

Abridgment

Free and Paid Commuter Parking in the Washington, D.C., Region

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Parking is an important determinant of modal use. Appropriate parking policies require good background information on the subject. For these reasons, the Metropolitan Washington Council of Governments studied the average market rates being charged in the Washington, D.C., region for commuter parking, the number of employees who either pay for parking or receive a free space, and the total dollar value of both paid and free parking. Research techniques included a parking rate survey, telephone surveys of employers, and estimates of total commuters and automobiles from regional planning data bases.

Parking at the workplace is one of the most important determinants of how commuters will travel to work. Where parking is abundant and free, employees will most often drive to work alone. Where parking is scarce and expensive, they are far more likely to travel by transit, vanpools, carpools, or bicycle. Public policy and private practice with respect to parking can thus have a major impact on the number of cars on the road, traffic congestion, air quality, and energy conservation.

To make informed decisions about parking, there must be a basis of current information on the subject. For the Washington, D.C., region in 1990, the Metropolitan Washington Council of Governments (COG) studied the average market rate being charged at different locations, the number of employees who either pay for parking or receive a free space, and the total dollar value of paid and free parking.

The study (1) was conducted over a 6-month period beginning in January 1990. Parking rates were collected from operators of private and public parking throughout the region, and average daily and monthly rates were determined for local areas. A sample survey of private employers was conducted to estimate the number of employees being given free parking, discounted parking, and market-rate parking. Federal facilities were studied to enumerate cars parked and pricing practices. Finally, the number of cars parked was derived from regional travel models. Estimates were then made of how many commuters pay to park and how much they pay and of how many commuters receive free parking and the value of that benefit.

PARKING PRICES

With respect to parking prices, it was found that employee parking in the region is divided into the three major types described as follows:

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1. **Pervasive parking charges:** In some areas, all nonfederal employees pay for parking unless employers have made a decision to subsidize employee parking. The pervasive charge areas have the form of a traditional downtown business district with high-density development, signalized intersections, and extensive pedestrian facilities, including ubiquitous sidewalks and signalized crosswalks. On-street parking is metered, mostly for the short term, and most blocks have one or more off-street, for-pay parking facilities. Pervasive parking charges are found only in the downtown business district of the District of Columbia and Arlington, Virginia, and in the business districts of Alexandria, Virginia, and Bethesda and Silver Spring, Maryland.

2. **Scattered parking charges:** A pattern of scattered parking charges was found outside the pervasive parking areas. This type of parking is sometimes charged for, but only in occasional high-density locations. Typically, development patterns vary from clusters of high-rise office buildings to single-story commercial strips. Pedestrian facilities are generally poor, with breaks in the sidewalk network and few safe crossings of major roads. On the basis of anecdotal information, it is believed that where there are parking charges, they are levied on building visitors, and not employees.

3. **Free parking:** In the rest of the region, parking is abundant and free, with occasional nominal charges of \$1.50 a day or less. Employment is organized in strip developments, low-density business districts, and campus-style office parks. Pedestrian facilities vary from poor to none.

Figure 1 shows the location of areas with pervasive parking charges. This includes a contiguous central business area comprising downtown D.C. and Georgetown, as well as Rosslyn, Crystal City, and Ballston in Virginia. Outlying areas with pervasive charges are downtown Alexandria, Bethesda, and Silver Spring. On the basis of monthly contract rates, the average daily out-of-pocket cost of parking ranged from \$4.40 to \$7.50 in downtown D.C. The average daily cost was \$4.60 in Rosslyn, \$2.60 in Crystal City, \$3.80 to \$4.60 in Alexandria, \$3.00 to \$3.50 in Bethesda, and \$3.00 in Silver Spring.

Employment densities and transit usage correlate well with parking cost. Virtually all areas with pervasive parking charges have more than 10,000 jobs per square mile. With respect to transit use, there is complete correspondence between those areas with parking charges and commuter transit use greater than 10 percent.

