Advancing Implementation of the Long-Term Financial Plan - Revenue Opportunities

Communication from: Sarah Buchanan, Toronto Environmental Alliance

RE: EX 1.3 Advancing Implementation of the Long-Term Financial Plan - Revenue Opportunities

Dear Members of the Executive Committee,

Toronto Environmental Alliance would like to express strong support for the recommendation to implement a commercial parking levy in Toronto. As the City of Toronto faces an opening budget pressure of over $1.1 billion, our city urgently needs new revenue streams to fund critical priorities. A parking levy is a commonly-used revenue tool that has been implemented in major cities around the world looking to fund urban needs and take pressure off property taxes. For example, Montreal has had a parking levy since the 2010s, and New York Citys has been operating since at least the 1980s.

TEA is supportive of targeted revenue tools which encourage environmental benefits and urban improvements. A parking levy applied to the owners of large paved commercial lots, which earmarks revenue for improving transit and green spaces does this well. It is more than fair to ask wealthy corporations like Wal-Mart and Cadillac Fairview to contribute to municipal actions to reduce the negative impacts large paved surfaces have on our city, like flooding and adding to urban heat. It is also fair to ask these corporations to contribute to improving the transit system many of their workers rely on. Using revenues to improve alternatives to driving and parking is a logical step.

We support the proposed exemptions for smaller lots and reduced rates outside of downtown. We suggest additional improvements in our attached backgrounder, including exploring Montreals approach of lower rates for more dense underground parking vs outdoor surface parking lots, and earmarking revenues for transit and greening efforts to maximize impact. We also support accelerating the timeline to implement a commercial parking levy more quickly if possible.

Sincerely,

Sarah Buchanan,
Campaigns Director,
Toronto Environmental Alliance

TORONTO ENVIRONMENTAL ALLIANCE

tea

A Greener City for All

Toronto City Hall
Executive Committee
100 Queen Street West, Toronto, ON M5H 2N2

RE: EX 1.3 Advancing Implementation of the Long-Term Financial Plan - Revenue Opportunities

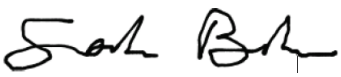
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Sincerely,



Sarah Buchanan, Campaigns Director, Toronto Environmental Alliance

BACKGROUNDER

Why Toronto Needs a Commercial Parking Levy

Prepared by: Toronto Environmental Alliance
November 2026

Summary

As the City of Toronto faces an opening budget pressure of $1.1 billion, our city urgently needs new revenue streams to fund critical priorities. A parking levy is a commonly-used revenue tool that has been implemented in major cities around the world looking to fund critical urban needs and take pressure off property taxes.

Cities that currently have a levy on commercial parking in some form include: New York, Los Angeles, Chicago, Washington DC, Montreal, Pittsburgh, Seattle, New Orleans, Vancouver, Sydney, Melbourne, and many others.

Montreal has had a levy on commercial parking since 2010[1]. New York City has had one since at least the 1980s[2], and both have maintained thriving business activity. In Montreal, the levy generates tens of millions of dollars every year, partially earmarked for public transit infrastructure.

[1] Source: Spacing Magazine. “The Parking Lot Tax” https://spacing.ca/montreal/2010/01/17/the-parking-lot-tax/

[2] Actual start date of NYC parking levy could not be found, but is mentioned in the following 1984 New York Times Article: https://www.nytimes.com/1984/10/22/nyregion/parking-costs-mount-with-no-end-in-sight.html.

What is proposed for Toronto?

The proposed Commercial Parking Levy is a charge equivalent of $0.50 to $1.00 per spot per day (about 2 to 4¢ per hour) in Toronto. This would apply to commercial (non-residential) parking and be levied against the parking lot landlord. The first 450 sqm (about 15 parking spaces) would be exempt. Small lots would pay nothing, while areas outside of downtown would pay only half of the rate proposed for downtown ($0.50/day vs $1/day downtown).

As currently proposed, it's projected to bring in approximately $150 million in new revenue every year[3]. This is roughly equivalent to a residential property tax increase of 3%.[4] Earlier City reports calculated that this tool could raise up to $575M per year depending on how rates are structured. A levy on non-residential parking across the City of Toronto is a revenue tool that is within Toronto's powers under the City of Toronto Act.

