

The burden of free parking on our cities

Delhi is engulfed by a smoky haze, not just in the air but perhaps more so in its priorities towards urban governance. Those in power proclaim that the only solution to the doggedly persistent air pollution crisis lies with the governments of neighbouring states that fail to enforce bans on stubble burning. This narrative has conveniently deflected attention from the policies that Delhi can implement.

One area ripe for reform is the set of regressive urban planning guidelines that have over the years incentivized private car ownership at the expense of congestion and deteriorating environmental quality. The Capital currently has more than 157 cars per 1,000 residents, and is expected to go up to 380 cars per 1,000 people by 2025. Indian cities are encouraging further car ownership by providing below-cost public parking and mandating minimum parking lots to be built into residential buildings. Since the gains from these rules accrue only to the car-owning few but the costs are borne by everyone, our urban policies are essentially subsidizing car ownership at the expense of those who rely on public transport.

A detailed report by the Centre for Science and Environment in 2015 found that Delhi charged on average only about a third of the actual cost of parking a private car in the city. And this “cost” does not even include the additional negative externalities created by private vehicles on everyone else through increased congestion and environmental harm. At present congestion levels, Delhi wastes around \$1.6 million worth of fuel everyday, while air pollution results in eight deaths per day.

In addition to this elite capture of our public spaces, our housing policies are further bankrolling car owners. Municipalities across the country mandate minimum parking to be built into buildings, including often for affordable housing where residents cannot even afford their own vehicle. But the cost of building this additional parking only drives up house prices further, making housing less affordable for everyone in the city. According to one estimate based on cost of constructing affordable housing in Canada, a requirement of one parking spot per housing unit increases the cost of construction by around 12.5%, while two spots drive up costs by around 25%. Another study in San Francisco found that off-street parking pushed prices of single family homes and condominiums up by 10%. A forthcoming report by IDFC Institute compiles the different minimum parking requirements for residential construction in cities across India, and explores the costs imposed by these policies on access to affordable housing.

Many Indian cities require developers to build a car park for each apartment, regardless of whether the occupant can afford a car, or if the building is situated near a mass transit system. The current master plan for Delhi (2021) stipulates a minimum of two parking slots per 100 sq. m of residential construction for housing across the city, and three for commercial areas. The national building code 2016 also recommends two parking spaces per 100 sq. m of residential group and cluster housing constructed across the country. Through such rules, municipalities are essentially pricing out families relying on public transport from cities. Even investments in public transportation cannot fully undo the negative effects of these rules. A study from 2012 found that mandatory parking minimums in New York city induced residents to drive more in private cars, even for trips to areas well served by public transport.

There is a growing realization of the detrimental effects of treating parking as a public good. For instance, the city of Los Angeles decided to repeal parking minimums for the redevelopment of certain residential buildings in the city in 1999. Since then, the average parking slots provided by builders for those buildings dropped from the originally mandated two slots to 1.3 spaces per unit. It also allowed developers to minimize costs and provide greater housing per unit of land.

Given the pressures that increasingly larger motor vehicles will exert on the crumbling road infrastructure, it is imperative for urban policy in India to be guided by an outcome-oriented principle that reduces incentives for car ownership. The National Urban Transport Policy (NUTP) of 2006 similarly argued for taking into consideration the externalities accompanying parking laws. By proposing a fee-based model of parking, the NUTP sought to encourage a move away from the traditional free-parking incentives showered upon car owners in Indian cities. Municipal governments, however, have continued to favour parking provisions. In order to make owners internalize the costs of driving private vehicles, it is incumbent upon Indian cities to charge at least the basic market price for the real estate and operational costs of their parking spots to the owners. This requires more effective enforcement of parking rules by cities in addition to more transparent and effective collection mechanisms for parking fees.

Compulsory parking requirements almost inevitably lead to hidden costs which are spread out, are difficult to decipher upfront, and near impossible to pull back ex-post. For cities like Delhi to envision a brighter future for its residents, it is time for urban policies to be driven less by the priorities of the influential elite, and more for the welfare of everyone.

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