



# Free Parking, Anti-Free Market?

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**A**t the right time of day, a walk across downtown Tallahassee can illuminate two flawed transportation assumptions to which most people have never given a second thought: that free parking is a good thing, and that our car storage system is working just fine. Humor me as we stroll together down three different streets in our state's Capital City that tell a very different story.

The first street is Park Avenue, named

after the series of downtown parks with moss-covered oaks that serve as the median for this road. Regrettably, the name could have easily come from the rows of parked cars that flank either side of both the east and west thoroughfares. There's a lot more parking than park on this particular Park Avenue. On a typical weekday, each of these downtown spaces is taken and a small contingent of cars are clogging up a series of four-way stops looking for a spot to open up.



On the corner of Duval and Park streets sits The James Madison Institute, where many a conversation on free markets has started by recalling Milton Friedman's saying that there is no such thing as a free lunch. It is not hard to imagine an assembled group nodding in agreement to those statements while placing their cars in the free parking spaces outside. To paraphrase a classic Seinfeld episode, why pay for parking when, with a little effort, one might get it for free?

The second street that is worth taking a slow walk down is Bronough Street, where you will pass four multi-story parking garages and several lots of surface parking over the course of just four blocks. This is not just a Tallahassee issue – it is shocking to see how much of the modern downtowns are devoted solely to the storage of parked

cars. Several of these garages are owned by the state or city with the express purpose of housing the cars of public servants. The worst part of these downtown spots is not that this is prime real estate unable to be used for any other use, nor is it that as a government property it does not pay any property taxes. The worst part is the fact that an above ground parking spot costs an average of \$25,000 per spot to build. And despite being in the heart of downtown, these garages – especially those with assigned spaces – are rarely full.

The third is aptly College Avenue, where the transportation habits of tomorrow's professionals can be seen as the bars begin to open for the undergraduate crowds. Fortunately, the use of ridesharing services like Uber and Lyft (as well as the

technological ease of arranging rides among friends) have cut down on the rates of drunk driving while increasing transportation options.<sup>1</sup> Unlike a personal car used for a similar purpose, these cars don't stay parked downtown. Instead, they jet off to pick up more paying customers. Like most of the country, downtown Tallahassee has not yet made any adjustments for these new services. So, many students improvise, sometimes by stopping their drivers in the middle of the street and unsafely blocking traffic as they exit. While these services decrease the traffic congestion on most roads and reduce the need for parking, they have not been able to solve the so-called "last mile" problem of mobility. Despite being very good at getting people close to their final destination, most vehicles typically are not able to drop people off or pick them up in a convenient location. In many cases, the lanes that they need to use are blocked by those similar to Park Avenue who have left their cars on the street for the weekend.

How did we get here? For starters, we like free parking and our society regulated accordingly.

Think for a moment about how many free parking spaces you use throughout an average month. If you live in a house, you likely have at least two spaces in your driveway. In older neighborhoods, you may use some street parking paved by community tax dollars for the use of your residential – and likely more affluent – neighborhood. If you live in a condo, your unit likely has one spot per bedroom. If you work outside of the home, you most likely have an office spot, perhaps even one that is assigned. For grocery stores, entertainment

centers, and strip malls, most visitors are usually able to find an available parking spot even during peak hours. Rarely do people pay.

This ubiquitous system is based on government regulation. Most people do not realize that a local government usually sets the number of each of these free parking spots that each residence and business must provide. Most municipalities require that each single-family home must have at least two parking spaces, paid for by the owner. Street parking is typically regulated by zoning, and the paving of wider streets is almost always paid for by the local government. Since many neighborhoods that use street parking are also the oldest, they tend to be wealthier neighborhoods that have their parking needs paved and paid for by tax dollars.

The regulations for businesses are more demanding and stretch into the ludicrous. Businesses' parking lots are typically regulated according to what type of commerce they engage in, with bizarre specificity. For example, there is a broad consensus among Florida local governments that bowling alleys must provide four parking spaces per alley.<sup>2</sup> Golf course parking requirements divide local governments, with Orlando golfers needing three parking spaces per golf course hole<sup>3</sup> while Tallahassee's city government requires six.<sup>4</sup> Sadly, at least one Jacksonville city employee had to contemplate the appropriate number of parking spaces for an orphans' home, ultimately arriving at one space per employee plus one space for each bed.<sup>5</sup> Each of the regulations stack, so a proposed family-friendly restaurant that has both a bowling alley and a miniature golf



course will have to break out a calculator to figure out how much of their property must be devoted to asphalt.

One could tolerate the absurdity if it were not so expensive, took up so much space, and wasted so much time. According to *The Economist*, the average American multi-story car garage costs about \$25,000 a space to build and underground parking is roughly \$35,000 per space.<sup>6</sup> After they are built, garages must be lit, repaired, and protected. Of course, there are opportunity costs to consider, as well. While surface parking is a cheap way to make a piece of real estate profitable with little effort, it is hardly the highest and best use for land.

