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End The Food Truck Lottery: Auctioning Spaces Would Benefit Consumers And The City

Ike Brannon

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The chaos that has beset the food truck market in Washington DC was perfectly predictable the second the government decided it had a way to allocate prime spots that was superior to the market.

For those of you who aren't food truck cognoscenti, the DC government originally got involved in deciding where food trucks can do business because disputes over who parked where developed shortly after food trucks arrived on the scene: trucks would show up early in the morning to claim prime lunch spots or drive around a prime block for hours to make sure they could claim a prime spot after morning rush hour ended, exacerbating congestion. Others used their own cars to lock up their favored spaces when their trucks couldn't be operating, a practice that hasn't entirely disappeared.

The logical answer to allocating the prime spots by Metro Center, Farragut Square and Union Station would be to have some sort of auction, but the city rejected such a thing because, as one official told me, it did not see the need to "squeeze every dime" out of the owner-operators-- although it does impose a steep fee for restaurants that want to put out tables for their customers outside their establishment. Apparently only certain types of businesses can use government property at a pittance.

Another objection made to selling prime spots was that doing so might result in these spots going to large corporate establishments such as Chic-Fil-a, which was judged to be a disastrous outcome.

Instead, the city set up a lottery to allocate the good spots, and --predictably--various food truck owners gamed it in fairly short order. Soon after it was set up the food truck association set up *its own* market for prime spots: if a truck owner got a prime spot in the lottery that he didn't want, he could transact with another owner instead. The only difference here is that the truck owners-- rather than the government--get to keep the money.

Once it became possible to monetize these spots, truck owners began entering numerous trucks in the lottery each morning--including, many suspect, "ghost" trucks that did not actually exist to

ensure they got at least one prime spot. Owners with just one truck found themselves in the hinterlands with more regularity and started complaining, and the city responded by limiting owners to only one spot in the auction--which penalized the operators who did actually own multiple trucks. After being overrun by complaints from that group as well as the attendant bad press, the city said that it would listening to criticism and consider making further changes.

The next change is obvious: the city should stop trying to be a beneficent actor and simply sell the choice spots to the highest bidder. There is absolutely no reason not to do this--the truck owners aren't paupers and their customers--mainly downtown office workers--are by and large anything but poor, so anyone worried about reducing profits or increasing food prices is barking up the wrong tree.

As for the fear of corporatism taking over the food truck market and begetting homogeneity in the market, it's worth noting that such a thing hasn't exactly happened in DC restaurants, and so what if it did occur? If most workers decided that they wanted thai food or burritos and the trucks at Farragut square all sold one or the other why is it the government's responsibility to prevent that from happening?

The current lottery system is an implicit subsidy to food truck owners worth millions of dollars a year. Why we would give away scarce public space to this cohort when the small mom and pop restaurants they compete with get no such subsidy is a question no one has even attempted to answer.

Ike Brannon is a visiting fellow at the Cato Institute and president of Capital Policy Analytics, a consulting firm in Washington DC.