

CASH FOR DENSITY

Charging developers additional fees for building around SkyTrain stations may become a key source of transit funds

The B.C. government and Metro Vancouver mayors are investigating the potential of charging developers additional fees around transit stations, saying the move could generate more than \$1 billion along a major new rapid transit corridor such as Broadway.



Charging developers additional fees for building around SkyTrain stations could generate money for transit.
Gerry Kahrman

Regional mayors pitched the idea of charging developers for increased building density around SkyTrain stations as a way of generating money for transit, following the defeat of a proposed transit tax in last year's plebiscite.

The fees could inject cash into the beleaguered transit system, which has proposed a \$7.5-billion, 10-year plan to add more buses and SkyTrain cars, an additional SeaBus and new rapid transit projects in Surrey and Vancouver, but doesn't have the money to pay for them.

Municipalities already collect fees from developers for amenities such as pools, parks and affordable housing, but not transit. Vancouver, for instance, has a "community amenity contributions" policy, which limits the amount of gross profit a developer can generate from a rezoning, with a large part of the resulting increased value, dubbed a "land lift," going to specific city projects.

“It seems to me as you develop the transit corridor, there are benefits that accrue to that corridor and the land around them. Density around transit corridors is what you should be doing,” said Peter Fassbender, the minister responsible for TransLink.

Fassbender said details still have to be worked out, such as how municipalities could collect on the higher density, but said preliminary numbers suggest the move could potentially generate \$800 million to more than \$1 billion “in one area,” such as the proposed subway along on the Broadway corridor.

But he said fees could also be charged for increasing density around existing SkyTrain stations that are still surrounded by low-density buildings.

“It’s an opportunity,” he said. “In Vancouver, there’s a fairly significant number and there will be opportunities in Surrey as well as the transit system expands there.”

The idea, he said, would be to use the fees from developers to help operate the transit system and to match funding from other levels of government to build new projects. Such fees are already in place in Europe and cities like Denver, Col.

“I really see the development community being open to look at that,” he said. “It’s a fair formula. With transit comes development opportunities and potential.”

Surrey Mayor Linda Hepner, who raised the idea last month during a luncheon at the Greater Vancouver Board of Trade, declined to comment further on the proposal while it was under discussion with the province.

Metro’s mayors, which must approve TransLink’s funding plan, are also re-pitching proposals to use a regional carbon tax, vehicle levy or increased gasoline tax to generate more funds for the transportation plan.

In 2013, the mayors’ council said an annual vehicle registration fee, based on vehicle emissions or engine size, could reap \$50 million, while a \$5-a-tonne regional carbon tax could potentially generate \$90 million a year.

Fassbender insisted Tuesday a carbon tax is off the table, but said the province is open to discussing the controversial vehicle levy — it has been rejected by successive governments — as well as other alternatives. But he noted those are long term, and the regional mayors must come up with some short-term funding immediately if they are to get a share of federal dollars for transportation.

The federal government has said it would fund up to 50 per cent of capital transportation projects in Metro, but the province and TransLink must fund the rest. The mayors, who must approve funding for TransLink, are calling on the province to provide 40 per cent of the capital costs — up from the onethird it typically provides for capital projects, but Fassbender said the province first wants to see what the federal government is promising in its next budget.

Fassbender would not say what the mayors are proposing as a short-term fix.

“They’ve indicated what they think they can do in a potential lift in other areas,” he said.

“I’m not going to presuppose anything here. I’m not going to compromise those suggestions. We understand the urgency. We have to find a path to move ahead. Everyone should be looking at a formula that is fair.”

Burnaby Mayor Derek Corrigan said if the mayors don’t get the funding, they will have to “do more with less. We will have to see what the system can deliver with what it has,” he said. “It’s not as if TransLink doesn’t have a big budget now.”

7 Comment(s)



[GMan](#)

18 May 2016

07:06

This is another way that governments are conspiring to make housing more unaffordable. The developers will not pay the extra fees. Like taxes the developers will just pass on the fees in the form of higher house prices.

