



# ***CARSHARING: PROVIDING VEHICLE ACCESS FOR PEOPLE WITH LOW INCOMES***



***MOBILITY MANAGEMENT IN PRACTICE SERIES***

*This brief introduces mobility management professionals to the concept of carsharing and explores how this type of service could benefit the individuals they work with, including those with lower levels of income.*

**M**obility management encourages us to expand and improve transportation options for all people, but particularly for those with transportation challenges. Many such individuals are able to drive and are licensed to do so, but may not be able to afford the cost of a vehicle, maintenance, insurance, or gas. For them and their families, carsharing can be a good choice to fill their occasional needs for a vehicle.

## ***A BRIEF HISTORY OF CARSHARING***

**C**arsharing is defined by the [Shared Use Mobility Center \(SUMC\)](#) as “a service that provides . . . access to an automobile for short-term—usually hourly—use.” The basic carsharing model operates in this way: a sponsoring company or organization makes vehicles available to its members, who have pre-registered with the service. The vehicles are parked in public places, often in designated spots on public streets, where members can access them with a code. Members then pay an hourly or other pre-established fee for as long as they are using the car; other costs, such as gas and insurance, are covered by the sponsoring organization.

Car sharing was first developed in Europe in the mid-1980s. In 1991, five car sharing companies organized to form the European Car Sharing Association (ECS), with members in Denmark, Germany, Italy, Norway, and Switzerland.<sup>1</sup> The first two car sharing models documented in the United States occurred in West Lafayette, Indiana, and San Francisco, California. The one in Indiana, a research experiment of Purdue University called Mobility Enterprise, ran from 1983 to 1986. The one in California ran from December 1983 to March 1985 and was called the Short-Term Auto Rental (STAR). It was operated as a private enterprise and ended due to market failure.

<sup>1</sup> Shaheen S, Sperling D, Wagner C: “A Short History of car sharing in the 90s.” The Journal of World Transport Policy & Practice 5(2/3), 1999

At the end of the 1990s, the car sharing movement started to gain followers all across the nation, but primarily on the West Coast:<sup>2</sup>

- 1997: City CarShare, a public-private partnership in San Francisco, California, began raising funds; the program became operational in 2001
- February 1998: A one-year car sharing pilot project in Portland, Oregon, funded by the Oregon Department of Environmental Quality and the U.S. Environmental Protection Agency, began
- March 1998: Olympia Car Coop, a nonprofit cooperative located in Olympia, Washington, began
- Late 1999: The City of Seattle and King County Metro began car sharing operations in Seattle
- Late 1999: Motor Pool Co-op made plans to launch operations in Corvallis, Oregon

<sup>2</sup>Ibid





The two largest for-profit carshare services, Flexcar and Zipcar, launched operations in 2000, and then merged in 2007 under the Zipcar brand. Nonprofit carsharing started with I-GO in Chicago (2002) and Buffalo CarShare in Buffalo, New York (2008). Both of these nonprofit companies have since been purchased by for-profit companies—I-GO by Enterprise Carshare and Buffalo CarShare by Zipcar. By the time Buffalo CarShare came on board, more than 25 carsharing organizations operated in over 50 cities in the United States.

Carsharing services currently exist in over a thousand cities and at airports in many different nations around the globe. In the United States, carsharing operates in all major cities and in many mid-size cities, university towns, and tourist destinations. The industry generates over \$1 billion worldwide. Enterprise CarShare alone does business in one form or another – carshare business accounts, operations on and near college campuses, and conventional carshare – in 35 states, as of January 2016, according to a [Clean Fleet Report](#).

# ***THE CARSHARING BUSINESS MODEL***



The [SUMC Reference Guide](#) describes different business models for carshare services, such as the most common one of round-trip carsharing, which requires that the vehicle be returned to its initial parking spot at the end of the rental period. Other examples are outlined below. The definition also limits carsharing to membership services, generally companies that charge annual fees in addition to fees determined by the length of time the vehicle is rented for.

