

How To Price Parking



Without angering residents



Prepared by: Streets Alive Yarra

www.streets-alive-yarra.org

facebook.com/streetsaliveyarra/

Foreward

Streets Alive Yarra is a community group who advocate for:

- shopping streets that build wealth for traders by attracting regular business from local residents;
- a network of safe streets that enable those who wish to use active transport to do so, thus freeing up space on the streets for those who prefer to drive; and
- evidence based and economically rational investment in transport infrastructure.

Our vision is for vibrant and profitable local businesses, owing to increased patronage, and traffic that still flows freely. Parking near shopping streets is easy to find because the first 5-10 spots on each side street are allocated for visitors and deliveries, with drivers guided to vacant bays by using sensors. We see our streets being safely, comfortably, and conveniently used by people from 8 to 80 years old, irrespective of whether they choose to walk, cycle, use public transport or drive.



Image credit: OCULUS Landscape Architecture and Urban Design

Streets Alive Yarra was founded in 2017 and now has over 1,200 likes on Facebook, increasing by ~ 20 per week. A network of local champions develop concepts and proposals for how to improve their local street or precinct. Streets Alive Yarra is also Yarra's Walkability Action Group (WAG) representative for Victoria Walks.

Further information is available at:

- www.streets-alive-yarra.org
- facebook.com/streetsaliveyarra/

Introduction

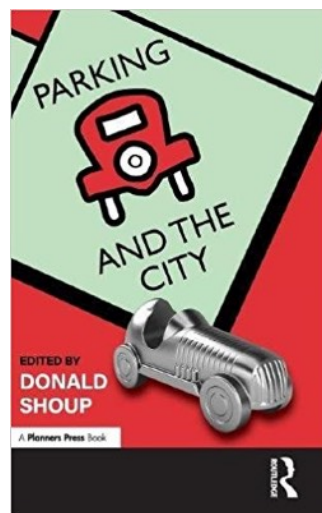
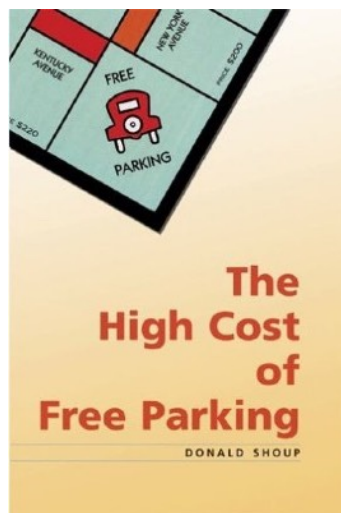
The management of parking is central to place making and mobility within the City of Yarra, because the creation of effective walking and cycling networks requires that on-street parking be **removed from shopping streets and access streets**.

As a consequence, metered parking for shoppers and deliveries must be relocated to the first 5-10 bays on each side street. The supply of on-street car parking bays on side streets is limited and cannot realistically be increased.

Again in consequence, the demand for residential parking on side streets and quiet residential streets must be reduced. Concurrently, as our population increases our streets and parking bays are becoming more congested. Residents complain of being unable to find a vacant parking bay in their local street. Demand is much higher than supply, at least for very low cost residential parking permits.

Two solutions exist to manage demand - queuing or pricing. At the moment we use queuing - the first people to arrive occupy a parking bay and others have to wait for their turn. Ratepayer dissatisfaction shows that this method no longer works.

The alternative is pricing - keep increasing the price until demand reduces to match supply. The concept of pricing has been described in detail by Donald Shoup in his two books, 'The High Cost of Free Parking' and 'Parking and the City':



A free copy of the introductory chapter to 'Parking and the City' is available for download from: <https://www.dropbox.com/s/ktfc1p1ykqurh1h/ParkingAndTheCity.pdf>

The problem with pricing is that it is radically different from the present solution, i.e. queuing. People are sceptical and suspect that Council is just trying to increase revenue. We need a way of introducing the concept of pricing without angering residents. We need a way for ratepayers to get used to the idea over time, and gradually accept it.

Proposal

Streets Alive Yarra proposes the following strategy:

1. Establish a benchmark price by introducing a new visitor parking permit called the 'Yarra Online Visitor Permit', able to be purchased online by anyone, including visitors, businesses or commuters; valid for all non-metered spots; and tied to a vehicle's registration number, for: \$10 (daily) / \$50 (weekly) / \$200 (monthly) / \$2,000 (annually).
2. Gradually replace all time-limited parking bays with either metered parking bays or residential parking zones, noting that the new 'Yarra Online Visitor Permit' allows parking in residential parking zones.
3. Gradually convert all metered parking charges in Yarra to demand-responsive time-of-use parking charges, which act to minimise parking charges while targeting 85% occupancy (i.e. there is usually a free spot on each block).
4. Gradually decrease the subsidy for residential parking permits from a ~ 98% subsidy to a ~ 85% subsidy, which would increase the price from \$38 (for a 1st permit) to ~ \$300. If Yarra's ~ 30,000 permits all cost ~ \$300 then Yarra would have extra revenue of ~ \$9m per year. This can be a first step toward a long term goal of introducing demand-responsive pricing targeting 85% occupancy of the bays in each quiet residential street. With demand-responsive pricing, permits may cost ~ \$1,000 per year (still a 66% subsidy compared with the market price of ~ \$3,000), generating \$30m per year.
5. Use the income raised by parking charges (~ \$9m) to decrease annual Council rates (e.g. by \$420 per home to balance out the first permit and a dozen daily visitor permits for each ratepayer), invest in safe and active transport infrastructure, and invest in public open space.

