DAILY COMMERCIAL NEWS
AND CONSTRUCTION RECORD

June 5, 2013

No gridlock cures in Metrolinx options: industry

KELLY LAPOINTE

staff writer

Metrolinx's investment strategy that relies on income generated from taxes and parking levies does not address the true problem of gridlock and creates a disincentive for transit-oriented communities, say industry leaders.

"This appears to be more of a revenue generation to build transit approach, rather than something that's focused, at least to a certain degree on congestion management," said Andy Manahan, executive director of the **Residential and Civil Construction Alliance of Ontario** (RCCAO).

"The impact on travel behavior and ability to provide for smart charges or dynamic pricing seems to be deleted from this new document. That is a big change over the last couple of months."

The strategy recommends a one-per-cent hike to HST, which would generate $1.3 billion in revenue annually. A mobility tax credit is also recommended to help ensure the proposed HST increase does not disproportionately burden those with lower incomes. The cost of this credit, about $105 million annually, would be paid by the revenue generated from the tax increase.

Related:

Ontario calls for meeting with Ottawa to talk transit funding solutions

Toronto nixes new transit taxes or fees

A business parking levy would generate $350 million each year. The levy would be variable, based on relative current value assessments. The average levy would be 25 cents per day per space, although the actual amounts would be based on relative assessed values.

A five cent fuel and gasoline tax would generate $330 million annually and a 15-per-cent development charge is expected to generate $100 million annually.

Revenue from these four tools is expected to total $2 billion annually and will fund the $34-billion second wave of projects proposed by Metrolinx in its 25-year The Big Move.

The second wave of projects includes a Yonge North subway extension, rapid transit projects in Brampton, Scarborough, Durham and Hamilton and GO rail expansion. Other local and regional transit and transportation system improvements include support for local roads and transit, area highways and active transportation and integration.

High occupancy toll (HOT) lanes, paid parking at transit stations and a land value capture are recommended tools that the report describes as supplementary.

Metrolinx also recommended evaluating projects valued at over $50 million to determine whether alternative delivery models, such as public-private partnerships, could deliver the greatest value for the taxpayer dollar.

As part of its accountability process, Metrolinx is recommending a review of the investment strategy and its impact after 10 years and a fundamental review and reauthorization after 20 years to ensure the strategy continues to meet the needs of the region.

“I think there is a necessity to maybe have more frequent reviews to see if HOT lanes are working, then do we go to more of a network-based road pricing scheme across both existing and new highways. Those sort of questions need to be asked,” said Manahan.

Manahan was pleased to see that Metrolinx recommended establishing the GTHA Transportation Trust Fund to oversee management and allocation of the funds.

Dr. Baher Abdulhai, director of the Toronto Intelligent Transportation Systems Centre/University of Toronto and author of the report “Congestion Management in the GTHA: Balancing the Inverted Pendulum,” said these revenue tools, while raising capital for investment in transit, do not address the problem of congestion.

Abdulhai said HOT lanes scratch the surface on congestion pricing.

“The main advantage in my mind is during peak periods if you wanted to move fast and your life depends on it, you can, at the moment, you cannot,” he said. “The traffic using HOT lanes is taken away from the regular lanes. The people who don’t use it, don’t pay for it, are also benefiting to some extent.”

Though, he pointed out, HOT lanes do not do what dynamic congestion pricing would do. He noted that the impacts from transit expansion will not be immediately felt.

“Over the next few years we will not see any significant change in what we encounter on a daily basis on the roads,” he said. “If we want to nip congestion in the bud immediately, then congestion pricing should be pushed further.”

The Big Move is expected to cost the average household $477 a year.

Joe Vaccaro, chief operating officer of the Ontario Home Builders Association (OHBA) says this number does not tell the whole story for new home buyers and new businesses being established across the GTHA. With a 15 per cent development charge and increased HST, “you’re into the thousands very, very quickly,” he said.

“If we are committed to bringing forward transit-oriented communities, if that is the focal point of the growth plan to fight sprawl, we need to be working to ensure these are affordable and welcoming communities,” he said.

“The reality is that all of these new costs...layered onto the new home purchasers and new businesses are going to be passed on. They become a structural part of the purchase price of a home and the cost of moving the business into the GTHA.”

Vaccaro said OHBA is still supportive of the Big Move plan and was happy to see the strategy include language around transportation planning that supports transit-oriented communities.

After the strategy’s release, the Ontario government announced its commitment to creating revenue tools to improve transit and infrastructure in the province and said it accepts the guiding principles of the strategy.

The government says the next step is to create an advisory panel to help move the recommendations forward.