

Parking Cash Out

REMOVING THE INCENTIVE TO DRIVE

Transport Chicago Conference

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Overview

- **Parking is expensive to build**
- **When drivers don't pay for it directly, they underestimate its value**
- **When companies pay for their employees' parking, it is a tax-exempt fringe benefit**
- **If companies were to give their employees the option of a free parking space OR a cash equivalent, many would choose cash and find other ways to get to work, especially where good transit options exist**

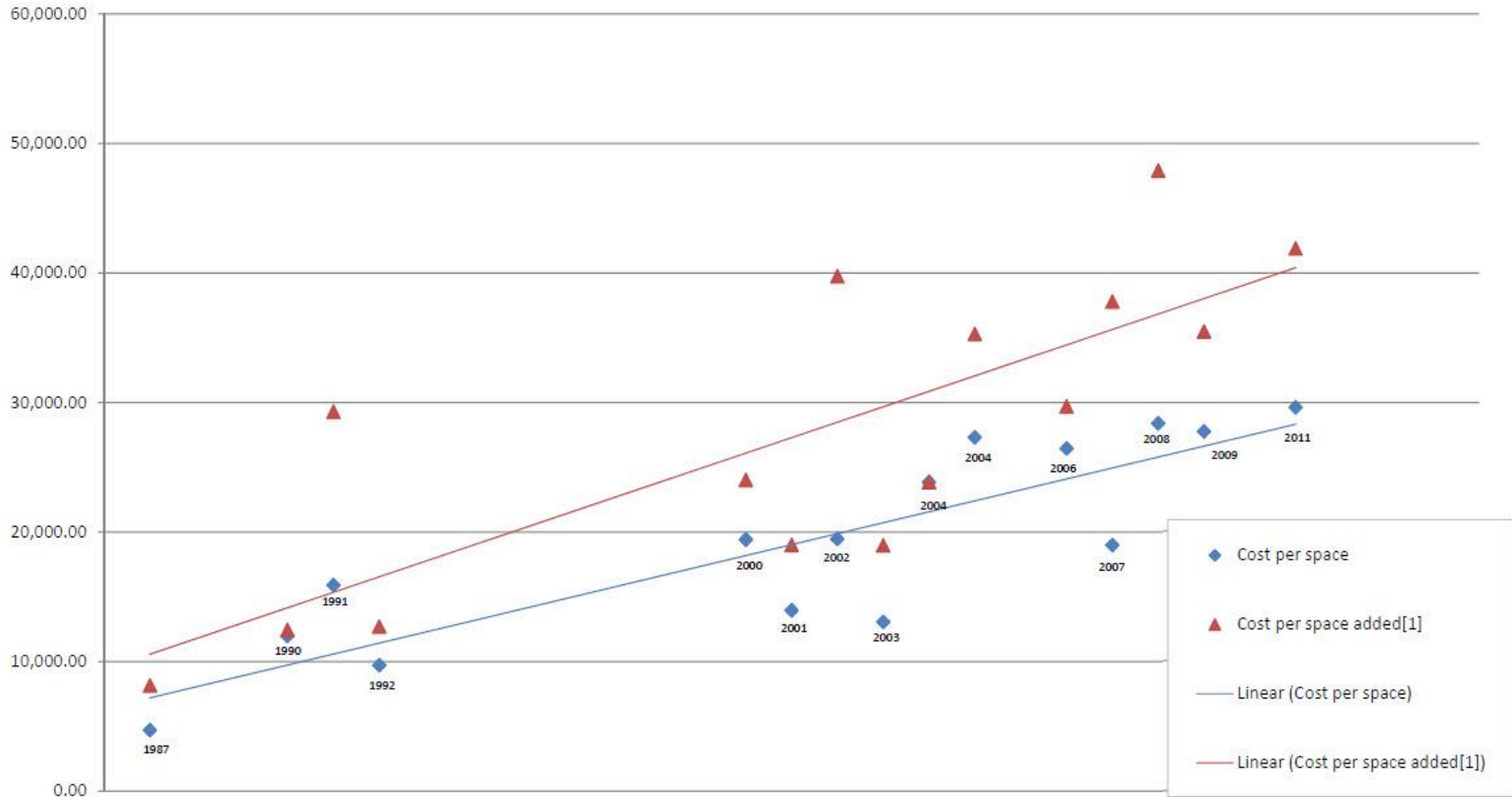
Value of parking

- **Free parking is worth 22 cents per mile driven to work**
- **Free parking is worth more than \$4 per gallon of gasoline**
- **Free parking reduces the cost of automobile commuting by 71 percent**
- **Total US parking supply is worth more than twice the value of the total vehicle stock**