The advantage of this strategy is that it creates a high benchmark price for parking, without increasing the price of permits for residents.

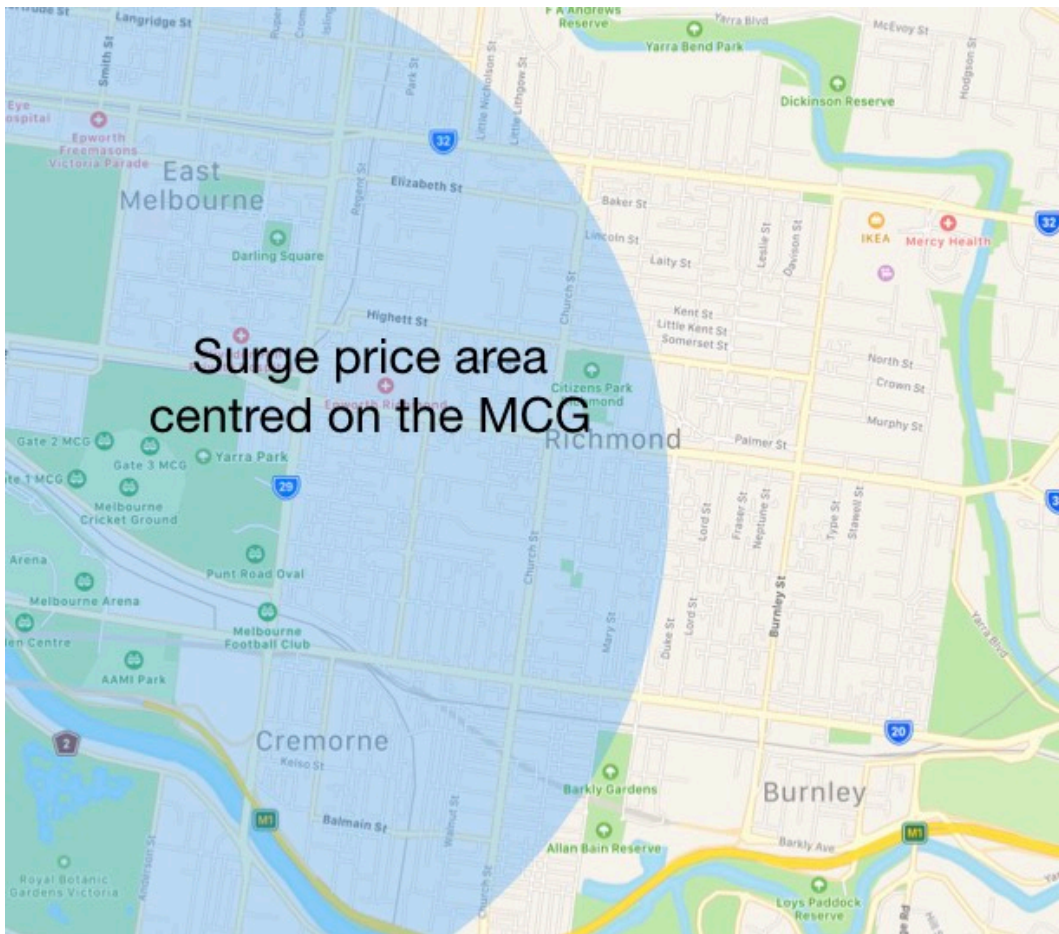
Once the benchmark price is established, residents will compare any proposed permit price increases against the benchmark, and be willing to accept them. Council can continue the price rises until demand and supply are in balance.

Note that the proposed benchmark price is still significantly lower than the market rate of ~ \$3,000 per year, as shown in [Parkopedia](#), [Parkhound](#) or [Kerb](#) websites and apps. Therefore, it should be attractive to commuters, tradespeople and visitors.

Impact of sporting events

Parking bays in residential areas near the Melbourne Sporting Precinct (MCG, AAMI Park, Melbourne Park) should be protected from being completely filled by people visiting sporting events. If the residential parking bays are not protected, residents will not be able to find a park, anger will increase, and the benchmark price will not be supported.

The 'Yarra Online Visitor Permit' should have a 'surge price', e.g. an extra \$10 per day, during sporting events. The \$20 per day fee can be defined to only apply on certain streets and during game times, e.g. weekend football, or as required. The surge price can be clearly advertised during the permit purchase process.



Most users of the 'Yarra Online Visitor Permit', e.g. weekday commuters and tradespeople, can easily avoid these areas and times.

Parking inspectors can easily sweep through the protected areas, scanning license plates and applying the \$10 surge price to any vehicle that has only paid for the standard \$10 per day fee.

