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Is Parking Cash-Out Worth It? Comparing Cost-Effectiveness and Climate and Equity Benefits in the Bay Area and South Coast Air Quality Management Districts

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Introduction

This study explores the potential impacts of changes to California parking cash-out policy—which since 1992 has required that certain qualifying employers who subsidize employee parking offer employees cash to give up their parking space—on the Bay Area and Southern California. Studies show substantial reductions in VMT and emissions from parking cash-out; however, research on this policy remains limited and enforcement remains voluntary. Parking cash-out has also been adopted across U.S. states, counties, and cities, often as part of Transportation Demand Management programs, making assessment difficult.

Study Methods

First, using data from the California Employment Development Division, studies of parking availability, and other key surveys of employer-provided parking, we conducted an estimation of the number of firms and employees in the study regions. Second, we administered a multifactorial (3x2x3) experimental design survey to explore the influence of different travel behavior factors, as well as demographic, attitudinal, and behavioral factors, on the propensity of participants to accept parking cashout, on their perceived value of the cash-out, and on their commuting decisions. Third, we estimated the relative cost-effectiveness and feasibility of parking cash-out in comparison with other programs and policies to reduce VMT and related emissions..

Findings

Current policy covers few firms (<1%) and employees (around 11%) in the study regions. Policy reform to include companies with 20+ employees could increase this to 18%. Our experimental-design survey (n=963) explores behavioral changes in response to multiple policy variables and finds that 76.9% of employees would accept cash-out if offered, and that participants who had to pay the market rate for parking and were full-time commuters were more likely to switch to using public transportation at lower cash minimums. VMT related to employees covered by parking cash-out are substantial (5.6 million in Bay Area; 5.7 million in LA County), and account for a combined 6,593 daily tons of GHG. Parking cash-out could be a more cost-effective approach to reducing VMT than

traditional TDM programs such as trip-reduction programs or taxation of workplace parking, or transit subsidies and road diets, though further evidence on the direct influence of parking cash-out on commuter behavior is needed.

Policy Recommendations

Parking availability and accessibility plays key role in commuting decisions, with price playing a mediating factor. This suggests that policy would ideally address land use for parking. In LA, there appears to be a substantial over-supply of parking spaces—in general and non-residential off-street parking in particular—limiting the influence of policy on prices and commuter decisions.

Current California cash-out law covers only a small share of firms (<1%) and employees (3% of state and around 11% of LA and the Bay Area). Expanding policy to include organizations with 20+ employees would increase coverage from 11% to around 18%; revising the policy to include owned parking could also significantly broaden coverage. Analysis of parking prices in both regions suggests that cash-out minimums may be currently set too low, and that wages are a key driver of prices in the denser, urban cities in the study regions.

Findings suggest an appetite for parking cash-out, especially when commuters pay market rates for parking. The positive association between income and cash-out value suggests program managers may account for income levels when designing programs. That organizational size has a positive association with cash-out value suggests that employees at smaller organizations may be willing to accept a lower incentive.

Parking cash-out provides a direct financial incentive to reduce solo driving, and appears to be more cost-effective than traditional TDM programs. Parking cash-out seems to face fewer barriers in terms of political and public opposition compared to strategies like removing tax exemptions for employer-paid parking. Parking cash-out appears to outperform other alternatives in terms of simplicity and equity, but further evidence on the direct influence on commuter behavior is needed.

About the Authors

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To Learn More

For more details about the study, download the full report at transweb.sjsu.edu/research/2335

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