If they want to raise money for transit try raising property taxes, that is what property taxes are for. It will also improve the affordability of houses in that if the property taxes are higher people won't be able to afford the bigger houses, thereby deflating demand for houses and lowering prices.

The mayors are again struggling to find a way to tax people to fund their pet projects without having a finger of blame for higher costs pointed back at them.



[Ricketty Rabbit](#)

18 May 2016

07:54

GMan, I don't know if this actually raises prices around Skytrain hubs. My earlier post should have said that those who buy homes around these hubs DO pay a premium. The question is who benefits from the rezoning - the original owners of the property, the developers, or the general public.

Since the rezoning is for a public purpose, I don't think the original owners of that property should get windfall profits from rezoning. Fair compensation, yes, but for the value of the land in its pre-rezoning use.

And I don't think developers should reap these profits, either.

The rezoning windfall was caused by public decisions, and it ought to go to the public. Doing it any other way leaves the door open for private profit from government actions - always a dicey proposition.

[comomark](#)

18 May 2016

08:04

So - Why should urban dwellers fund suburban and rural dwellers by providing bridges, roads and trains? , If you live in a city, you have already paid the premium in initial cost and taxes. Transit including private car should be user pay. Tolls and road use should be electronically captured and commuters should pay.

Or - the city is made rich by all who enter and they should be subsidized to travel in and work and buy and recreate.

Or - the provincial government can't make a decision for fear of losing votes.



[GMan](#)

18 May 2016

08:19

RR, all I am saying is that higher taxes won't cut into the developers profits. They will just make housing more expensive.

And since most businesses price their products as a percentage of cost, the additional cost will probably add additional profit for the developer. Thus making the houses more expensive than just the added government surcharge.



[Stryder](#)

18 May 2016

09:01

@ GMan.

If they want to raise money for transit try raising property taxes, that is what property taxes are for. It will also improve the affordability of houses in that if the property taxes are higher people won't be able to afford the bigger houses, thereby deflating demand for houses and lowering prices.

And you know this, how? I think property taxes would have to be raised a lot to dissuade people from buying bigger houses. What about the rents for secondary suites. They'll go up, making it more difficult for renters.

Also, people paying the higher property taxes will be people living in Vancouver, North Van and West Van, thereby paying a greater share of transit than people in outer Metro.

You and others here blew it when you defeated the transit referendumb. As did Christy Clark when she said it had to go to a referendumb. Another in a long list of her faux pas.



[Art Iskandid](#)

18 May 2016

10:23

Transit planners might be . . . **should** be in a position to know the approximate routes of transit, especially Skytrain location, and in particular, the location of **stations**. Properties close by will escalate in value, once the stations are built, but Translink has a buying opportunity **before** that happens.

I have a friend whose house was close to the 49 Avenue station on Canada Line. He made more money from selling his 40-year-old 3 bedroom house, than he saved from his engineering career.

Translink doesn't have to buy every property. Just pick up land that is up for sale, and pay the going price for it. Rent it, in the short term, until a developer is interested.



[Ricketty Rabbit](#)

18 May 2016

11:33

"Transit including private car should be user pay. Tolls and road use should be electronically captured and commuters should pay."

Partly right. But transit isn't fully paid by farebox revenue except in a small percentage of very densely populated cities. Hong Kong, Singapore, Osaka, Tokyo, Taipei are about the only ones.

https://en.wikipedia.org/wiki/Farebox_recovery_ratio

Cities have choices to make about transit funding. In order to have transit fully funded at the fare box, the routes must have very high density around them. Without that density, fare box funding will fail because fares would be so high that ridership would remain very low.

Vancouver isn't anywhere dense enough to make Skytrain or bus travel fully funded by fares. And it's never going to be as long as people can afford to live in single family homes.

Note that all the cities with fare box funded transit systems also have subsidized housing. Hong Kong and Singapore have 50% and 80% of their population respectively living in public or subsidized housing. Osaka, Tokyo and Taipei also have public housing, not limited to the poor.

So, if you have enough density for a fare box funded transit system, you'll end up paying for subsidized housing.

There's no way around it.