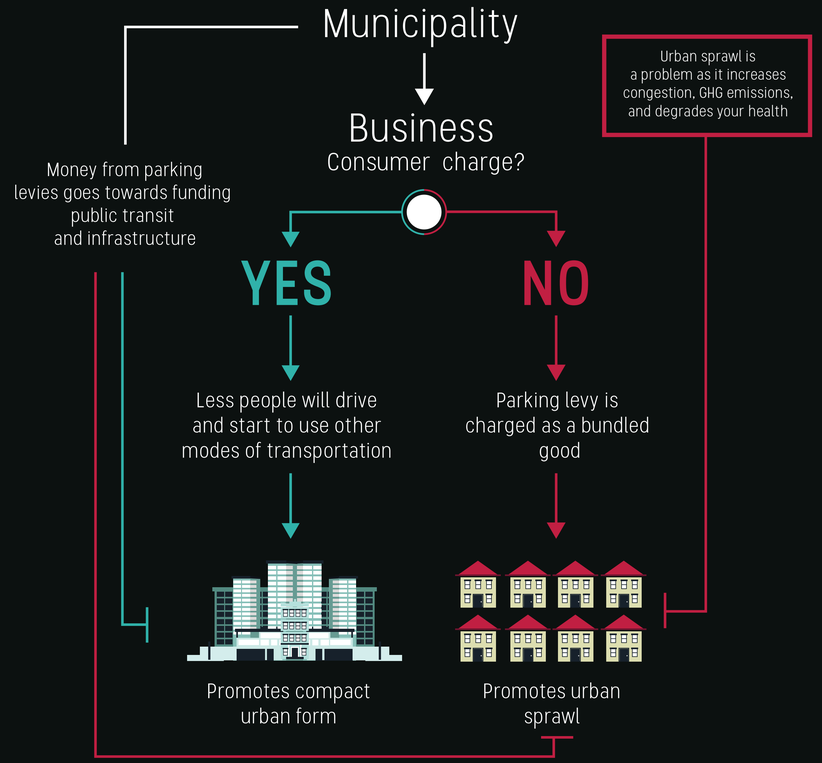
the PARKING LEVY

Can this public finance mechanism help support sustainability?

What is it?

It is a charge that can be imposed on non-residential parking spaces including office and commercial parking (Ison et al., 2014). Workplace parking levies charge private non-residential parking to employers who provide parking for employees. It assists in an overall reduction of traffic levels, congestion and a shift of modal transportation from private to public, and raise revenues for capital investments (Mingardo, 2015).



Cost of Congestion

£166 million/year in Nottingham, UK (Dale et al., 2014).

Applied Examples

Sydney, Australia

The Australian cities of Melbourne, Sydney, and Perth have all implemented parking levies. With parking levies, the government has contained the quantity of parking that is permitted in the central districts.

These cities can therefore dictate the price and location of the levies. The revenue from these levies has gone towards financing transport improvements in congested areas (Bray, 2011).

Nottingham, UK

Nottingham, UK, implemented a Workplace Parking Levy (WPL). Overall goal was to to reduce traffic congestion and provide funding to improve public transit systems including the expansion of Nottingham's express transit (Frost et al., 2009). Success of the WPL would lead to more implementations within the UK.

Legislation

Currently in Canada, only British Columbia and Quebec have implemented parking levies (Poucher, 1998).

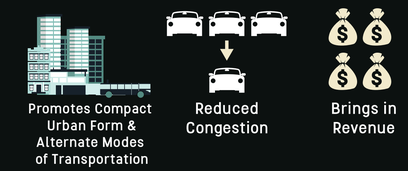
Legislation that supports implementation of a parking levy can be found within the Provincial Policy Statement, section 1.8 (PPS, 2014) states that reduced green house gas emissions is a main objective, which a parking levy tries to encourage a shift away from miles travelled. Under the Ontario Planning Act, Provincial Interest Section 2 (K) states that the development must support public transit (Planning Act, 2015). A parking levy encourages a shift from private to public transportation.

The Big Move

• In Ontario, Metrolinx- an agency under the Government of Ontario- is working on a plan "The Big Move" where parking levies would help raise funds for the plan

A parking levy **Could raise** **$350 million/year** **by charging 25 cents/day** per space (Metrolinx, 2016)

The Ideal Parking Levy



The Public Interest

Parking levies are not in the public interest if they are poorly located. Businesses and the public could possibly object if they are already heavily taxed and are not able to pay for it. If a business absorbs the cost or bundles the goods then it will promote urban sprawl.

An ideal parking levy would be best for the public. It would be in the public interest if an efficient parking levy was constructed to be self-sustaining and efficient while also balancing the social equity of a population.

Pros & Cons

Local authorities have the power to implement road user charges and workplace parking levies, as instruments of traffic management and fund raising for local transport improvements (Whitehead 2005).

Compact Urban Form

PRO
- greater emphasis on collective modes of transportation
- makes car less attractive

CON
- intensifies city center

Local Economy

PRO
- provides revenues that can be used to improve aspects of a city including public transit
- constrains congestion during peak periods resulting in a better city flow
- Increase of public transportation results in increased frequency of transportation

CON
- If costs are absorbed by businesses and employers, there is no revenue available to be put into public transit systems

Equity

PRO
- Reduced emissions
- Reduced congestion
- Increased health
- Reduced free riding

CON
- Reduced business profits if poorly located
- Bundling of goods
- If owner is charged then price of parking is not truly implemented
- The price may not matter (Elasticity of demand)

Greenhouse Gas Emissions

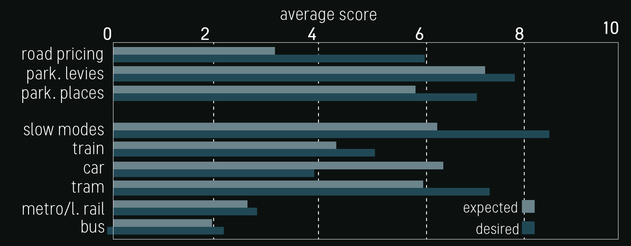
PRO
- environmentally sustainable
- does not contribute to pollution

CON
- could potentially reduce car sales
- Businesses absorbing costs of the levy would not change private transportation perspectives
- Alterations to infrastructure used to make parking lots and spaces

Expenditures & Revenue

PRO
- financial measure designed to reduce car usage

CON
- concern that the economic health of businesses located in charged town centers may be undermined



The highest score for expected policy measures is for an increase in parking levies which may make the use of private cars less attractive (Nijkamp & Reinstra, 1996). The second highest score is for a reduction for the number of parking spaces, which is expected to be introduced to a smaller extent than an increase in parking levies.

Further Readings

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