Montreal, Sydney, and Melbourne's levies are nearly *9 times higher* than Toronto's proposal.

Fee	**Toronto** (Downtown)	**Montreal** [5] (Section A)	**Sydney** [6] (Category 1)	**Melbourne** [7] (Category 1)
	$12.00 / sq m	$57.50 / sq m	$104.00 / sq m	$104.67 / sq m
Equivalent Spot per day	$0.99 per day	$4.73 per day	$8.55 per day	$8.60 per day
Amount higher than proposed Toronto levy	-	4.79x higher than Toronto downtown rate	8.67x higher than Toronto downtown rate	8.72x higher than Toronto downtown rate

Comparisons can be made with levies in Montreal, Melbourne, and Sydney. For New York, Los Angeles, Chicago, Washington DC, and Vancouver levies are structured as to make an apples-to-apples comparison to the proposed Toronto levy difficult.

[3] Source: Council Report for item 2027.EX1.3 – https://secure.toronto.ca/council/agenda-item.do?item=2027.EX1.3

[4] Calculated using Budget 2026 numbers, where a 1% increase in the residential property tax would raise $50 million (https://www.toronto.ca/legdocs/mmis/2026/bu/bgrd/backgroundfile-261523.pdf, p.15)

[5] Source: https://montreal.ca/en/articles/2026-tax-rates-106147

[6] Source: https://www.revenue.nsw.gov.au/taxes-duties-levies-royalties/parking-space-levy. Converted to price per square meter using the same calculation by the City of Toronto that 1 parking space = 30 sq m. Price is in AUD, equivalent to CAD$ 0.95 (Nov 2026)

[7] Source: https://www.sro.vic.gov.au/rates-taxes-duties-and-levies/congestion-levy-current-rates Converted to price per square meter using the same calculation by the City of Toronto that 1 parking space = 30 sq m. Price is in AUD, equivalent to CAD$ 0.95 (Nov 2026)

Benefits of a Commercial Parking Levy

In addition to providing revenue, a commercial parking levy would have further benefits:

- *Encourage 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, and would produce a greater amount of economic activity per unit of land;

- *Reduce flooding and extreme heat.* 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 levy would reduce the financial incentive for building large commercial parking lots in prime urban space.

- *Support reliable transit to the property.* The funding from the levy could help ensure that transit to commercial properties be reliable for those who choose transit. 28% of Toronto households do not have access to a private vehicle, and 37% of Torontonians do not have a driver's license.

- *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.

- *Level the playing field for small businesses.* The proposed parking levy applies only to large parking lots, with lots 450sqm and smaller (about 15 parking spots) exempted. This helps to even the playing field between large big box stores and small businesses. Today, employees and customers of small commercial businesses are generally far more reliant on street parking and on TTC, which costs minimum $2/hour compared to the 2-4¢ per hour large commercial parking lot landlords are being asked to contribute.

How to Improve the Commercial Parking Levy

1. Set different rates for indoor and outdoor parking

Toronto Environmental Alliance suggests exploring the Montreal model, which sets different rates for *indoor* (often underground) and *outdoor* parking lots. Doing so would differentiate purpose-built underground parking from surface parking lots that could be more easily converted into more productive uses (e.g. housing, retail, green space).

Comparison between Proposed Toronto Levy[8] with existing 2026 Montreal Parking Lot Levy[9]

	Toronto Downtown (2029 Rate)	**Toronto Outer Areas** (2029 Rate)	**Montreal Sector A** (2026 Rate)	**Montreal Sector B** (2026 Rate)	**Montreal Sector C** (2026 Rate)
	$ / square meter (sqm)				
Interior Lot	$12.00	$6.00	$14.25	$7.20	$7.20
Exterior Lot	$12.00	$6.00	$57.50	$43.20	$21.60

2. Earmark a portion of revenue for specific purposes

TEA and TTCriders have long supported earmarking funds from a commercial parking levy to improve transit service and/or infrastructure. This ensures that Torontonians who choose to take transit instead of driving and parking have viable, fast, and high-quality options to get where they need to go.

