

Intelligence MEMOS



From: Benjamin Dachis and Jennifer Y. Tsao
To: Toronto City Council
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Re: **TORONTO'S PARKING APP ECONOMY**

It seems like there's an app on your phone for everything these days. A [new app](#) from the City of Toronto for on-street parking has the potential to free up more parking, reduce parking costs for most, cut traffic congestion, and help Toronto's budget problem. That will only happen, however, if the city uses the app for smarter pricing for parking.

Currently, the Toronto Parking Authority (TPA) charges by the hour for on-street parking in Toronto's core commercial areas. [Prices](#) vary depending on the location of the parking space, ranging in increments from \$1.50 to \$4.00 per hour.

In 2014, the TPA collected [\\$49 million](#) from on-street parking revenues, nearly 40 percent of TPA's total revenues. The TPA's total profit from all types of parking revenues was \$58 million, of which it submitted \$44 million back to the city.

Parking is a sizeable potential revenue generator at the city's disposal. This is particularly relevant today since Toronto is looking to find [hundreds of millions](#) in either new revenues or cost savings to balance their budget in the coming years.

The app can become a platform allowing the TPA to adjust parking prices based on the given demand and supply of parking spots, thus enabling smarter parking pricing. Smarter prices could lead to more available parking, a lower average price of parking, less congestion, and more revenue for the city.

Demand for parking changes depending on the time of day and the location. Parking spots downtown should be more expensive during working hours than during off-peak hours. The city could more easily vary the price of parking to meet demand using an app instead of using antiquated parking metres.

Many US cities are using smarter pricing. Six months after the introduction of smart parking pricing, the amount of available [parking increased by 10 percent in Los Angeles](#). Likewise in San Francisco, in areas that implemented smart parking, parking availability [increased by sixteen percent](#) within two years.

Better pricing can reduce the average price of parking. After the introduction of [demand-dependent pricing in Los Angeles](#), prices fell in 60 percent of parking spots but increased in only 27 percent of others. Similarly in San Francisco, [the average price of parking decreased by 4 percent](#) within the first two years of introducing demand-dependent pricing.

Remember the last time you drove around the block looking for a parking spot? You made traffic worse for everyone else. According to the [world's leading expert on parking](#), more than one-third of the cars in congested downtown traffic were due to drivers searching for a parking spot. Pricing parking spots correctly would help eliminate the surplus of cars on city streets during peak hours.

Implementing smart pricing could help alleviate Toronto's need for more revenue. Los Angeles collected [2 percent more in parking revenues](#) after the introduction of smart parking, even while the average price of parking fell by more than 10 percent.

Implementing smarter, demand-dependent pricing can raise additional revenues, decrease congestion, and regulate the availability of parking spots.

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