## ***FOR-PROFIT CARSHARING COMPANIES***

**T**he most common model currently for carsharing is a traditional car rental company that also offers short-term, hourly, rental cars in parking lots or in parking spaces on streets. Members choose a rate plan and pay an annual fee, which covers gasoline, insurance, maintenance, and cleaning. The vehicles are mostly late-model sedans, with other types of vehicles, such as light trucks, hybrids, convertibles, and minivans, also available. Vehicles may have a home location or may be picked up and dropped back off anywhere within a designated zone. Members reserve a car via the company's website or telephone and use a key card or code to access the vehicle. Payment is generally by credit card and information is available from an app about vehicle location. [Enterprise Carshare](#) and [Avis](#) are examples; these companies offer various monthly or annual membership plans.

## ***PEER-TO-PEER***

**A** less common type of carshare is peer-to-peer carsharing, in which people earn money by renting their personal vehicles when they are not in use. Users connect via an app, which handles reservations, payment, and any other communications. [Turo](#) and [Getaround](#) are two peer-to-peer carshare networks that operate in many cities. The hourly fee varies depending on the type of vehicle rented and whether the vehicle is delivered to the renter.

## ***ONE WAY VERSUS ROUND TRIP***

**A**lso known as point-to-point carsharing, in this model vehicles may be rented for one-way trips. This option can be much less expensive for users, as they pay for only the time they drive the vehicle, and not while it sits idle before the return trip. It can also be more convenient, as users do not have to worry about returning the car to a designated spot or zone. [SUMC](#) finds that one-way carsharing is the fastest-growing segment of the carsharing market. [Car2go](#), owned by Daimler, and [DriveNow](#), owned by BMW, both operate with as a one-way service exclusively. Zipcar offers one-way carsharing through its [Flexible service](#), while other carshare companies offer this option only in some cities.

# **COMPARING COSTS AND CONVENIENCE WITHIN DIFFERENT CARSHARE MODELS**



**W**hen comparing costs among carshare models, it is necessary to consider much more than just the time and per-hour rate. Other variables to consider include

- If the company charges an annual or monthly membership fees
- If vehicles can be rented on a per-minute as well as a per-hour basis
- If the company charges a per-mile rate after the user has passed a minimum number of miles or time period
- If the company charges a fee for late return of a car and other fees

Another factor to be considered is the convenience of where a car may be parked when it is returned. Some companies require that their vehicles be returned to a specific parking space or lot, while others allow for parking within a zone, which give the option of short one-way trips.

## ***PUBLIC FUNDING FOR CARSHARING***

**S**ome carshare operations are made possible in part or in whole through public funding, while most others are private enterprises. Even those that do not receive public funds often benefit from free parking in metered spaces or parking lots with fees.

Types of federal funding that have been or are being used include the now-defunct Job Access Reverse Commute program operated through the [Federal Transit Administration](#), and the [Congestion Mitigation and Air Quality \(CMAQ\)](#) program, operated through the Federal Highway Administration. Information is available about current federal transportation law funding under the [FAST Act](#). California provides funds through its statewide [Air Resources Board](#), as carsharing supports its mission of reducing single-occupancy vehicle trips, which in turn reduces air pollution. Some municipalities have provided their own funds to contribute to carsharing, such as in Boulder and Aspen, C; Minneapolis and St. Paul, MN; Los Angeles, CA; Seattle, WA; Indianapolis, IN; and Ithaca, NY, among others.



# ***DESCRIPTIONS OF LOW-INCOME CARSHARE PROGRAMS IN OPERATION***

**T**he case studies presented below illustrate the range of carshare operations that serve people and neighborhoods with low incomes. We offer a checklist below of recommended options for those considering establishing or modifying a carshare program so that people with low incomes will feel welcome participating in it.

## ***BLUE INDY***

[Blue Indy](#), operating in Indianapolis, is a good example of a carshare operation that addresses the cost side of the equation. This carshare service offers free starting memberships, free parking, a free test drive, and a somewhat low-fee structure—a zero base fee for a one-day membership and only \$9.99 for a monthly membership. The service requires use of a credit card, which many people with low incomes do not have. On the plus side for people who do not own smartphones, Blue Indy allows for access via kiosks and its website as well via its smartphone app.

## ***ITHACA CARSHARE IN ITHACA, NY***

[Ithaca Carshare](#) has sedans, one truck, and one van available for short-term rental. Payment can be made by credit or debit card or another pre-pay methods.

