CMAP

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PRICED PARKING CAN RAISE REVENUE, HELP ACHIEVE LOCAL GOALS

This analysis is one of a series examining transportation funding in northeastern Illinois and explaining the revenue recommendations included in ON TO 2050. This analysis highlights opportunities for municipalities to expand the use of priced parking. Other parts of the series examine existing revenue sources for the regional transportation system, and explain recommendations including increasing the state motor fuel tax and eventually replacing it with a road usage charge, expanding the sales tax base, using tolling and value capture, and implementing a federal cost of freight service fee.

New transportation trends — including rising fuel efficiency, growing costs, and stagnant vehicle travel — pose challenges to funding the region's transportation system. Federal and state revenues may not provide the support that they once did, and local governments may have to increasingly impose and rely on their own revenues. As a result, without additional revenues, the condition of the system will decline and the region will not be able to invest in enhancing the system.

ON TO 2050 emphasizes the importance of pursuing new and enhanced revenues sources and user fees to modernize and improve upon our existing funding structure. Local governments should capitalize on modern travel trends to generate additional revenue for local transportation infrastructure needs and achieve local planning goals. The following research builds upon ON TO 2050's recommendation to expand priced parking to meet regional and local transportation needs. Priced parking — including variable pricing — can help manage demand for parking and generate revenue for municipalities to make local transportation improvements that support their broader goals.

Parking affects mobility and development patterns

The majority of commutes in the CMAP region since 1980 have been individuals traveling by car, due in part to the convenience of driving and wide availability of free and subsidized parking. Most parking spaces in the region are currently free, which distorts the true cost of driving, including the time wasted due to congestion, harmful vehicle emissions, and the wear and tear of roadway infrastructure. Pricing parking to manage demand mitigates these costs by allowing land to be transitioned to revenue generating uses and potentially decreasing the need for improvements to parking and roadway infrastructure.

Having a variety of viable transportation options, including driving, contributes to the livability of communities. Parking remains an important factor in transportation planning and development outcomes. Yet, how local governments manage parking can encourage or undermine other modes of transportation, including public transit, biking, and walking. Excessive surface parking expands the space between buildings, homes, and other assets. This can make biking and walking unpleasant or unsafe, decreasing the walkability of communities. Further, CMAP's Transit Ridership Growth Study found that pricing parking has a powerful effect on transit. Priced parking increases driving costs, which sometimes encourages travelers to use transit in lieu of driving.

Both too much and too little parking can have negative effects. In CMAP's analysis of several suburban downtown locations, as much as 30 percent of land is dedicated to surface parking, which consequently reduces the amount of land available for tax-generating uses, such as commercial and residential development. On the other hand, parking shortages can discourage mobility and economic activity. Active parking management using pricing helps establish equilibrium between parking demand and parking supply, and allows local governments to benefit from current travel trends, including driving habits.

Pricing can manage demand and support other local goals

Parking supply—including location, amount, and price—influences how residents and businesses move and locate. Local governments should actively manage areas that have a high demand for parking with paid parking. Carefully planned and appropriately priced parking facilities can contribute to better development and transportation outcomes, as well as increase local revenues for transportation. In a region that may have more than 11 million parking spaces and 85 square miles of land dedicated to surface parking, CMAP estimates that expanding paid parking to just 200,000 spaces over the course of the next 32 years could generate approximately $2 billion in revenue by 2050.

ON TO 2050 recommends that municipalities should pursue parking strategies that best support their local priorities and development. Paid parking at even a relatively low rate can generate significant revenue that municipalities can use for local roadway, bicycle, and pedestrian infrastructure. CMAP recommends expanding paid parking to more publicly owned parking spaces, including on- and off-street parking, allowing municipalities to generate funding from those using the transportation system to invest back into local systems.

Pricing on-street parking to manage demand in dense areas has many benefits. In particular, pricing on-street parking encourages parking turnover in high-demand locations. Setting the right price discourages drivers from leaving their cars parked in the same space for hours or even days at a time, and helps to alleviate traffic caused when drivers cruise while waiting for an available parking space. Turnover increases the potential for additional economic activity, supporting local businesses by making more parking available for customers, and also allows local governments to better use existing parking spaces for revenue generation. Local governments should also explore strategies for managing off-street parking, including expanding priced parking for municipally owned lots and garages.

