



Parking It Forward

Smarter parking rules and pricing can ease congestion, support housing, and boost local revenue.

BY AIDAN KEEFE

Since the 1920s, minimum off-street parking requirements have been a consistent feature of zoning codes across the United States. These regulations dictate the number and form of dedicated off-street parking required in new developments built in a municipality. The original rationale behind these often strict parking regulations was that the proliferation of the newly invented automobile would result in long-term congestion of on-street parking and overwhelm cities' ability to store them. In recent decades, criticism of parking minimums has grown in response to ever-worsening urban traffic, rising housing costs, and ongoing reevaluation of existing land use policy. This issue is not only about planning; parking minimums also have a substantial impact on the work of local public finance professionals.

In 2005, Donald Shoup, then a professor at the University of California, published *The High Cost of Free Parking*, a more-than 700-page book dedicated to exposing the hidden costs of prevailing parking and land use policy. Because of restrictive off-street parking minimums, often formulated without sound methodology, municipalities were over-provisioning off-street parking. In response, Shoup proposed eliminating parking minimums, pricing curb parking efficiently, and creating districts in which parking revenue is reserved for infrastructure improvements.¹

Municipalities across the country have begun relaxing or eliminating parking requirements in their zoning codes, as well as experimenting with demand-based pricing for curbside parking. So far, both reforms appear to be accomplishing their goals.

Beyond the planning implications of his work, Shoup wrote extensively about the fiscal impacts of over-supplying parking. Onerous parking requirements can stall the production of new infill housing and prevent the redevelopment of buildings built before modern zoning codes were implemented. As a result, distorted development patterns produce more space for cars, driving up the cost of housing and lowering government tax revenues. Parking is assessed at a much lower rate than housing, despite its high opportunity cost, bringing in much less revenue for the municipality.

In addition to his scholarship about the ways parking requirements affect development, Shoup also proposed ending free curbside parking. He was aware of the political cost associated with this kind of policy change, so he recommended concurrently creating “parking benefit districts” that would return meter revenue to finance infrastructure improvements within the district. This kind of reform can be positive for all relevant stakeholders. For businesses, pricing parking leads to higher turnover, increasing foot traffic in their stores. For drivers, higher turnover makes finding a spot easier. For residents, streetscape and infrastructure improvements funded by parking revenue make the pedestrian experience more pleasant.

In the years since Shoup wrote *The High Cost of Free Parking*, municipalities across the country have begun relaxing or eliminating parking requirements in their zoning codes, as well as experimenting with

demand-based pricing for curbside parking. So far, both reforms appear to be accomplishing their goals. A recent research synthesis found that in multiple contexts, removing parking minimums increased the construction of new housing.² This increases municipal revenue across both property taxes and sales taxes. In San Francisco, the SFpark initiative, which began in 2011, overhauled on-street parking in the city to mirror the recommendations Shoup made in his book: Target roughly 85 percent (the actual initiative targeted 60 to 80 percent to adjust for real-world constraints) occupancy at any given time and adjust prices in response to changes in demand to achieve that occupancy goal. The program has been successful, and finding parking in the city became much easier.³ Moreover, researchers have found that the program caused an increase in public transportation usage during peak hours and a decline in traffic congestion.⁴ The initiative was made permanent citywide in 2018.

What municipalities can do to implement these ideas and practices:

Ease or eliminate parking minimum requirements, especially for transit-oriented development projects. Parking requirements distort development to both produce projects that result in less tax revenue and prevent certain projects from penciling out at all. Especially in areas with multi-modal transportation options, consider collaborating with planning departments to advocate for reduced parking requirements or their repeal altogether.

Charge for curbside parking and assign revenue to an enterprise or special revenue fund. Charging for curbside parking and periodically adjusting rates to ensure occupancy of roughly 85 percent can help drivers find a spot more easily and encourage higher turnover. Directing meter revenue into an enterprise or special revenue fund can help with public buy-in and improve public facilities and infrastructure in and around business districts.

Analyze the fiscal impact of land use policy/development decisions. While often treated as separate processes, land use planning and long-term fiscal decision making should work in tandem to ensure existing and proposed practices are financially sustainable. 

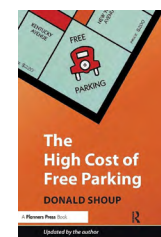
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¹ Donald C. Shoup, *The High Cost of Free Parking* (Updated ed.) (Planners Press, 2011).

² Ellen Schwartz, Michael Manville, Adam Millard-Ball, “The Impacts of Minimum Parking Requirements: A Research Synthesis,” UCLA: Institute of Transportation Studies, 2026.

³ Adam Millard-Ball, Rachel R. Weinberger, and Robert C. Hampshire, “Is the curb 80% full or 20% empty? Assessing the impacts of San Francisco’s parking pricing experiment,” *Transportation Research Part A: Policy and Practice*, 63, 2014.

⁴ Chandra Kiran B. Krishnamurthy and Nicole S. Ngo, “The Effects of Smart-Parking on Transit and Traffic: Evidence from SFpark,” *Journal of Environmental Economics and Management*, 99, 2020.



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Donald Shoup's *The High Cost of Free Parking* shows how parking policy shapes housing, tax revenue, and the public realm — and why pricing curb space can be a win for cities, businesses, drivers, and residents.