

The Hidden Costs of Parking: Fact Sheet

To prevent traffic congestion and overcrowded street parking, many cities have established minimum parking standards requiring developments to provide off-street parking. These parking standards are set at the local level, often using a “one-size fits all” approach based on information gathered during peak periods at developments with ample parking and in areas with few public transit options. This approach leads to abundant “free” parking. Unfortunately, costs are simply hidden – they reappear in the form of increased sprawl, pollution, traffic congestion, and higher housing costs.

The Hidden Costs of Parking

- ❑ **Wasted Land and Other Resources.** An oversupply of parking prevents valuable land from being efficiently utilized and artificially lowers the cost of parking. When users are not bearing the direct cost associated with their usage there is no disincentive for waste. Excessive parking space can mean that less money and land is available for other purposes. Housing, childcare facilities, community rooms, and play areas may be sacrificed in order to accommodate the required parking.

Parking requirements at shopping malls are often designed to meet patrons’ needs at the 20th busiest hour of the year, a standard that leaves at least half the spaces vacant at least 40 percent of the time the shopping center is open.¹ This level of parking supply consumes large amounts of land, contributing to sprawl.

- ❑ **Increased Auto Use.** Free parking encourages people to drive rather than use public transportation, and yet nearly all (99 percent) of automobile trips involve free parking. Similarly, 95 percent of all automobile commuters park free at work.² Given the choice of taking public transportation and driving to work where they can park for free, the vast majority of employees will opt to drive.
- ❑ **Increased Costs and Limited Development.** Requiring developers to provide large parking lots significantly adds to the cost of new development. In residential developments, they often reduce the number of dwelling units below what the zoning allows because both the permitted dwelling units and the required parking spaces do not fit on the same site. Typical residential off-street parking requirements around the country range from 1 to 3.25 spaces per housing unit.³

¹ Donald C. Shoup, “An Opportunity to Reduce Minimum Parking Requirements,” American Planning Association, *Journal of the American Planning Association*, Winter 1995, 61:1.

² Ibid.

³ Todd Litman, “Parking Requirement Impacts on Housing Affordability,” Victoria Transport Policy Institute, December 2005.

The requirements are particularly burdensome for affordable housing, adding 20 percent to the cost of building housing in urban locations. Standards ignore the fact that lower-income households do not require as much parking as the typical resident.⁴ One survey found that the wealthiest 20 percent of the population owned one car per person, compared with one car for every three people for the poorest 20 percent of the population.⁵

Parking restrictions also stifle development in older neighborhoods. They limit the use that can be made of older buildings because the building's use must conform to the available parking. This discourages infill development and reuse.

Proposed Solutions

- ❑ **Revise Minimum Parking Standards.** A number of cities have reduced minimum parking standards over the last decade. In fact, some cities have established limits for *maximum* parking. This may result in less overall parking, but if the price of parking is raised to reflect its actual costs, developers who choose to provide parking can recoup their expenses by charging parking fees. If parking prices were reflective of the actual cost of parking, public transit would compare more favorably with driving.

As an alternative, developers could choose between providing the required parking or paying in-lieu fees to be used to build centralized neighborhood parking structures that would be more efficient than individual parking provided by each development.

Minimum parking requirements could also be revised to be more accurate and flexible to better reflect demographic, geographic and management factors. For example, standards can be reduced for housing that serves lower-income people, students, and the elderly and for housing in more accessible locations.

- ❑ **Unbundle the Cost of Parking.** Unbundling the cost of parking in residential projects from the cost of housing could make housing more affordable. It would allow the individual homeowner to purchase only as much parking as they need, creating a net reduction in the cost of housing. Explicit fees for parking would also encourage other forms of transportation. For example, a \$600 annual residential parking fee is likely to reduce vehicle ownership by 8-15%, and a \$1,200 annual fee reduces vehicle ownership 15-30%.⁶
- ❑ **Encourage Alternative Programs for Commuters.** Making the cost of parking more transparent encourages commuters to seek alternative means of transportation. Some employers do this using a policy called "parking cash out," which gives employees the option of either free parking or cash. For

⁴ Ibid.

⁵ Cameron, Michael, *Efficiency and Fairness on the Road*, Oakland, CA: Environmental Defense Fund, 1994.

⁶ Supra, note 3.

example, employees at CALIBRE in Alexandria, VA, can opt to receive \$65 per month instead of free parking.⁷

- **Promote Shared Parking.** Shared parking plans can be formed between adjacent developments or through a parking management district to reduce the number of parking spaces needed for a development. This allows for more efficient use of space and management resources. Central parking districts also encourage people to park once and then walk from destination to destination.

⁷ U.S. EPA, “Parking Cash Out: Implementing Commuter Benefits as one of the Nation’s Best Workplaces for Commuters,” Office of Air and Radiation, March 2005.