of people's resistance to the installation of parking meters is due to the method of payment, rather than the need to pay. While standard parking meters are cheapest and easiest to install, many people find them frustrating because they have to have the right coins and can't get money back if they overestimate how long they'll be staying. New parking payment technologies can make payment easier, however, which may reduce resistance and increase collection. (See [advanced parking payment technologies](http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-strategies-topic/advanced-parking-payment-technol) (<http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-strategies-topic/advanced-parking-payment-technol>) for more information.)
- A large part of whether charging for parking will negatively impact businesses depends on how attractive the district is relative to other options. If there is a popular mall a short drive away providing many of the same goods and services with free parking, that can increase the likelihood that people will go elsewhere. On the other hand, if the downtown provides enough amenities and attractions - such as restaurants, bars, and appealing outdoor spaces - that cannot be replaced by a mall or isolated shopping center, the downtown is more likely to succeed.

An effective outreach campaign explaining the reasons for and benefits of implementing paid parking and the right rate structure and payment options can help neutralize resistance.

Setting the Rates

There are several issues to consider in setting the rates for on-street or municipal off-street parking:

- Costs that should be covered by the total revenue generated
- Rates in comparable locations
- Rates for other nearby parking options, e.g. privately operated garages
- Rate structure, e.g. hourly rates that increase for longer stays
- Hours when rates will be in effect

Costs and Total Revenue

Massachusetts General Law stipulates that the fees charged at on-street parking meters "shall be established and charged at such rates that the revenue there from shall not exceed in the aggregate the necessary expenses incurred by such city or town for the acquisition, installation, maintenance and operation of parking meters and the regulation of parking and other traffic activities incident thereto." ([M.G.L. Ch.40, §22A](http://www.mass.gov/legis/laws/mgl/40-22a.htm) (<http://www.mass.gov/legis/laws/mgl/40-22a.htm>)) This may or may not become a limiting factor for a community in setting parking rates, but it is advisable that communities track all expenses related to parking, including enforcement, maintenance, cleaning, necessary safety improvements, etc. Parking rates should be set to recover as much as possible of this total cost.

Rates in Comparable Locations

Parking rates that are wildly out-of-sync with the rates charged in similar locations in nearby communities can increase the risk that the cost of parking will encourage people to take their business elsewhere. This does not mean that rates must exactly match those of the surrounding communities, especially if those places have less demand for parking, but it is advisable to factor in the rate structures that drivers encounter in other similar places.

Rates for Other Parking Options

Many people prefer to park in on-street parking rather than an off-street lot or garage because of the convenience. If off-street parking is limited or is primarily available as pay lots or garages while on-street parking is free, drivers will tend to circle blocks repeatedly looking for an open space on the street rather than paying to park. This congests streets with unnecessary traffic and pollutes the air with unnecessary emissions. It also means that expensive garages in which the municipality may have invested a significant amount of money may be underutilized and generate less revenue than expected. In this type of situation, implementing charges for on-street parking is critical to free up on-street spaces, encourage drivers to use pay lots or garages, and reduce "cruising" for parking. If off-street parking is priced, on-street parking should be priced as well, and should ideally be priced higher than structured parking. If off-street parking is mostly free surface lots and there is rarely a shortage of spaces available, low prices may be effective in encouraging people to use off-street options where available if convenience is not a top priority.

Rate Structure

Charges for prime on-street parking spaces can be combined with programs offering the first hour free or parking validation through local businesses in off-street pay lots or garages in the area (if these have capacity available). To encourage turnover and discourage long-term parking, rates can be set to rise for longer stays, e.g. \$1 per hour for the first hour, \$2 per hour for the second hour, \$3 per hour for each additional hour. This is also a way to encourage shorter stays without time limits - people can stay as long as they want but it will get progressively more expensive. This allows them to pay a few dollars extra if they stay longer than expected rather than risking a parking ticket. This rate structure is only effective with [advanced payment technology](http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-strategies-topic/advanced-parking-payment-technol) (<http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-strategies-topic/advanced-parking-payment-technol>) that can charge a total when the driver leaves rather than requiring pre-payment. Whatever the fare structure, it should be clearly explained on the meter or a sign easily visible from the parking space.

For long term parking, several sources discouraged offering discounted monthly passes or rates, and suggested offering books of daily passes instead so that people would save money for every day they didn't drive, rather than feeling like they should "get their money's worth" out of a monthly pass.

Hours of Operation

The hours when drivers must pay for parking should correspond to the hours when demand for parking exceeds the supply of spaces (see how to do a parking study for information on assessing demand). It is common for parking in metered areas to be free on evenings and weekends, but in districts with significant shopping and/or restaurant traffic, these may be the busiest times. The times that meters are in operation can vary from district to district or street to street based on the hours of demand and types of uses present, but if this is the case, extra effort should be made to provide information to drivers of the options available and the different hours and rates, such as through a map or website.

How to Use the Revenue

In Massachusetts, the use of parking meter revenue is governed by M.G.L. Chapter 40 §22A-C (<http://www.mass.gov/legis/laws/mgl/gl-40-toc.htm>). These sections generally provide that the revenue may be used for expenses related to the meters themselves, acquisition and maintenance of off-street parking areas, and for parking and traffic control. Revenue from the meter receipts must be kept in a separate account and accessed through appropriation.

One of the national best practices being discussed and promoted around the country is called a "Parking Benefit District" (<http://www.mapc.org/sustainable-transportation-parking-toolkit/parking-strategies-topic/parking-benefit-districts>). This is a program through which the city or town returns all or a portion of the parking revenue from meters or non-resident passes generated in a neighborhood or district to an entity representing the district, such as a Business Improvement District, for extra maintenance, security, beautification projects, etc. [1] (For more on Business Improvement Districts in Massachusetts, see the Massachusetts Department of Housing and Community Development's website on the topic: <http://www.mass.gov/dhcd/components/cs/1PrqApps/BID/default.HTM> (<http://www.mass.gov/dhcd/components/cs/1PrqApps/BID/default.HTM>).

Current state law does not allow for parking benefit district programs per se, but a municipality may be able to make an agreement with a neighborhood or district that some of the revenue collected from parking meters in that area would be spent (by the municipality through the appropriations process) on parking- and traffic-related maintenance, improvements, or activities in the area as specified under M.G.L. Chapter 40 §22A-C (<http://www.mass.gov/legis/laws/mgl/gl-40-toc.htm>). This would primarily be useful if the district is resistant to implementing paid parking and the municipality is willing to reinvest a portion of the revenue generated into the district.

Sources:

1. Donald Shoup, *The High Cost of Free Parking* (2005), Planners Press, American Planning Association. Available for purchase from <http://www.planning.org/APAStore/Search/Default.aspx?p=1814> (<http://www.planning.org/APAStore/Search/Default.aspx?p=1814>).

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