EMPLOYER-SUBSIDIZED PARKING

Where pervasive parking charges exist, many commuters do not pay for their daily parking because their employer gives

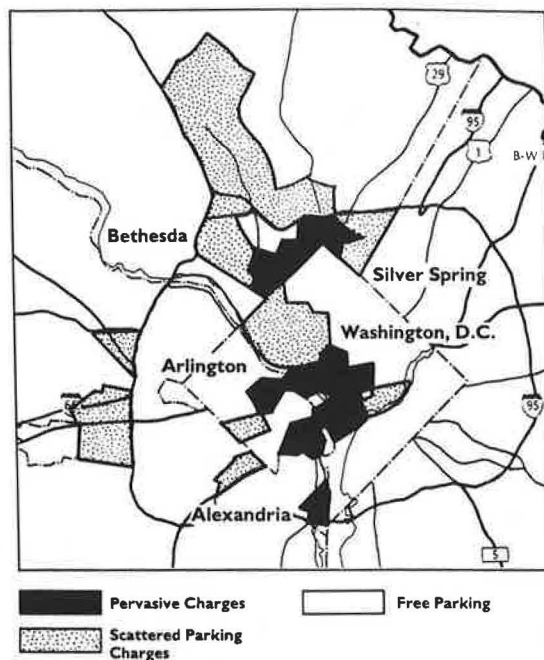


FIGURE 1 Commuter parking price areas.

them a parking space as an employee benefit. The economic reasons for offering such benefits are clear, even in an area where parking spaces cost over \$150 a month. There are two ways that an employer might provide an extra \$2,000 to a typical employee working in downtown Washington. The first is through a salary increase:

• Employee take-home pay	\$2,000
• Taxes, social security, etc.	1,810
• Employment contribution	590
• Total cost to employer	<u>\$4,400</u>

The second is by providing a free parking place to the employee, assuming a monthly cost of \$167. The total cost to the employer is \$2,000, and the employee receives a parking space worth \$2,000 annually, with no tax or social security liability.

There are other factors that influence employers to provide free parking:

1. An employee with a parking place may be better able to work extra hours.
2. Increases in an employee's salary increase the base against which future cost-of-living adjustments and merit raises are applied. An added fringe benefit such as free parking does not increase the base.
3. Nonsalary benefits such as free parking are easier to cut than salary.

Faced with these facts, many employers naturally elect to provide free parking to their employees, even where land is valuable and parking is costly.

The extent to which employers provided their employees with free parking in 1990 was studied by an employer survey that focused on areas with pervasive parking charges, since employee parking is generally abundant and free elsewhere. Table 1 shows an estimate of free parking, discounted parking, and full-rate parking at employment sites throughout the region.

Referring to Table 1, in the central business district, 38 percent of those who drive to work receive free parking and 62 percent pay full or discounted rates. In the outlying business districts, 67 percent park free. For the region as a whole, 82 percent of commuters park free and 18 percent pay to park.

TOTAL VALUE OF PAID AND SUBSIDIZED PARKING

The daily amount that commuters pay for their parking at work was estimated for federal and nonfederal facilities. In total, about \$1,000,000 daily is paid by Washington area commuters for parking at work. This is about \$240 million annually.

Parking that is given to employees as a benefit has a dollar value too, and this has been estimated using the average daily parking rate in the neighborhood of each employer that subsidizes parking. For the Washington region, approximately \$1,000,000 worth of free or discounted parking is provided daily by employers as an employee fringe benefit. This is

TABLE 1 TOTAL DAILY COMMUTER AUTOMOBILES PARKED IN THE WASHINGTON METROPOLITAN REGION

	AREA TYPE				
	PERVASIVE PRICING		SCATTERED PRICING	NO PRICING	TOTALS
	Central Business District	Outlying Business District			
FREE PARKING	118,000 (38%)	37,400 (67%)	161,600*	623,300	940,300 (82%)
DISCOUNTED PARKING	49,000 (16%)	16,500 (29%)	0	0	65,500 (5%)
FULL RATE PARKING	144,000 (46%)	2,100 (4%)	0	0	146,100 (13%)
TOTALS	311,000 (100%)	56,000 (100%)	161,600	623,300	1,151,900 (100%)

*Parking appears to be free for employees in the scattered price areas.

about \$240 million annually. About 70 percent of this is provided by nonfederal employers.

Subsidies are given only in those cases in which the employee would clearly have to pay for parking except for the employer's intervention. There is another kind of employer parking subsidy, one that occurs even in suburban areas in which all parking is free. This is the cost associated with building and maintaining parking facilities. Parking structures typically cost between \$10,000 to \$15,000 a space to build, and at-grade parking may run \$5,000 a space, depending on the cost of land. A new 300-space parking garage could thus cost up to \$4.5 million to build, with maintenance and operating costs of about \$90,000 annually.

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REFERENCE

1. Metropolitan Washington Council of Governments. *Commuter Parking Cost Study*. April 1991.

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