
February 3, 2023

Attention: Mayor Tory and Members of Toronto City Council
100 Queen St W
Toronto, ON
M5H 2N2

Re: MM3.5 - Reviewing Revenue Tool Options for Toronto

Dear Mayor Tory and Members of Toronto City Council,

On behalf of a growing Commercial Real Estate Industry Coalition, we are writing to express our concern that the City of Toronto is once again considering a parking levy.

We understand that the City is facing a significant revenue shortfall and is taking actions to address these financial challenges, including implementing a significant tax rate increase. We appreciate the City's need to develop a more sustainable revenue source, but the parking levy is a poor choice to help finance the budget deficit given the post-pandemic economy.

While the levy appears to be a simple solution to the City's financial challenges, it is instead a complex tax that could negatively impact economic development and job growth.

It is important to remember that a parking levy is not the same as a parking tax. It will not change driving behaviour. A levy is a fee paid on a commercial parking area (paid or unpaid), whereas a parking sales tax is an additional tax paid on the sale of paid parking spaces. Parking sales taxes are very common – Vancouver, Pittsburgh, Miami, Seattle, Los Angeles, and New York all use paid parking sales taxes. There is very little precedent for a parking levy in North America.

After studying the parking levy twice, including in a third party KPMG report in 2016, the previous Council agreed with Staff's conclusion that the levy is unfair, inefficient, a bad policy fit, and does not minimize negative economic impacts¹. The levy could be an even worse revenue tool option for the City and its businesses who are still reeling from the pandemic.

A parking levy's impact on small business will be substantial. A small mall tenant (~2000 sq ft) would need to make an additional \$167,000 in sales (assuming a 6% profit margin) to cover a \$1/day levy. A small restaurant, still paying off its pandemic debts and struggling with inflation, would be charged \$7,665 a year for its 21 parking spots.

We note that these parking spaces are already subject to commercial property taxes and will soon also be paying a stormwater management fee (proposed by staff at \$1.81 sq m). A parking

¹ City Manager's Presentation on EX20.1, EX20.2, and EX20.3 ("LTFD Update," "Revenue Strategy," and "Asset Optimization" Reports). Executive Committee – December 1, 2016

levy could worsen the loss of storefronts and jobs to online retail, eroding the City's efforts to animate main streets and support business recovery post-pandemic.

If the City moves forward with a feasibility study of the levy, we request that the Commercial Real Estate Industry Coalition be included in the review and consultations.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Brooks', with a long horizontal stroke extending to the right.

Michael Brooks,

Lead Coordinator for the Commercial Real Estate Industry Coalition
CEO REALPAC
mbrooks@realpac.ca
416 642 2700 ext 225

CC:

NAIOP Greater Toronto
Building Owners and Managers Association Toronto (BOMA)
Ontario Restaurant Hotel and Motel Association (ORHMA)
Building Industry and Land Development Association (BILD)