

August 22<sup>nd</sup>, 2023

Mayor Olivia Chow, Executive Committee Chair  
Members of the Executive Committee  
City of Toronto  
100 Queen St W  
Toronto, ON M5H 2N2

**RE: Executive Committee Report EX7.1—Updated Long-Term Financial Plan**

The Financial District BIA, NAIOP Greater Toronto, BOMA Toronto, the Toronto Region Board of Trade (TRBOT), and REALPAC appreciate the opportunity to submit our comments regarding the Updated Long-Term Financial Plan report. We understand and appreciate the difficult financial situation the City of Toronto is currently facing, which has been exacerbated by the COVID-19 pandemic.

We also understand the City delivers services that are more properly the remit of other governments and that the delivery of these services are not adequately supported by city property taxes alone. However, as the City considers how to address its current challenges, we believe it is critical the City looks carefully at any proposed revenue tools, as a number of those contemplated in the most recent report could have significant, negative, long-term consequences on Toronto's businesses and economy.

As representatives of businesses across Toronto, we are writing to register our concerns, in particular, with the possible implementation of a commercial parking levy. The attached research paper from Altus Group indicates the parking levy would create significant economic burden on small to medium-sized businesses struggling to recover from the pandemic, and would be slow and costly to implement, and only resulting in marginal revenues for the City.

The parking levy would have negative impacts on Toronto's economy. Rather than discouraging driving, the levy is effectively a tax on commercial, industrial, and retail properties, whose tenants would be paying 70% of the parking levy's revenue and would experience an **additional tax on already taxed parking spaces**. Altus estimates that the resulting decreased investment in the non-residential sector would lead to 54,500 lost construction jobs and 40,500 lost office, retail, and industrial jobs.

The parking levy would also have significant overhead and limited returns. In addition to the implementation costs to set up and administer, the levy would reduce market values on commercial properties, many of which have already suffered impacted valuations because of increased vacancies due to the pandemic. These reductions in values would correspondingly reduce commercial property taxes collected by the City by almost \$155 million per year. **This**

would result in a \$1/spot/day levy having an effective revenue of only \$72 million per year, far less than the originally planned \$355 million – and at great economic cost.

The parking levy will unduly hurt small and medium-sized businesses, particularly those struggling to recover from the pandemic. In most cases, due to the structure of net commercial leases, the parking levy will not be paid by the property owner or landlord, but by the tenant.

Further, because this parking levy will be implemented under the City of Toronto Act, our understanding is it cannot be implemented in other jurisdictions outside the City of Toronto's boundaries. This means that a new burden will be added to Toronto businesses, but not to any others in the region – including those in some cases right across the street. This presents an obvious economic disadvantage to Toronto businesses, and we believe it could also drive investment elsewhere, to more tax-friendly, lower-risk operating environments.

City staff have also made clear the levy will be costly and time-consuming to implement, and the parking levy's revenue would not be realized this year. The levy would take 12–18 months to set up, and the City does not currently have an office prepared to administer such a levy, nor a comprehensive inventory of parking spots.

We understand the financial challenge the City is facing, which has been exacerbated by the pandemic, but is due in large part to the fact the City invests approximately \$1.1 billion in extensions of federal and provincial responsibilities, such as housing, social services, and health services. However, we have serious concerns about the impact of a parking levy on businesses in Toronto, particularly those in sectors hardest hit by the pandemic, and still struggling to recover. These consequences will vastly outweigh the relatively minimal revenues a parking levy would ultimately recover for the City.

I look forward to speaking to the Executive Committee on August 24<sup>th</sup> about this matter.

Respectfully



Michael Brooks  
Chief Executive Officer  
REALPAC

Attachments:

- Report by Altus Group: *Potential Economic Impacts of Introducing a Parking Levy in the City of Toronto*