Students of economics understand that these significant costs ultimately must be paid by someone. Businesses must maintain their required lots, and residents in high rise condos see their parking spaces built into the ultimate purchase price. The cost of each new home is more expensive; each meal at a new restaurant a bit pricier. Even the expectation of free parking costs the overall transportation system. In a study by Donald Shoup of UCLA, roughly 30 percent of urban core traffic is comprised of those searching for a parking space.<sup>7</sup> The urban corridors are hotter too – ask anyone that has had to walk to the other end of a mall's parking lot. But our society has largely accepted these significant opportunity costs as the only way a city's transportation system can function.

Just because something is the regulated status quo doesn't mean it is most efficient. Far from letting sleeping dogs lie, Florida must start planning for the increased transportation demands in the future. The Florida Chamber Foundation estimates that

Florida will be home to an additional 5.5 million residents by 2030 – and surely more cars are to follow these new Floridians. It is likely that the cars they drive will look very different from today's vehicles.

Oursocietyislikelyonthe precipice of one of the most significant developments which can drastically shape our transportation system needs if we allow it – the rise of the networked car. In 2017, with broad bipartisan support as well as the backing of policy and advocacy organizations like the Florida Chamber of Commerce and The James Madison Institute, the Florida Legislature overwhelmingly passed House Bill 221 relating to Transportation Network Companies. Now, these ridesharing companies, such as Uber and Lyft, can operate under a single unified regulatory structure across the entire state. Florida has also been a visionary in the regulation of autonomous vehicles, which are allowed on all state roads. These companies take advantage of the fact that the majority of cars spend most of their time parked and most of their driving time with a single occupant. The user of a ridesharing app or an autonomous vehicle doesn't need to park their vehicle because the vehicle will go on to make other trips. There's a need for pick-up and drop-off zones,<sup>8</sup> but a decreased need for the hundreds of parking garages across the country. Much has been said in Florida about the potential to decrease the width of vehicle lanes as autonomous vehicles take off<sup>9</sup> – why would a precise robot need as much room to drive as an imprecise human? As these public lands open up, there's a real potential for more walkable, cheaper, and more welcoming city centers throughout the state.

To get to there from here, there are a few things that must change. Perhaps a Silicon Valley thought leader can help shed some light on how to think about the coming technological upheaval. In his book “Zero to One, Notes on Startups, Or How to Build the Future,” PayPal founder Peter Thiel divides optimists into two schools of thought: definite optimists and indefinite optimists. Thiel claims that too many find themselves in the indefinite optimism camp, believing that the future will be better but without any certainty as to what that might look like. Many of the arguments are focused on what could happen, or allowing the market to decide. Less popular today by Thiel’s measure, the definite optimists are those with a specific vision of the future and are working towards it. That’s where smart planners should begin – planning for the future with a specific vision, but with enough flexibility to accommodate changes in the market. If Florida hopes to embrace the coming transportation future, it must look at the structural deficiencies in the present.

Some may say the first step is a significant modification in central planning and zoning rules to radically change the way American cities look. That might very well come, along with drop-off lanes and smarter city streets. But there’s another step that needs shifting. The shift, to paraphrase Milton Friedman, is to realize there’s no such thing as a free parking spot. As our state population continues to grow and as mobility technology rapidly changes, it is in Florida’s best interests to consider what assumptions we have made when designing our cities and transportation systems. Free parking in America is a societal problem that was started by well-meaning central planners, exacerbated by decades of decisions by regulators and bureaucrats, and now is wrongly accepted as a public good. To right this wrong, pro-business leaders need to be definite optimists. They must show that it takes courage to make things better, and they must clearly articulate a vision. The end point is simple – cities will be safer, savvier, and smarter if drivers stop hogging all the real estate. The first step is recognizing that there is a problem.

1 For those that want to see a natural experiment, see “DWI arrests spike after Uber/Lyft leave Austin” available at <http://cbsaustin.com/news/local/dwi-arrests-spike-after-uberlyft-leave-austin>.

2 The author found this regulation in Tallahassee, Orlando, North Miami Beach,

3 Sec. 61.322. City of Orlando Codes.

4 Sec. 10-358. City of Tallahassee Codes.

5 Sec. 656.604. City of Jacksonville Codes.

6 The Economist, “How to create traffic jams, pollution and urban sprawl.” April 8, 2017. Available at <https://www.economist.com/news/briefing/21720269-dont-let-people-park-free-how-not-create-traffic-jams-pollution-and-urban-sprawl>.

7 Donald Shoup. “Cruising for Parking.” *Transport Policy*, vol. 13, no. 3, 2006. Available at <http://shoup.bol.ucla.edu/Cruising.pdf>

8 See generally Grayson Brulte, “Autonomous Vehicle Drop-off and Pick-up Zones” *Florida Engineering Society Journal*, Jan 2017. Available at <https://www.brulteco.com/autonomous-vehicle-drop-off-pick-zones/>.

9 See “Envisioning Florida’s Future: Transportation and Land Use in an Automated Vehicle World.” FDOT Contract# BDV30 934-10. Available at <http://www.floridaplanning.org/wp-content/uploads/2016/05/Envisioning-Floridas-Future-Final-Report.pdf>