

Parking Benefit Districts

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Draft, March 31, 2023

New York has a parking problem. As Manhattan Borough President Mark Levine described, “Anyone who’s ever looked for a parking spot in Manhattan knows all too well, it is a brutal and time-consuming process.”

To address this brutality problem, New York State is considering legislation that would allow cities to establish parking permit districts that charge residents up to \$30 a month (\$1 a day) for curbside parking permits, with the revenue dedicated to funding public transit.

Traditional permit districts with low prices do not work well in neighborhoods with many more residents than curbside parking spaces. For example, New York’s Upper West Side, famous for its parking problems, has eighteen residents per unmetered curbside space. Who would get the scarce permits, and how much should the city charge for them?

Some cities have addressed this who-and-how-much question by offering a new kind of parking district called a parking benefit district. In parking benefit districts, cities charge market prices for curbside parking and spend the revenue to pay for public services on the metered blocks. For example, Boulder, Colorado, uses meter revenue to buy transit passes for all downtown workers and residents, so drivers who park on the street subsidize commuters who ride the bus.

Where parking benefit districts pay for public services that residents want and will get only if the city charges for curbside parking, market prices begin to make political sense. Markets, not politics, set the price of curbside parking. The pricing goal is to set the lowest prices that will leave one or two curbside parking spaces open at every time on every block.

Market-priced curbside parking provides much more than open parking spaces and better public services. On a busy street with crowded curbside parking, a few lucky drivers find an open spot after searching long enough. This cruising for scarce curbside parking congests traffic, pollutes the air, increases carbon emissions, and endangers cyclists and pedestrians. New Yorkers have even lost their lives in fights over free curbside parking.

A six-month study in a fifteen-block area of the Upper West Side found that cruising for free curbside parking created 366,000 excess vehicle miles traveled per year. Cruising cars emitted 22 tons of carbon dioxide per block per year. All this cruising helps explain why average vehicle speeds in Manhattan had declined to 7.1 miles per hour before Covid.

Charging enough for curbside parking to create one or two open spaces on every block will end cruising and all the harm it does, ranging from wasting drivers’ time to accelerating climate change. As if in a Hollywood movie about the good life in Manhattan, drivers will always see an open curbside space waiting for them at their destinations.

Parking benefit districts work best in densely populated neighborhoods where (1) curbside parking is overcrowded, (2) public services are undersupplied (3) most residents do not own a car or park off-street. The Upper West Side fits these three criteria. If it were a parking benefit district, how much revenue would it generate, and what could the money buy?

The market prices for off-street parking on the Upper West Side range from \$35 to \$147 a day, with a median of \$62 a day (\$2.60 an hour). If the Upper West Side's 12,300 now-unmetered curbside parking spaces could also earn \$62 a day, they would earn \$278 million a year.

Suppose the city used this parking revenue to pay the public transit fares for all Upper West Siders. Because the fare is \$2.75 for a one-way transit trip, \$278 million could buy 101 million rides per year, or 910 per household per year for the Upper West Side's 111,000 households.

If the parking revenue is more than enough to pay for the residents' transit rides, the city could spend some of the revenue to clean and maintain the Upper West Side's fifteen subway stations. Drivers who park on the streets would improve life for many more people who travel underground. Parking revenue would subsidize public transit, and fare-free transit would stimulate ridership.

Rather than pay \$62 a day, most long-term curbside parkers will shift to off-street parking, where the prices range from \$550 to \$900 a month, or sell their cars. To ease the transition from free to paid curbside parking, the city can use some of the meter revenue to offer a "cash for clunkers" program to buy old cars from the residents of a new parking benefit district. The city can also charge lower prices for smaller cars because more cars can fit on a block.

As with traditional parking permit districts, New York can establish parking benefit districts on blocks where a majority of residents sign a petition requesting it. On blocks with many more residents than curbside spaces, most people will prefer free public transit. Nonresidents who park at the curbside will become paying guests, not freeloaders.

Will market prices for curbside parking harm low-income car owners? For two reasons, free curbside parking on the Upper West Side is a poor way to help poor people. First, 73 percent of households do not own a car, so free parking doesn't help them. Second, the median income of car-owning households (\$200,000 a year) is almost double that of households without cars (\$105,000 a year). People who are *not* poor get most of the parking subsidy, and most poor people get *no* subsidy. Poor people benefit more from parking-financed, fare-free public transit.

All things considered, market-priced curbside parking is fairer, cheaper, and more efficient than free curbside parking. Crowded curbside parking is a great opportunity disguised as an insoluble problem. Like urban alchemy, parking benefit districts convert crowded curbside parking into better lives for most people.