Ithaca Carshare has a special membership category for people with low incomes. Called [Easy Access](#), this plan is an option for permanent residents of Tompkins County, NY, who earn a gross income at or below 150% of the federal poverty level. Documentation of income levels is required to be submitted by the individual or a qualified referring program. Participants in the federal Supplemental Nutrition Assistance Program (formerly food stamps), free or reduced school meal programs, or subsidized health insurance generally qualify for the Easy Access carshare plan. The Easy Access plan offers a lower hourly rate and a lower monthly rate than other Ithaca Carshare plans, but the same per-mile rate. Easy Access members also receive a monthly \$15 rebate toward their costs in the program, which can be rolled over to future months if unused.

A lower per-month rate is also available for those who seldom use the carshare vehicles, but the per-hour rate is 20 to 50 percent higher, depending on day, weekend, or evening hours of use.



## ***HOURCAR***

The goal of [HourCar](#), a nonprofit operating in Minneapolis and St. Paul, Minnesota, is to help reduce car ownership and hence the total cost of transportation for individuals who live or work in the Twin Cities. [This interview](#) explains the HourCar model and the service's expansion.

Like Ithaca Carshare, HourCar provides access to a range of vehicle types, including pick-up trucks. HourCar has also expanded geographically with transit along the Twin Cities' Green Line light rail. A map shows a broad geographic distribution of the carshare vehicles. Another accessibility feature for those without smartphones is that this carshare program allows for reservations by phone and not just by app. HourCar charges a per-hour fee that varies with the plan one is registered for, an annual fee (again varying with the plan chosen), and a one-time application fee. HourCar makes payment easy for anyone – those with credit cards and those without – because customers can use their metropolitan area transit cards for the carshare program. Therefore money on the transit card, paid for in cash or otherwise, also enables payment for HourCar.

## ***EGO CARSHARE***

**T**he Boulder (Colorado) Housing Authority, in concert with nearby Longmont Housing Authority and the Denver Housing Authority, offers an expanded area for its carshare program for public housing residents in the Denver-Boulder area. [eGo carshare](#) is available to all residents in the metropolitan area, but the public housing authority program includes free eGo memberships and discounted rates, as well as free ecopasses.

A wide selection of carshare vehicles, including trucks, are available. Most are clustered in Denver and Boulder. Also included in this transportation-focused public housing program are discounted transit passes for the Denver-area transit system and discounted bikeshare memberships. This [neighborhood webpage](#) illustrates the benefits available.

This program is funded through a CMAQ grant via the Denver-area council of governments, with additional funding from [Mile High Connects](#) a transit-oriented nonprofit that works with low-income communities and communities of color, and the [Denver Foundation](#) .

# ***PLANNED OR PILOT LOW-INCOME CARSHARE PROGRAMS***

## ***CARSHARING IN LOS ANGELES, CA***

**L**os Angeles has a [carshare program](#) planned that will specifically cater to people who live in low-income neighborhoods. The vehicles will be offered as part of a three-year pilot program of 100 electric cars, to be located in low-income neighborhoods. Two hundred charging stations will also be installed on public streets.

This project is a partnership among SUMC, the California Air Resources Board (CARB), and the City of Los Angeles. California's Greenhouse Gas Reduction Fund (GGRF), with proceeds from the cap-and-trade program, as established by California's Global Warming Solutions Act of 2006, will be providing \$1.6 million in funding. The program is being led by a steering committee of community organizations and there will be outreach specifically designed to reach people with low incomes and in particular neighborhoods.

## ***AARP DISCOUNTS***

AARP does not have a program related to carshare for low-income individuals, but it does provide discounts for its members, age 50 and over, with Zipcar. Its other car-rental discounts are with traditional car-rental services.

## ***PILOT PROGRAM IN THE CHICAGO AREA***

**L**ower density areas of Chicago and nearby Evanston, Ill. are the subjects of a pilot program and research study being conducted as part of a partnership among [Getaround](#), SUMC, and the [Center for Neighborhood Technology](#), a Chicago nonprofit that encourages and works toward attaining livable and sustainable urban communities. The pilot project will also be located in a few low-income and moderate-income Chicago neighborhoods. The Federal Highway Administration (FHWA) is providing a \$715,000 grant for the pilot, administered through the Illinois Department of Transportation and the Chicago Department of Transportation, with additional funding support from Center for Neighborhood Technology.