The High Cost of Free Parking (2005)

Municipal parking garages:

Cost per space & cost per space added, 1987-2011



[1] The “cost per space added” divides the total cost by the number of spaces after subtracting the number of surface spaces that would fit in the footprint of the lot. For example, the Berwyn garage was built on a surface parking lot with 86 spaces, so the total cost per space added is: $(\$3,500,000) / (396 - 86)$. If the previous use was not a parking lot or is unknown, 1 space is calculated at 325 sq. ft., which includes access areas, and lot area was estimated using GIS.

Cost of providing parking

- **Approximately \$30,000 per space**
- **Monthly maintenance costs of about \$33 per space**
- **For municipal garages in northeastern Illinois (2003-2012)**
 - Average monthly capital costs: \$104 per space
 - Minimum average weekday rate needed to recoup expenses over 40 years, including maintenance: \$5.00 / day
- **Who pays for all this parking?**
 - Everyone except the driver

Employer-provided parking

- **Nationally, over 90% of commuters receive free parking at work and over 50% of drivers park free in CBDs**
- **In the Chicago region, our travel tracker survey found that of over 13,000 driving commuters, 97% do not pay for parking at work**
- **Many employers work out deals with private garages to provide their employees with free or low-cost parking as a tax-free fringe benefit, as they can also do with transit**

Parking cash out

- **Parking cash out is a policy that removes the incentive to drive and allows employees to choose their modal subsidy.**



Benefits of parking cash out

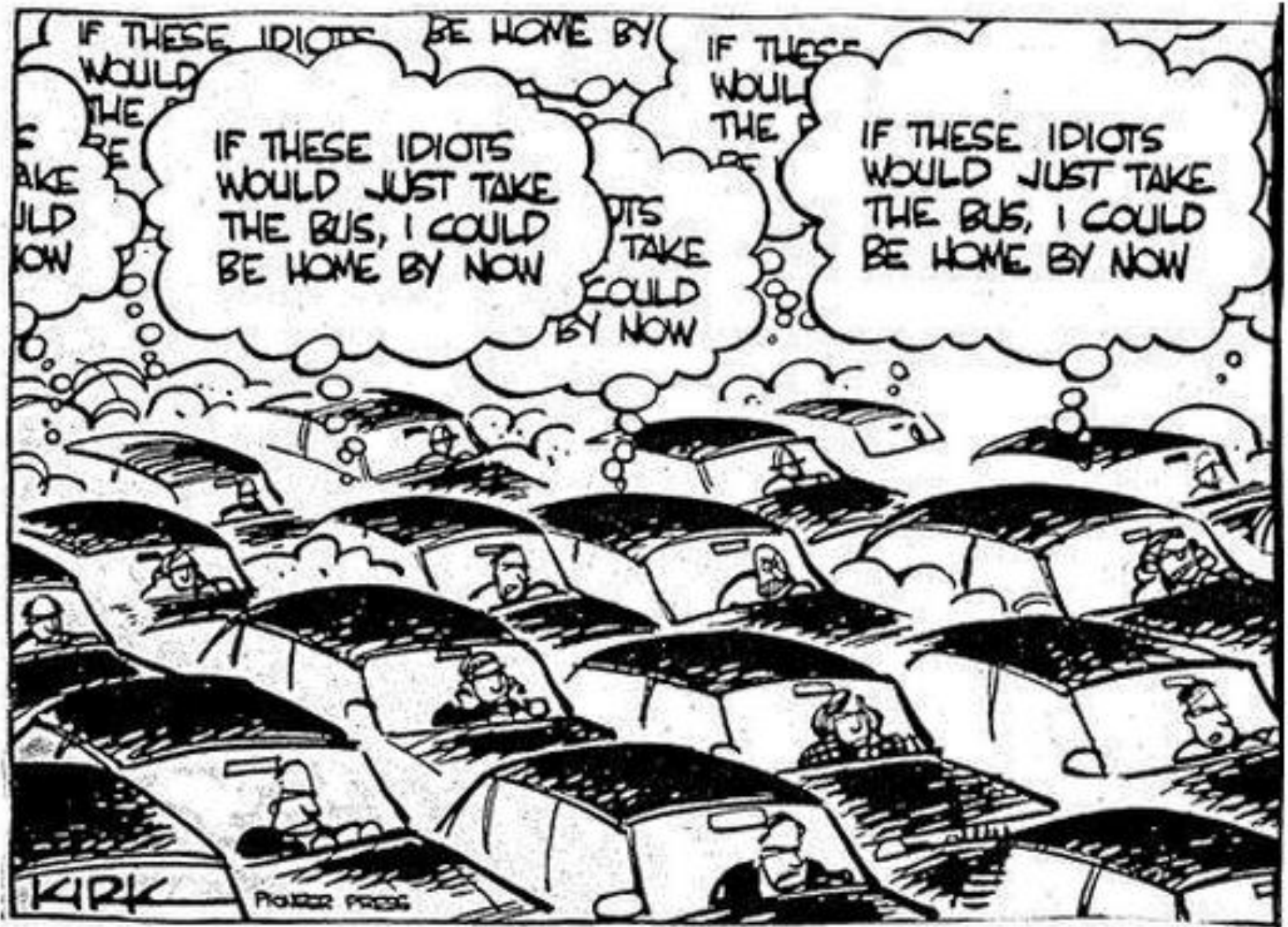
- **Mode share**
 - Increase transit ridership
 - Increase carpooling
 - Increase walking and biking to work
- **Improve equity**
- **Lower pollution**
- **Increase transit funding**
- **Increase state and federal revenue without a tax increase**

