



February 29, 2024

To: Executive Committee, City of Toronto

RE: EX12.3 - Implementation of a Commercial Parking Levy

The Toronto Environmental Alliance and TTCriders are writing in support of EX12.3 - Implementation of a Commercial Parking Levy. We very strongly believe that such a levy will bring in new, diverse, and much-needed revenue to the city, and that it could be used as a significant new funding source for transit in Toronto that the City desperately needs.

We are attaching a fully-sourced backgrounder. In it, we outline the following:

- **Examples of what we can do with the \$100-150 million expected revenue** of this very modest 1-2¢ per hour per parking levy rate, including significant investments in transit in the City. The expected revenue is equivalent to how much the City could raise with a 2.4% to 3.5% increase in the 2024 property tax rate.
- **Why we need this new revenue tool**, including, expand and improve transit, the need to diversify revenue sources, increase affordable options for Torontonians, induce more housing in the City, level the playing field for small businesses and workers, and advance Toronto's climate plan and environmental goals.
- **Information about commercial parking levies in other municipalities** around the world, including New York, LA, Chicago, Montreal, and Vancouver
- **Some examples of those who have recently and historically supported implementation** of a commercial parking levy in Toronto, including elected officials, editorial boards, business groups, and workers' organizations

Thank you.

Sincerely,

How-Sen Chong
Toronto Environmental Alliance

Shelagh Pizey-Allen
TTCriders

PARKING LOT LEVY FOR TRANSIT

What is the Parking Lot Levy for Transit?

The transit commercial parking levy is a fee applied to non-residential commercial parking lots designed to add funds to Toronto's transit. It is charged to the commercial parking lot landlord and is a revenue tool that is fully within Toronto's powers.

The most recent City staff report proposes an annual fee of \$6 per square meter in the downtown and lakefront, with a \$3 per square meter fee for the rest of the city.¹ When you do the math, **the proposed rate per parking spot will be just 2¢ per hour downtown, and just 1¢ per hour in the rest of the city.**²

The staff proposal includes exemptions for small parking lots, accessible parking, and other specific uses. The staff proposal estimates that **this small hourly parking levy could bring in as much revenue as \$100-150 million.**³

Revenue from a commercial parking levy was included in Toronto's Long Term Financial Plan in 2023, and revenues from the levy were also included in the City's budget projections for future years.⁴

Without the proposed levy, there will be an impact on the Long Term Financial Plan. **\$100-150 million is equivalent to the revenue from a 2.4% - 3.5% property tax increase.**⁵

How much is \$150 million?

- Operate both the Eglinton and Finch West Lines⁶ and expand Fair Pass to all low-income residents at the same time.⁷
- Buy 75 new electric buses and chargers each year⁸

Why does Toronto need a Parking Lot Levy for Transit?

The TTC needs more diverse revenue sources.

The Covid-19 pandemic showed us that the TTC's budget is too reliant on farebox revenue for its daily operations. Prior to the pandemic, up to 70% of the TTC's operating budget came from farebox revenue.⁹ Low ridership during Covid caused massive TTC budget shortfalls of more than \$1.3 billion over a two year period, which led to noticeable service cuts. The precipitous drop in ridership cascaded into a city-wide budget crisis, requiring temporary financial support from upper levels of government that have now been discontinued.

Affordability

Previous budget shortfalls have led to rising TTC fares. New revenue sources could be a game-changer, reducing fares while steadily increasing service quality and transit accessibility. 28% of Toronto households do not have access to a private vehicle, and 37% of Torontonians do not have a driver's license.¹⁰ Investing in transit is an investment in affordability for Torontonians. Additional revenue of \$150 million is equivalent to funding the entire Fair Pass for low-income Torontonians three times over.

Toronto needs more housing

According to the most recent City report¹¹, Toronto is estimated to have more than 1 million non-residential parking spaces, taking up 30 square kilometers of space, equivalent to almost 500,000 single-story one-bedroom apartments.¹²

Level the playing field for small businesses and workers

Small businesses that rely more on foot traffic and transit riders have struggled during the pandemic. A levy on large parking lots would help fund the transit that small businesses rely on for their employees and for their customers. Meanwhile, many of the large chain stores that already have strong online sales also benefit from large parking lots. A levy on commercial parking lots will help level the playing field for small businesses and fund a more reliable transit system to help get workers where they need to go on time.

Advance Toronto's climate plan: Toronto's TransformTO Net Zero Strategy requires that 75% of all trips under 5km be by walking, biking, or by transit by 2030, with fares to be free by 2040. Toronto cannot meet this commitment without immediate action to improve transit service and provide quick, reliable options to move people without cars. Additionally, removing excess parking will improve flooding and urban heat issues caused by pavement.

Parking Levies in Cities Around the World

Parking levies on commercial parking spaces exist in cities around the world, including:

New York
Los Angeles
Chicago

Washington DC
San Francisco
Vancouver

Montreal
Sydney
Melbourne

Zone-Based Levy Pricing

Many cities, including Montreal, have a zone-based system for its parking levy. Different parts of the city has a different per-space levy. Here, we compare Montreal's Zone-Based Levy Pricing with Toronto's proposed Zone-Based Pricing System.

Montreal ¹³	Price per day	Price per hour
Sector A	\$4.24	17.7¢
Sector B	\$3.18	12.3¢
Sector C	\$1.59	6.7¢
Sector D	\$0.16	0.7¢

Toronto (proposed) ¹⁴	Price per day	Price per hour
Zone A (Downtown and Waterfront)	\$0.49	2.0¢
Zone B (Rest of City)	\$0.25	1.0¢

Who Supports a Transit Commercial Parking Levy?

