



## Municipal Parking Levy a Poor Choice for Revenue: Businesses and Jobs Threatened

### FOR IMMEDIATE RELEASE

October 13, 2016, TORONTO – The Commercial Real Estate Industry Coalition, a consortium of all of the major Toronto real estate associations, released a report today opposing a new parking levy on commercially-owned parking stalls in the City of Toronto, and describing why it would be a poor choice for financing the City's budget deficit. The report explains 10 good reasons why it's a bad idea.

A parking levy is a tax applicable to all parking spaces occupied or unoccupied, above or below ground, at a set daily rate. It is levied against the owner of the parking space. It is to be distinguished from a parking sales tax, which is added to the charged cost of parking for a specific parking space actually occupied by a vehicle.

A parking levy on parking spaces is a hidden tax, akin to another property tax, that will be paid by the property owners and their tenants. Ultimately, part of the increased costs will be borne by consumers, likely in the form of higher grocery bills, higher cost of goods sold in retail outlets, and higher rent recharges in office, retail and industrial properties, or lower incomes for business owners. As it will be hidden, it is not specifically anti-car, as drivers won't see it.

Toronto is already a high cost city, both residentially and commercially, and adding more tax burden to businesses and properties in the city will just make the problem worse. At the highest rate proposed in the City's KPMG report, the parking levy could amount to a de facto 44% commercial property tax increase on businesses in the City of Toronto. The resulting increased costs of doing business in the city would make relocating to 905 or elsewhere that much more attractive.

A parking levy actually works at cross purposes with the City's stated goals of increasing transit infrastructure and ridership, to the extent it may force businesses back out to the suburbs. City residents with jobs in 905 are hardly going to use transit for the reverse commute. We have a hub and spoke transit network, designed to bring people to the core and back out, ill-suited to diffused jobs in the 905 (perhaps except for SmartTrack).

Experiences from Greater Vancouver's attempt at a parking levy illustrates that the levy is administratively difficult to implement and causes a range of problems and distortions. While the parking levy has garnered attention due to its unrealistic revenue projections, it is important to note that the levy has failed each time it has been proposed in Canada. Mentions of a successful "parking tax" almost always refer to a sales tax on paid parking spaces.

Most importantly, it is not a tax that just gets absorbed by big business, with some deep pocketed entity easily able to afford the hit. City staff and Council may not understand that a parking levy is a charge that will flow through to tenants under typical retail, industrial, and office net leases. So it will be large and small businesses, including small retailers and family businesses that will be hit. As shown in the backgrounder to this release, that financial hit can be proportionately very large. It potentially diffuses through to all economic activity in the city, depending on where it is ultimately applied, and has serious economic repercussions.

"The retail and office sectors are likely to bear most of the increased cost from a parking levy." Says Michael Brooks, CEO of REALPAC. "At a time when Toronto's competitiveness significantly trails other Ontario regions, a parking levy, as it has been proposed, would be another unfair burden on Toronto's business community—especially real estate. The city needs to become more affordable not less so."

Overall, this report concludes that a parking space levy is a poor financing tool to help the City fund its operating or capital budget gap.



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*About the Commercial Real Estate Industry Coalition:*

*The Commercial Real Estate Industry Coalition is comprised of the Real Property Association of Canada ([REALPAC](#)), the [Toronto Financial District BIA](#), the Building Owners and Managers Association Toronto ([BOMA Toronto](#)), [NAIOP Greater Toronto](#), the International Council of Shopping Centres ([ICSC](#)), the Building Industry and Land Development Association ([BILD](#)) and the Retail Council of Canada ([RCC](#)).*