Some of the revenue could also be set aside to help finance parking lot conversions to more desired uses, like outdoor green spaces (which would further reduce the stormwater/flooding impacts of paved lots), bicycle parking, solar panels, or even temporary activations like outdoor festivals and summer patio space.

[8] Source: *https://secure.toronto.ca/council/agenda-item.do?item=2027.EX1.3*

[9] Source: *https://montreal.ca/en/articles/2026-tax-rates-106147*

Appendix A:
Reports and References

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

Dec 2026 – 2026.EX1.3 - Advancing Implementation of the Long-Term Financial Plan - Revenue Opportunities
https://secure.toronto.ca/council/agenda-item.do?item=2027.EX1.3

- Increases size of small commercial parking lots that will not be affected by the levy to 450sqm or approximately 15 parking spaces

Jan 2025 – 2025.EX20.7 - Update on the Implementation of a Commercial Parking Levy
https://secure.toronto.ca/council/agenda-item.do?item=2025.EX20.7

- Provides more precision on number of surface and non-surface parking
- updates on progress working with provincial Municipal Property Assessment Corporation (MPAC)

Feb 2024 – 2024.EX12.3 - Implementation of a Commercial Parking Levy
https://secure.toronto.ca/council/agenda-item.do?item=2024.EX12.3

- Outlines proposed design of commercial parking lot levy, including proposed levy amount and pricing zones

Jan 2023 – Operating Budget Briefing Note #41 - Potential Implementation of a Commercial Parking Levy
https://www.toronto.ca/legdocs/mmis/2023/bu/bgrd/backgroundfile-233982.pdf

- Outlines basic information about commercial parking levy design
- Estimates costs and revenues of implementation

Jun 2021 Updated Assessment of Revenue Options
https://www.toronto.ca/legdocs/mmis/2021/ex/bgrd/backgroundfile-168696.pdf

- Staff update comparison of different benefits and drawbacks of different revenue tools, including of Commercial Parking Levy

2016 City of Toronto Revenue Options Study
https://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-94513.pdf pp 48-64

- Detailed consultant report on potential new revenue tools available to the City, including Commercial Parking Levy

Appendix B: Who Supports a Transit Commercial Parking Lot Levy?

Mayor Olivia Chow (2023)

Mayor Chow has committed to voting for an effective, equitable commercial parking lot levy as a dedicated new funding source for TTC operations.[10]

Former Mayor John Tory (2023)

Then-Mayor John Tory successfully moved a motion[11] (seconded by Councillor Moise) in 2023 for City Staff to present a feasibility study on the implementation of a parking lot levy.

Toronto Star Editorial Board (2023)

In January of 2023, the Toronto Star Editorial Board endorsed a commercial parking lot 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." [12]

Past Support for a Commercial Parking Lot Levy

Toronto Region Board of Trade (2013)

In 2013, TRBOT campaigned for a commercial parking levy of $1/day per space as part of a package of revenue tools to raise money for transit that would benefit the economy and reduce traffic congestion.[13] This support is archived in the Toronto Star, National Post, CityNews, Toronto Sun, and Global News.

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. [14]

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[10] Source: *https://www.ttcriders.ca/mayor2023?active=funding*
[11] Link: *https://secure.toronto.ca/council/agenda-item.do?item=2023.MM3.5*
[12] Source: *https://www.thestar.com/opinion/editorials/2023/01/26/tapping-parking-lots-for-city-revenue.html*
[13] 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.
"Toronto board of trade recommends gas tax, road tolls pay for transit." (https://toronto.citynews.ca/2013/03/18/toronto-board-of-trade-recommends-gas-tax-road-tolls-pay-for-transit/) CityNews, Mar 13, 2013
"Toronto Region Board of Trade proposes four new taxes to fund transit expansion." (https://torontosun.com/2013/03/18/toronto-region-board-of-trade-proposes-tolls-fuel-tax-to-fund-transit-expansion) Toronto Sun, Mar 18, 2013.
"10 cents por litre fuel tax among revenue tools recommended to fund public transit." (https://globalnews.ca/news/410729/10-cents-per-litre-fuel-tax-among-revenue-tools-recommended-to-fund-public-transit/) Global News, Mar 18, 2013.
[14] Source: *https://rccao.com/research/files/RCCAO_JAN2013_REPORT_LOWRES.pdf* , p. 7-8