Especially interesting about this pilot project is that it uses a peer-to-peer carsharing model. There are no membership fees charged and insurance are included. The hourly fee starts at \$5 per hour, but users must have a credit card due to the parameters of Getaround's operations. The cars are accessible via a smartphone app or the program's website.

## ***CARSHARING SUPPORTS TRANSIT USAGE***

**R**esearch shows that people who use carsharing vehicles increase their use of public transit, according 2016 report, [Shared Mobility and the Transformation of Public Transit](#). The report's authors found that people tend to use transit for their weekday commute mode, whereas shared use modes, including carshare, are more popular on the evenings and on weekends. In many places, the existence of these complementary modes enables people to reduce car usage and to either reduce vehicle ownership or eliminate it altogether.

Back in the early days of carsharing, Flexcar formed a public-private partnership with a local public transit entity in several cities. For example, in Seattle it partnered with the local public transportation agency, King County Metro Transit. The company's advertising materials there said, "Ride Metro when you don't need a car. Use Flexcar when you do."

# ***THE CONCEPT OF EQUITABLE CARSHARING***

Few carsharing programs are designed specifically for people with low incomes or serve areas with a high concentration of such individuals. The obvious reason is that carsharing is mostly operated as a for-profit business, the aim of which is to increase revenue, presumably coming from people with sufficient assets or income to use the product.

The question arises, then, of what is meant by the term “equitable carsharing” for populations or neighborhoods of people with low incomes. Certainly, it means that the carshare service is affordable for people with low incomes and few assets, taking into account the size of the household and the affordability of the area. But does it also mean availability of carshare in low-income neighborhoods, near low-wage employment, and at the destinations that people with low incomes frequent in a particular area? Does it mean marketing that specifically addresses the needs and interests of such populations? Does it mean a particular kind of payment scheme? Does it allow for payment without credit or debit cards?

As a further set of questions for rural areas, how should we take into account the variables of low density, increasing poverty, and the depopulation of many areas of rural America? Certainly, some of these areas are prosperous, particularly college and university centers, as well as many tourist and resort destinations, but many have undergone profound economic changes in the last few decades.

## ***BENCHMARKS FOR EQUITABLE CARSHARING***

**P**erhaps the best way to look at this issue is to examine the spectrum of what a carshare operation could do to cater to, market to, and meet the specific needs of people with low incomes. We recommend a checklist of factors that would make carshare attractive to underserved populations. The overarching concern is that people with low incomes have both physical and financial access, as well as knowledge, about programs. Effective communication is critical, whether in a particular language or information from a culturally-trusted source. Here's a potential checklist of issues to consider:


- Is the payment method available to all customers, including the “unbanked” (e.g., those without a checking or credit card account)? Could options such as pre-payment or use of EBT or transit cards be included?
- How easy is it to sign up for membership if a potential customer doesn't have access to a computer? Is there a fixed premise/storefront or multiple vending locations available?
- What membership fees and/or application fees required? Is there a low- or no-fee option for qualified individuals?
- What are the fee structures? Do they allow for low-cost, infrequent usage, and for low-cost regular usage?
- Are vehicles located in easily accessible areas to all potential users? Are carshare vehicles located near transit facilities or stops?
- Will one-way carsharing be offered, particularly within frequently-traveled zones?
- How effective is local outreach and education about the carsharing program?



## ***OTHER ISSUES TO CONSIDER***

**E**ven with the above features in place to enable carsharing to be as available to people with low incomes as it is to everyone else, the transportation puzzle will not be solved. Carsharing assumes that the customer has a driver's license, which many people with low incomes do not. Indeed carsharing is completely unavailable to anyone without a driver's license and even to anyone without a sufficiently clean driving record. Carsharing is also unavailable to many people with disabilities, particularly to those who are unable to drive or to those who need vehicle adjustments in order to drive.

The carsharing mode provides one more mobility option for many people, a choice that may enable people to live better without a car or with reduced car ownership. It may also be the option that allows people to access that job interview, keep a screening medical appointment, or pick up a loved one from the airport where before they had no ability to do so. Mobility managers are encouraged to be familiar with carsharing programs in their community and know how they may help the people they serve.



About this series: This publication of the National Center for Mobility Management is intended to provide a snapshot of trending mobility management issues, along with examples of strategies in action and links to additional resources.

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