Mayor Olivia Chow (2023)

Mayor Olivia Chow has committed to voting for an effective, equitable commercial parking levy as a dedicated new funding source for TTC operations.¹⁵

Former Mayor John Tory (2023)

Then-Mayor John Tory successfully moved a motion¹⁶ (seconded by Councillor Moise) in 2023 for City Staff to present a feasibility study on the implementation of a parking levy. This motion received near-unanimous support from Council, and is included below in Appendix A.

Toronto Star Editorial Board (2023)

In January of 2023, the Toronto Star Editorial Board endorsed a commercial parking levy: “Not only would a parking levy create funds Toronto desperately needs, it would make the city an honest broker where its climate strategy is concerned.”¹⁷

Historical Support for a Commercial Parking Levy

Toronto Board of Trade (2013)

In 2013, multiple news sources, including the Toronto Star and the National Post, reported that the Toronto Board of Trade had endorsed a commercial parking levy of \$1 a day per space as part of an overall package of revenue tools for transit that would benefit the economy and reduce traffic congestion.¹⁸

Residential and Civil Construction Alliance of Ontario (2013)

In 2013, the Residential and Civil Construction Alliance of Ontario commissioned a study that recommended the implementation of a commercial parking levy in the GTHA.¹⁹

Reports and References

Previous Reports on a Parking Levy for commercial spaces by the City of Toronto

2016 KPMG Revenue Options Study for the City of Toronto

<https://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-94513.pdf> pp 48-64

2021 Updated Assessment of Revenue Options

<https://www.toronto.ca/legdocs/mmis/2021/ex/bgrd/backgroundfile-168696.pdf>

2023 City of Toronto. Jan 23 Revised Briefing Note

<https://www.toronto.ca/legdocs/mmis/2023/bu/bgrd/backgroundfile-233982.pdf>

2024 City of Toronto. Feb 22 Implementation of a Commercial Parking Levy

<https://www.toronto.ca/legdocs/mmis/2024/ex/bgrd/backgroundfile-243212.pdf>

Endnotes (References):

1. Source: <https://www.toronto.ca/legdocs/mmis/2024/ex/bgrd/backgroundfile-243212.pdf>, Table 2
2. The Staff report (Table 2, *ibid.*) states that daily impact per parking space is 25-49¢ per day, equivalent to 1-2¢ per hour.
3. Source: <https://secure.toronto.ca/council/agenda-item.do?item=2024.EX12.3>
4. On the presentation of the budget, City Staff confirmed that expected revenues from a Commercial Parking Levy have been added into their long term financial projections. (Source: <https://www.youtube.com/live/80A30oz5Lx0?feature=shared&t=5587>, Time stamp, 1:33:07)
5. A 1% increase in the residential property tax brings in approximately \$42 million in revenue to the City (Source: <https://www.toronto.ca/legdocs/mmis/2024/bu/bgrd/backgroundfile-242095.pdf>, Slide 13)
6. Source: <https://toronto.ctvnews.ca/ontario-may-have-to-operate-eqlinton-crosstown-lrt-due-to-toronto-s-finances-documents-suggest-1.6632867>
7. Source: <https://www.toronto.ca/legdocs/mmis/2021/ex/bgrd/backgroundfile-166970.pdf>
8. Based on the approximate cost of \$2 million per electric bus, calculated from this report: https://www.thestar.com/news/gta/ottawa-gives-ttc-money-for-new-electric-buses-but-no-funding-to-operate-them/article_562a8319-8067-5268-9504-7c831c6e772d.html
9. Source: <https://www.theglobeandmail.com/canada/article-ttc-costs-subsidies-ridership/>
10. These figures are from the most recent Transportation Tomorrow Survey conducted at the University of Toronto on behalf of 22 municipalities in Southern Ontario and the Ontario government. Source: http://www.dmg.utoronto.ca/pdf/tts/2016/2016TTS_Summaries_TTSarea.pdf
11. <https://www.toronto.ca/legdocs/mmis/2024/ex/bgrd/backgroundfile-243212.pdf>, Table 1
12. It is estimated that there are over 30 million square meters of parking in the City of Toronto (Source: <https://www.toronto.ca/legdocs/mmis/2024/ex/bgrd/backgroundfile-243212.pdf>, Table 1). That equates to over 322 million square feet of space, which is approximately 500,000 apartments of 640 square feet.
13. Source: https://portail-m4s.s3.montreal.ca/pdf/2024_tax_rates.pdf
14. Source: <https://www.toronto.ca/legdocs/mmis/2024/ex/bgrd/backgroundfile-243212.pdf>, Table 2
15. Source: <https://www.ttcriders.ca/mayor2023?active=funding>
16. Link: <https://secure.toronto.ca/council/agenda-item.do?item=2023.MM3.5>
17. Source: <https://www.thestar.com/opinion/editorials/2023/01/26/tapping-parking-lots-for-city-revenue.html>
18. Sources:
 - “Toronto Board of Trade endorses sales, fuel tax and parking levy in quest to pay for transit expansion.” (<https://nationalpost.com/news/toronto/toronto-board-of-trade-endorses-sales-fuel-tax-and-parking-levy-in-quest-to-pay-for-transit-expansion>). National Post. Mar 18, 2013.
 - “Transit funding: Board of trade suggests raising \$2B a year through sales, gas and parking taxes.” (https://www.thestar.com/news/gta/transportation/2013/03/18/sales_gas_tax_to_build_transit_recommended_by_business_group.html) Toronto Star, Mar 18, 2013.
19. Source: https://rccao.com/research/files/RCCAO_JAN2013_REPORT_LOWRES.pdf, p. 7-8