Big picture benefits

- **Attaching a value to parking**
- **Employers may begin to seek out buildings with less parking to save money on rents**
- **Less overall parking will be needed, and land can be turned into more productive, tax-generating uses**
- **Eliminate minimum parking requirements altogether**

Challenges to parking cash out

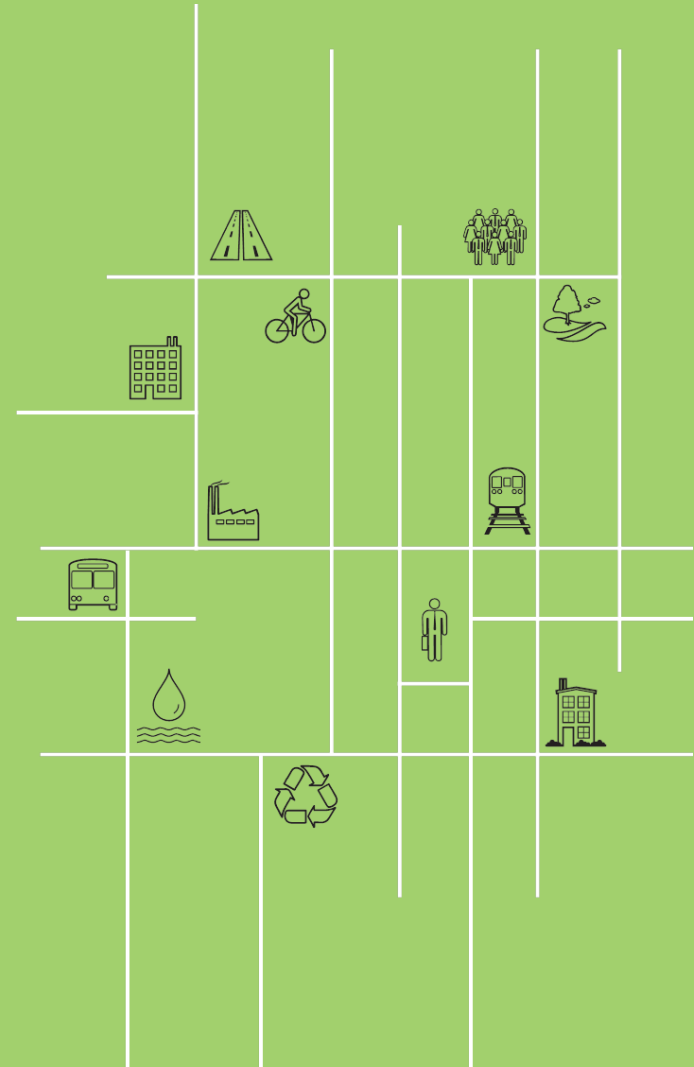
- **Some employers may have to pay for parking regardless of whether it is used**
- **Employers would have to offer money to those who already use transit**
- **Higher payroll taxes**
- **Employers with multiple locations want to offer consistent transportation benefits**
- **A high daily parking rate will make a monthly cash out program less successful**



