



**February 6, 2023**

**Re: MM3.5 – Reviewing Revenue Tool Options for Toronto**

Dear Mayor Tory and Members of Toronto City Council,

The Toronto Environmental Alliance (TEA), TTCRiders, David Suzuki Foundation, Toronto & York Region Labour Council, Social Planning Toronto, YWCA Toronto, and NeighbourhoodPodsTO support the motion before you to assess the City's options for generating additional revenue, and to include a study investigating a commercial parking levy.

A levy on non-residential parking spaces across the City of Toronto would be a significant revenue tool which could be dedicated to transit and/or climate solutions. [A 2021 City report](#) estimated that this tool could raise up to \$575M per year - a significant amount for a single revenue tool.

Annual funding anywhere close to this scale dedicated to transit could drastically improve transit service and affordability, and help prevent future TTC budgets from the service cuts and fare increases proposed in the 2023 budget. This, in turn, would support Council's climate change commitments which are dependent on an expanded, improved, and eventually free transit system.

Toronto City Council has looked at this tool before on a broad level, but has never asked staff to assess and bring forward specific, implementable options tailored to Toronto. Many other cities have shaped this tool to work for their economic, geographic, and equity considerations; Toronto can too.

**Parking Levy Design Options**

A parking levy can be structured in many different ways. Some examples include:

- *By existing payment status.* A commercial parking levy can potentially apply only to paid commercial spaces. This would be similar to the commercial parking levies that currently exist in cities like New York and Vancouver
- *By parking lot size.* Different levies can be set for different parking lot sizes. This is currently being done in Montreal's suburban boroughs, where commercial lots under a certain size are not currently subject to the levy. One potential solution could be a tiered

pricing option, where there is a lower (or free) price set for the first number of parking spaces, a slightly higher amount for the next amount of parking spaces, a higher price for the next amount, etc. Montreal currently has at least two tiers. Toronto can create as many tiers as needed.

- *By geographic location.* Levies can be set differently for different sections of the city, similar to the Montreal commercial parking lot levy, which sets different levy amounts depending on the location of the lot within the city's boroughs.
- *By vehicle/resident status.* Levies can consider exemptions for equity or other reasons, as suggested by Toronto's TransformTO Reference Panel on Climate Action, including: accessibility, electric vehicle charging, carpool, park-and-ride, car-share, and expectant parent parking spots

## Parking Levies in Other Cities

Toronto is an outlier among world-class North American cities with no parking levy or fee. Each of the parking levies noted below are designed differently, including different levies based on geography. The following table includes the top levy rate in each of these cities.

City	Top Levy Rate <sup>A</sup>	Source
New York, USA	18.375% addition to paid parking space	<a href="#">link</a>
Los Angeles, USA	10% addition to paid parking space	<a href="#">link</a>
Chicago, USA	22% addition to paid parking space	<a href="#">link</a>
Montreal, Canada <sup>B</sup>	8.33¢ per hour (\$2.00 / day / space)	<a href="#">link</a>
Vancouver, Canada	24% addition to paid parking space	<a href="#">link</a>
Sydney, Australia <sup>C</sup>	30¢ per hour (\$7.21 / day / space)	<a href="#">link</a>
Melbourne, Australia <sup>C</sup>	18¢ per hour (\$4.36 / day / space)	<a href="#">link</a>

[a] To make comparison easier, Top Levy Rate is set per parking space.

[b] Montreal's Top levy rate is set at \$50.10 / m<sup>2</sup>. [Chapter 200](#) of the Toronto zoning By-Law 569-2013 declares the area of a parking space to be the equivalent of 14.56 m<sup>2</sup>, the equivalent of \$729.46 per year, or \$2.00 per day per space. This calculation does not include driving space between parking spaces, which would be significant.

[c] Sydney and Melbourne set their parking levies on an annual basis. Figures here are set at a daily and hourly rate to make it easier to compare with the 2016 KPMG and 2021 City of Toronto reports.

## Additional benefits to a commercial parking lot levy

In addition to providing a source of revenue for transit, a commercial parking lot levy would have additional benefits, including:

- *Encourage residential development.* As many commercial parking lots are located on prime real estate locations, a commercial parking lot levy would encourage more landlords to consider residential and mixed residential/commercial development.
- *Encourage more economic activity.* A commercial parking lot levy would encourage landlords to develop parking lot land, producing a greater amount of economic activity per unit of land.<sup>1</sup>
- *Support long term affordability.* Improving and increasing reliable transit supports the affordability of living in Toronto, as owning a car costs more than \$8600 per year.<sup>2</sup>
- *Support reliable transit to the property.* The levy would ensure that transit to commercial properties be reliable for those who choose transit. Twenty-eight percent of Toronto households do not have access to a private vehicle, and 37% of Torontonians do not have a driver's license.<sup>3</sup>
- *Discourages negative impacts of paved space.* Paved parking lots contribute to stormwater and flooding issues, while paved parking lots make heatwaves worse by adding to the urban heat island effect. A commercial parking lot levy would discourage large commercial parking lots and encourage their development into buildings, green space and more porous surfaces.
- *Encourage parking lot right-sizing.* A commercial parking lot levy could encourage landlords and tenants to 'right size' parking lots, ensuring that unneeded parking spaces be converted into other, more productive use.