Year 1, e.g. 2019

The City of Yarra introduces a new class of parking permit, called the 'Yarra Online Visitor Permit', available for \$10 (daily) / \$50 (weekly) / \$200 (monthly) / \$2,000 (annually). The permit can be purchased online or using a smartphone app, and the applicant just needs to enter their vehicle registration number and nominate the date range.

Parking inspectors can easily search for the registration number and identify that the vehicle has a permit. Car owners can optionally print out the permit and display it on their dash. The permit can't be transferred to another vehicle because it is tied to a vehicle registration number.

The 'Yarra Online Visitor Permit' enables people to park in any residential permit zone in Yarra.



Implications and consequences:

- No resident loses their permit
- No resident has to pay more for their permit
- Council does not need to spend any money on signs or hardware
- A small amount of people choose to purchase the permit, e.g. wealthy commuters
- Council receives extra revenue, most likely from people who live outside of Yarra
- A benchmark price of \$2,000 is created

Year 2 to 4, e.g. 2020 to 2022

Gradually replace all time-limited parking bays with either metered parking bays or residential parking zones, noting that the new 'Yarra Online Visitor Permit' allows parking in residential parking zones.

- Gradually convert all 4-hour time limited parking bays to 2-hour time limited
- Gradually convert all 2-hour time limited parking bays to 1-hour time limited
- Gradually convert all 1-hour time limited parking bays into one of two types:
 - Metered parking bays, i.e. the first 5-10 bays on each side street near shopping streets, or the first 2 bays on each side street near access streets
 - Permit zone, i.e. all quiet residential streets

Implications and consequences:

- No resident loses their permit
- No resident has to pay more for their permit
- Council spends a small amount of money on new signs
- More people choose to purchase the permit, because it is easier than continually moving their vehicle
- Council receives extra revenue, most likely from people who live outside of Yarra
- The benchmark price of \$2,000 becomes more established

Year 5, e.g. 2023

The City of Yarra eliminates the traditional visitor parking permit, instead requiring residents to purchase the established 'Yarra Online Visitor Permit' for ~ \$10 per day.

To negate complaints from ratepayers about increased costs, each ratepayer is given a \$120 rebate on their rates, equivalent to a dozen daily visitor permits at \$10 per day.

Implications and consequences:

- No resident is prevented from having visitors
- First 12 visits per year are free, e.g. 1 visit per month
- If residents have less than 12 visits per year, they keep the money they saved on rates
- Roughly revenue neutral, no accusation of revenue raising
- Council can always offer additional free permits in exceptional circumstances

Years 6 to 10, e.g. 2024 to 2028

The City of Yarra gradually increases the price for residential parking permits. Each year, residents are invited to compare the price with the benchmark, showing that they are still getting a very good deal. For example:

Year	Price of first residential parking permit	Benchmark price	Discount
6, 2024	\$100	\$2,000	95%
7, 2025	\$150	\$2,000	93%
8, 2026	\$200	\$2,000	90%
9, 2027	\$250	\$2,000	88%
10, 2028	\$300	\$2,000	85%

Note that the discount for residents, compared with the benchmark price, remains greater than ~ 85%. If necessary, Council can continue the price rises until demand and supply are in balance.

Implications and consequences:

- No resident loses their permit
- Price increases are acceptable, when referenced against the benchmark
- Demand is slowly reduced
- Council receives some extra revenue

Summary

Allocating on-street parking bays by queuing no longer works. Demand is greater than supply, and if the management of parking is not changed, the imbalance will only get worse.

Allocating access to parking bays by using pricing is the only realistic way to bring the demand for parking back into balance with supply.

The only realistic way of increasing pricing without angering residents is to establish a benchmark price, and then to show how proposed price increases are still very minor compared with the benchmark. An appropriate benchmark product and price is a 'Yarra Online Visitor Permit' offered for \$10 per day or \$2,000 per year.

Over several years, the price for on-street parking can be increased to bring demand back into balance with supply. This can allow the first 5-10 bays on side streets near shopping streets to be converted from residential parking to metered parking for shoppers, enabling metered parking to be removed from shopping streets, and thus enabling shopping streets to support wider footpaths and separated bicycle lanes. Such upgraded shopping streets can form the core of Yarra-wide footpath and bicycle path networks.

The proposal will only result in the price for the first on-street parking permit increasing to \$300. This may not be enough to reduce demand. In 10 years congestion may be far worse than it is now. Council always has the option to speed up the transition process in response to changing conditions, either by reducing the time frame, e.g. from 10 years to 5 years; or by increasing the rate of price increases.

If Yarra's ~ 30,000 permits all cost ~ \$300 then Yarra would have extra revenue of ~ \$9m per year. This can be a first step toward a long term goal of introducing demand-responsive pricing targeting 85% occupancy of the parking bays in each quiet residential street. With demand-responsive pricing, permits may cost ~ \$1,000 per year (still a 66% subsidy compared with the market price of ~ \$3,000), generating \$30m per year.

Overall, reforming the pricing of parking is possible - it can be done in a way that does not anger residents. The key is to establish a benchmark price.