Moving Forward

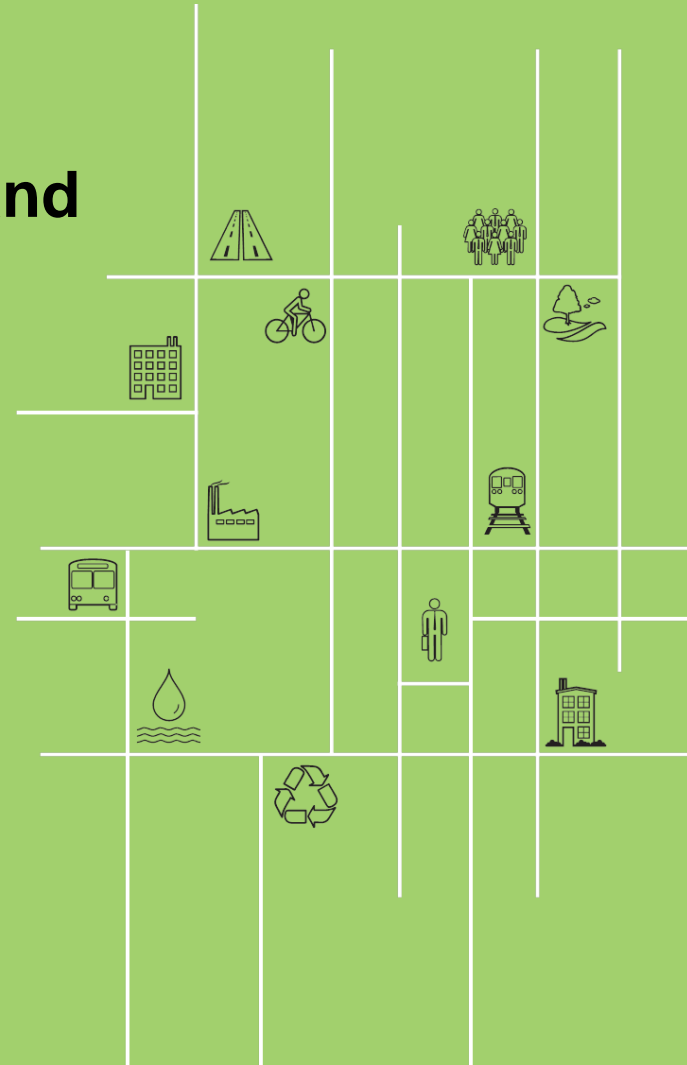
- Long-term goal: IRS Code

Section 132 (f)(5)(C): Qualified parking – The term “qualified parking” means parking provided to an employee on or near the business premises of the employer
...if the employer offers the employee the option to receive, in lieu of the parking, the fair market value of the parking.



Moving Forward

- **Short-term goal: Approach large employers with high parking costs and assist with altering their benefits programs**
- **Mid-term goal: Enabling legislation**
 - State laws
 - California
 - Rhode Island
 - Ordinances
- **Mid-term goal: Address imbalance of other subsidies**
 - Ventra card readers that work like parking validation, and deduct a transit trip



ON TO 2050

Thank you.

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