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Tough love must drive transit development

By Richard Gilbert
Globe and Mail Blog

A perennial problem in Canada's large cities is achieving high-density development along transit lines. A Globe and Mail article by Frances Bula on May 31 outlined Vancouver's challenges. She wrote, "The theory is that if you put dense development near transit, especially rail stations, you'll have people living, working, shopping and travelling at maximum efficiency." An even more important but often neglected reason is to generate transit riders whose fares offset operating and even capital costs. Toronto is a case in point.

Toronto mayor Rob Ford's proposal to extend the Sheppard subway line east and west is having a rough ride from Gordon Chong, the former councillor hired to figure out how to find the money for it. Mr. Chong has suggested that the plan will require imposition of road tolls, congestion charges, heavy levies on developers, and other taxes. This flies in the face of everything the mayor has promised, and of everything the mayor's majority on Toronto council would want to approve.

The mayor's plan could be rescued by taking into account two factors Mr. Chong is overlooking in his public remarks and also in the Request for Proposals issued to find a consultant to prepare a financing plan.

The first overlooked factor is revenue from riders. Over the life of any subway line, most of its revenue comes from fares. In Toronto – and elsewhere in Canada – there has not usually been a surplus of fare revenue that can be used to pay down debt incurred for construction. This does not have to be the case. With more riders and lower costs there could be a surplus.

More riders would come from development at and near new subway stations. Toronto has an astonishingly poor record of transit-related development. There are 54 heavy rail stations outside the downtown, but no more than 16 of them have substantial amounts of station-related development. There is essentially none on the Spadina line, very little on the Bloor-Danforth line and Scarborough RT, and hardly more on the Yonge and Sheppard lines. When the Spadina line extension opens in 2015, there will be adequate development at only one of its six stations.

Rescuing Mayor Ford's plan to extend the Sheppard subway will require a tough-minded approach that ensures provision of substantial subway-oriented development at every one of the proposed new stations. This will mean maximizing the use of city-owned land, massive upzoning of land near the stations, generous buy-outs of landowners to achieve appropriate land assembly, and possible creation of one or more public development corporations to move things along.

Taxing development at and near stations would be the wrong approach. Development there needs to be encouraged not discouraged.

To cover the full cost of a subway line from the fare box, there must be 30,000-40,000 residents or jobs within a square kilometre of each station. To the extent this density can't be achieved, subsidy will be needed. Subsidy is a substitute for density. The first task in any responsible approach should be to see if enough development can be stimulated to avoid the need for subsidy.

This kind of tough-minded approach could be applied to all of Canada's large cities. It would be unpopular but may be needed to provide transit expansion without draining public coffers.

The second thing Mr. Chong is overlooking in Toronto is whether the cost of the proposed Sheppard extensions – now set at \$300-million per kilometre – could be reduced. This would lower the amount of required development or the amount of needed subsidy. Subway lines in Europe are built for about half this amount. Savings come from designing for short, fully automated, driverless trains that provide high capacity by running frequently most hours of the day.

Shorter trains mean smaller stations and thus lower costs. Automation allows closer spacing of trains and thus higher line capacity, offsetting shorter trains. Shorter trains are lighter, which can result in savings in track-bed and other infrastructure costs. Automation also reduces operating costs, creating more surplus to cover construction costs.

With good planning for enhanced ridership and for savings through automation, Mayor Ford will meet his promise of providing new subway facilities with little or no dependence on new taxes. Otherwise, as Mr. Chong seems to be suggesting, the plan will become a reality only if the mayor forgets about his other campaign promise: to respect taxpayers.

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