

December 7, 2016

**Memo To:** All City of Toronto Council Members

**From:** Kathy Pandell

**Re:** Impact of a Potential Parking Levy on Suburban Plazas with No Charge for Parking

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I understand that the City of Toronto is considering various revenue tools in order to fund its obligations/transit works. **We manage and lease small to mid-size suburban shopping centres in Ontario including the City of Toronto** and I have been with Geoffrey L. Moore & Associates Ltd. since 1985. I would like to explain the impact of a parking tax on suburban shopping plazas and why **this levy would unfairly target these centres which are already struggling and which do not benefit from the transit improvements.** Such a tax would not align the fund-raising objective with those who benefit from the infrastructure expenditures.

**A parking levy on unpaid parking spaces will drive commercial/office business out of the City of Toronto into surrounding municipalities and will be particularly destructive for non-anchored plazas in the suburbs for the following reasons:**

- **retail has changed so that the small to mid-sized “convenience centre” is difficult to lease**, particularly if it is not anchored by a grocery store. **These centres are struggling to maintain occupancy as large format stores have obliterated smaller users** (i.e. there are very few independent hardware stores with the introduction of the big box home improvement centre), **technology and e-commerce** (Amazon etc.) has reduced the need for the physical store and its sales revenue, and **the rise of dominant multi-use retail stores such as Costco and Walmart which offer goods at low price points has made it difficult for smaller retailers to survive.**
- for the reasons listed above there are very few uses to fill non-anchored convenience centres and these tenants and the landlords cannot afford additional levies, particularly since **the former “shared parking” assessment is rolled into the realty tax**

assessment.

- **older centres were required to provide parking spaces mandated by older by-laws and these numbers would be lower today as parking ratios have decreased; in addition with the city is now favouring intensification whereas the older centres were required to provide low density and large parking fields whereas newer developments have more coverage, lower parking ratios and can utilize much of their land to build on.**
- **older suburban centres have security and capital replacement issues in addition to rising costs such as utility costs etc. which make it very difficult to retain tenants as they can ill afford existing occupancy costs even at below market rents....a parking levy would be an undue burden when these centres are already contributing significant commercial tax dollars to the City. In addition older centres typically face high vacancy rates and a tax on parking stalls for centres with vacancies cannot be borne by owners or the remaining tenants;**
- **older suburban community centres which are not built around Smarttrack or subway transit do not benefit from the transit infrastructure spending and in fact it makes these centres less competitive compared to the retail/commercial/office located in proximity to the transit nodes which typically have very little parking since they are built around rapid transit – the retail in the “best” locations would not be paying for the transit improvements while they benefit most from the transit improvements.**

### Actual Example

I will use an actual plaza in the City of Toronto as an example. This property was purchased in the early 1970's and is located in the Scarborough suburbs. **The City mandated the parking be 181 spots.**

**Rents in the last 10 years have, for the most part, gone down or remained at their current level.** The centre was built in 1975 and needs a new roof which will cost over \$400,000 and is being undertaken in stages for cash flow purposes. The age of the centre necessitates **significant** repairs including replacement of the parking lot which the Landlord must pay for in addition to mortgage payments. **Some of the tenants have a cap on common area costs and tax so the Landlord absorbs these shortfalls at significant cost.** The centre is not grocery anchored and we work hard to keep existing tenants. The second floor office component is **chronically half empty.**

**A tax on parking here would have the following effect:**

181 spots x \$0.50/day x 365 days = **\$33,032.50**

181 spots x \$1.00/day x 365 days = **\$66,065.00**

181 spots x \$1.50/day x 365 days = **\$99,097.00**

**The tenants cannot afford this. The Landlord cannot afford this.** For a Landlord with a plaza in the City of Toronto that we work hard to keep presentable and as crime free as possible (security is over \$68,000/year) this proposed tax is **devastating.** In addition to

MPAC increases (this year the value increased over **50%** which must be a mistake) how can a single property Landlord/tenants with a property over 40 years old with a mortgage that has yet to be paid off afford this? **We have not passed on CAM and tax increases to many tenants as we know they are struggling** and it is **of utmost importance to retain them. Our rental rates are not high. If the tenant cannot survive then Landlord cannot survive and the existing tax revenue (realty tax is approximately \$300,000) from both Landlord and tenant will be lost to the City.** We work hard to keep tenants, particularly in older plazas which are less desirable in the leasing market.

**A toll on highways used by commuters in the 905 area and residents in the City of Toronto is a more fair and a transparent means to raise revenue to pay for transportation infrastructure and to encourage more use of such infrastructure.** In addition **it makes more sense to tax the users of paid parking lots most of which are downtown or if they are in the suburbs they are often part of medical centres which are physician owned. If I travel downtown I expect to pay for parking whether the cost is \$30/day or \$35.00 a day; if I have to be downtown I will pay this or take the TTC.** I am not commenting on whether a parking tax for paid parking lots is the right thing..... but certainly it is more equitable than imposing a tax on “free” parking spaces in the suburbs which are already taxed as shared facilities/common areas and where consumers realistically need to use a car to reach them since there is no quick transit method to reach these centres.

I would be happy to meet with you to help discuss various revenue tools. I can be reached at 905-886-9471 Ext. 2 or by email at: [pandellk@bellnet.ca](mailto:pandellk@bellnet.ca). Thank you for taking the time to digest this. We are **very concerned** and respectfully request that this revenue tool not be implemented and that we be advised of any developments.

Thank you.

**Geoffrey L. Moore & Associates Inc.**  
Kathy Pandell