Innovative priced parking strategies are already being explored in some areas of the region. The Village of Hinsdale, for example, struggles with an outdated and inefficient parking system. Residents, employees, and visitors had difficulty finding convenient parking due to limited parking spots, parking restrictions, and congestion. In particular, many of the Village's most convenient downtown parking spots are used by employees of downtown businesses, barring others from accessing these spaces and thus the downtown area. In an effort to discourage downtown employee parking and to support economic activity, the Village increased a prime downtown parking lot's rates from 25 cents per hour to $1 per hour. On the first day of implementation, the previously underutilized employee parking lot was filled to capacity as employees sought to avoid the new parking lot rate. As a result, the convenient downtown parking spots became available for customers. Though a small shift, this policy helps illustrate the benefits of parking management and expanding priced parking for off-street parking.

Variable pricing improves parking efficiency

Priced parking allows local governments to manage existing infrastructure, reduce congestion, and meet policy goals. To better manage demand for parking in congested areas or places where there is limited space for new parking, municipalities can consider charging variable parking rates—by time, location, and vehicle type—for both on- and off-street parking. Parking rates can be increased during peak travel times or differ for certain vehicle types, including delivery trucks. Variable parking rates can also be used to coordinate on-street and off-street parking prices. Charging higher pricing for on-street parking relative to off-street parking—pricing can either be fixed or variable—can help encourage drivers to park in parking garages, lots, or other parking sites. This helps discourage circling for an empty parking spot, which in turn can decrease congestion and pollution.

The City of Chicago implemented a variable pricing strategy through the launch of its Downtown Loading Zone Reform pilot program in 2017, which altered how delivery trucks are charged in loading zone areas. Commercial loading zones in the Central Business District allow commercial vehicles to load and unload at a rate of $3.50 per 15 minutes. These zones are restricted for commercial vehicle parking only, illustrating how variable priced parking can be used to increase parking efficiency and traffic flow. In addition to generating local revenues, these zones also help improve access for commercial deliveries by promoting parking turnover in designated loading zones.

In Oak Park, downtown employees compete with residents, shoppers, and other visitors for on-street parking. Though parking garages are available, local business employees occupied prime on-street parking spaces during peak business hours, identifying on-street parking as a cheaper alternative to the parking garages. To urge employees to vacate prime parking spaces, the Village increased on-street parking fees, and made remote parking in garages cheaper. As a result, the Village is better able to meet parking demand. This has generated positive externalities, including increasing parking turnover and access to businesses and other economic activities, as well as generating local revenues for transportation and infrastructure improvements. Oak Park's priced parking policies are estimated to have generated roughly $6 million in 2018.

Others in the region—including Downers Grove, Evanston, and Wicker Park—are analyzing their parking policies and implementing pricing strategies. Similar policies and programs have also been established in other regions and elsewhere across the country. For example, the San Francisco Municipal Transportation Agency (SFMTA) established SFpark. This initiative uses new technologies to implement a demand-responsive pricing strategy, where meter and garage parking prices are periodically adjusted to match current demand.

Next steps

Northeastern Illinois faces multiple challenges in maintaining a world-class transportation system, and existing revenue sources will be insufficient to meet the region's transportation needs over the next 30 years. ON TO 2050 illustrates the need for new or increased revenue sources, and CMAP recommends any new revenue source meet four principles.

Despite priced parking in some denser areas, the majority of parking spaces in the region are free. ON TO 2050 recommends expanding priced parking to help ensure sufficient funds exist to adequately support the region's transportation system. Expanding priced parking also has other benefits, including managing parking demand, mitigating congestion, and supporting local economic activity. Local governments should consider their local transportation systems holistically and apply priced parking strategies that best support their local needs and priorities. Considerations should also be given to how priced parking might alter travel habits, and improve the travel experience for all residents and visitors, whether they are walking, biking, driving, or taking transit.

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