

Park-and-Ride Pricing in Multifamily Developments

KING COUNTY METRO TRANSIT



Increasingly in the Puget Sound region, parking demand exceeds supply at public park-and-ride lots serving busy transit centers. Yet building more transit-user parking is costly, controversial, and counter to fostering walkable, affordable communities. Existing off-site parking spaces may offer opportunities to increase transit parking supply without building more public parking. More specifically, multifamily properties may be good sources of such off-site parking, particularly during the daytime when tenants vacate some spaces just as transit users seek parking.

King County Metro received a grant funded by the Federal Highway Administration's (FHWA) Value Pricing Pilot Program to explore opportunities for market-priced park-and-ride spaces at multifamily developments near high capacity transit services. The project will involve spatial data collection and analysis, stakeholder interviews, and assessment of barriers and opportunities, all of which will contribute to the development of viable business models that can be tested in future pilot programs.

Key Concepts and Current Trends

The project team has identified the following key concepts and current trends related to the project, which will be explored in more depth as the project progresses:

Park-and-ride Users: One of the most important findings revealed in transit user surveys is that they value reserved spaces enough that they are willing to pay more for them even if it requires walking farther to transit.¹ At the busiest public park-and-rides there are not enough parking spaces to meet demand, and lots fill early in the day. Some users alter their schedules to arrive early enough to reliably find a space. However, later users, including some in lower-paid service industry or shift jobs, do not have the same opportunity. The presence of free, on-street parking is likely to reduce the willingness of transit users to pay for parking in multifamily buildings.

Technology: The spread of mobile apps can be expected to create a revolution in the paid parking business. Mobile payment services such as PayByPhone and PayMobile are already taking hold in both public and private sector parking, and numerous software startups are attempting to enter the parking management market. For multifamily park-and-rides, the three key features that technology can address are the ability to reserve spots, find available parking in real time, and make convenient payments.

Shared Parking in Multifamily Properties: Multifamily properties are currently selling excess parking to non-residents in some parts of King County, which demonstrates that there are willing buyers and sellers. It is clear that the price for parking needs to be high enough to incentivize owners of underutilized parking to make it available. Owners and managers of multifamily buildings will pay close attention to the costs (infrastructure, security, management, and tenant concerns) and benefits (adequate return on investment from parking fees) of sharing parking to park-and-ride users. In addition, zoning may create barriers in some municipalities that place restrictions on sharing parking stalls.

¹ <http://www.wsdot.wa.gov/Research/Reports/800/830.1.htm>

Business Model Concepts

Based on this initial research, the project team is considering three basic business model concepts:

Private: The private business model parking is managed by a private entity, and applies mobile technology that allows users to locate, reserve, and pay for parking in real time. Parking management firms have already developed viable business models for multifamily shared parking by non-residents in high demand areas, primarily downtown Seattle. Technology companies have already developed apps that provide all the needed features. The biggest barrier to this business model is that the price a park-and-ride user is willing to pay for a reserved spot may be limited to the market price of parking in the immediate area. In much of suburban King County the market price of parking is likely to be too low to generate an adequate return to the building owner.

Public: Most transit agencies manage their own park-and-rides, and many have engaged private companies to manage parking payment and reservations. Agencies could take on the primary management role for multifamily park-and-rides, contracting directly with building owners for access to their garages. With these agreements in place, agencies could then manage the multifamily park-and-rides just like they manage their normal park-and-rides. This model would require the most expense and effort for the transit agency, but could also enable more control over implementation timing, since it does not have to wait for private market parking pricing conditions to become favorable. Another benefit of the public model is the transit agency would have more control over price and access, which could help alleviate concerns about the social equity impacts.

Hybrid Public-Private: If operators cannot charge a sufficiently high price for the multifamily park-and-ride parking, the risk for owners is likely to outweigh the return, and the private business model will not be feasible. One solution is for transit agencies and/or municipalities to provide subsidies to the owners or operators. This could take the form of a set subsidy per rented stall or payment for infrastructure needed to implement the system, such as gates or signage, security improvements, or other upgrades and maintenance to parking areas. Additional outreach, marketing, or technology investments could be made by the public sector to help catalyze the market.

Potential Barriers and Next Steps

Overall, the information presented above indicates great potential for a priced market for leased park-and-ride spaces in multifamily parking lots near high capacity transit. All the basic components of such a system are already emerging independently in some locations, including mobile technology for parking, non-resident parking in multifamily buildings, and partnerships between transit agencies and external parking management firms. In addition, user surveys indicate that current park-and-ride users would find value in this service.

The potential barriers to multifamily park-and-rides are likely to exist around the cost/benefit with the property owners and managers. It is unknown whether the market price of parking will be sufficiently high enough to make it attractive to multifamily owners. These barriers could be overcome through hybrid business models in which the public sector assumes some of the cost.

Building on this preliminary assessment, the next steps will be to more thoroughly assess opportunities and barriers to determine and develop the most promising business model. More research, data analysis, and stakeholder interviews will be conducted as this project continues to identify opportunities and refine a sustainable business model.

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