## City reports exploring a commercial parking levy

Two recent reports have provided costing details to the Mayor and City Council on this topic.

1. In a 2016 KPMG report,<sup>4</sup> written for the city, the consulting firm concluded the following expected revenues (which are highly dependent on how the tool is designed). The report looked at two scenarios with two options each:
  - a. A levy of \$1.50/day/spot *OR* a levy at \$0.50/day/spot
  - b. A levy applied exclusively to paid spaces versus a levy applied exclusively to all spaces

<sup>1</sup> For example, Yorkdale Mall, with over 18M visitors/year, is serviced by Yorkdale subway station, which sees over 6 million riders a year on weekdays alone. The mall is the most profitable mall in Canada, with 8000 parking spaces.

<sup>2</sup> Source: <https://globalnews.ca/news/3832649/car-ownership-costs-public-transit-canada/>

<sup>3</sup> Figures are taken from or calculated from the most recent University of Toronto Transportation Tomorrow Survey. Source: [http://www.dmg.utoronto.ca/pdf/tts/2016/2016TTS\\_Summaries\\_TTSarea.pdf](http://www.dmg.utoronto.ca/pdf/tts/2016/2016TTS_Summaries_TTSarea.pdf) (p18)

<sup>4</sup> KPMG, 2016 <https://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-98725.pdf> (p41): <https://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-98725.pdf>

**Based on these two factors, the 2016 KPMG report concluded that the levy would result in revenues ranging from \$35 million to \$535.4 million annually.**

2. A City of Toronto 2021 Updated Assessment of Revenue Options<sup>5</sup>, presented to the Executive Committee, showed expected annual revenues of \$191 - \$575 million

**Figure 9b: Estimates of Additional Revenue Options**

Revenue Option	Annual Net Revenue Potential (\$ millions)	Permitted Under CoTA	Prov. Reg'n req'd?	Estimated Time to Implement
<b>Additional Revenue Options</b>				
Motor Vehicle Registration Tax (\$20 to \$100)	\$18 – \$94	Y	N	6 months
Alcoholic Beverage Tax (1 – 10% rate)	\$21 – \$151	Y	Y	12 months
Entertainment and Amusement Tax (1 - 10% rate)	\$4 – \$35	Y	Y	12 months
Tobacco Tax (1 – 10% rate)	\$5 - \$6	Y	Y	12 months
Commercial Parking Levy (\$0.50 to \$1.50 per spot/day)	\$191 – \$575	Y	N	18 months
Vacant Home Tax 1% of CVA for vacant units	\$55 - \$66	Y	N	24 months
Road Pricing (Cordon Pricing) (\$5 to \$20 per day)	\$89 – \$377	Y	Y	24 months

*This chart can be found on p.10 of the report, [also linked here](#).*

It is important to note that both reports are calculated assuming no exemptions based on geographic location or parking lot size. While the high end of these revenue projections is illustrative of the power of this revenue tool, it is likely that if implemented, Council would grant some exemptions based on equity, impacts on small businesses, and transit availability.

This broad range also illustrates the need for further study on this tool, and for staff to take an in-depth look at the impact and potential of specific implementation scenarios on residents, businesses, transit users, and drivers across the city.

## **Additional report request**

Council voted in 2020 to request a report from the CFO and Treasurer, before the 2021 budget, in order to learn more about the revenue potential, impacts, and design considerations for a commercial parking levy. That staff report did not surface before the end of the previous term. The Clerk's office has indicated that this report has now been designated NCF or “Not Carried Forward” into the 2022 term of Council.<sup>6</sup>

We hope that the motion before you today helps to move forward this previously approved report request so that Council can make an informed decision about a feasible and equitable path to move this powerful tool forward.

<sup>5</sup> City of Toronto: [2021 Updated Assessment of Revenue Options](#)

<sup>6</sup> City Council Report Request Log 2018-2022

<https://open.toronto.ca/dataset/report-request-log-city-council-and-its-committees/>