

April 24, 2007

York Regional Council

Dear Colleagues:

Subject: **The Yonge Street Subway Extension from Finch Station to Richmond Hill /Langstaff Gateway**

I am writing this letter to express to the Region my commitment to moving forward immediately on extending the Yonge Street subway line from Finch Station to the Richmond Hill/Langstaff Gateway. Now is the time for the Region and its partners to begin planning, financing and building the subway extension.

Poll after citizen poll recognizes the transportation and gridlock problems facing the Town of Markham and other Greater Toronto Area communities. Gridlock means lost business opportunities, a lack of economic competitiveness, time away from family and poor air quality. With the Town of Markham, Richmond Hill and City of Vaughan identified by the Province within the "[Places to Grow Act](#)", increased growth and transportation issues are assured.

Efforts to improve the transportation network, including smarter growth, bike lanes and dedicated lanes for buses and high occupancy vehicles are all important. The Town of Markham and Region of York have made great strides promoting and supporting the VIVA transit system. It is high time, however, to go beyond traditional efforts to resolve transportation issues and look at a longer-term vision.

The York Region Official Plan includes a conceptual transit network that includes the Yonge Street subway line extension. This subway line would help Markham, Richmond Hill, Vaughan and other communities meet intensification targets and establish transit-supportive infrastructure. In addition, extending the Yonge Street subway line to Highway 7 would help Regional and local governments, businesses and citizens achieve goals of sustainable natural environment, economic vitality and healthy communities.

The time to begin is now. If a scoped Environmental Assessment were underway immediately, construction of the subway extension could begin in 2009. This would reduce the projected timeline for the implementation of the subway extension by at least a decade. Embarking on an ambitious schedule would send a clear message to development and business partners in the area of the Region's commitment to economic competitiveness.

The biggest obstacle to extending the Yonge Street subway line has always been funding. Traditionally, government has been seen as the primary funder of transit systems. I would like to suggest a new funding formula be developed that considers a mix of public-private partnerships, including:

- Area specific development charges
- Regional development charges
- Land transfer tax
- Bonussing
- Tax Increment Funding (TIF)
- Transaction Fee
- GST
- Private sector partners in building, operating and financing

There needs to be an in depth discussion with all our potential partners around how to explore these funding formulas properly. That information will help us all to understand the challenges and opportunities there are to fund this initiative.

Development Charges: There are a number of potential revenue sources that have not been considered to date; for example, a per unit charge to capture the land value increase in the immediate area along Yonge Street because of the subway extension. If the appropriate charge was \$10,000 per unit, an additional 2000 units could potentially result in \$20 Million revenue for the subway annually.

TIFs: Considering tax increment funding as part of the public-private partnership funding formula would allocate a portion of the education taxes to the subway extension costs. For example, if there were 2000 units per year in the area with an average value of \$300,000 per unit at .264% education tax, tax increment funding could generate \$1,584,000 per year. The benefit of tax increment funding is that it is cumulative, i.e. revenue grows annually with the additional 2000 units added to the area per year. In this example, the tax increment funding would grow to \$10 Million by year six.

GST: Additionally, \$30 Million of GST would result from the sale of the additional 2,000 units (assuming an average value of \$300,000 with a 5% GST rate). All, or part, of this GST revenue can be applied to the cost of the subway.

In this way, considering a variety of funding formulas, including the \$200 Million currently committed to improvements on Yonge Street, the development community, government and business community can work together towards building a financing option that assures the success of the Yonge Street subway line extension with a potential payback period of eleven years.

This initiative provides an opportunity for the injection of \$25 Billion of redevelopment in the region and it should not be lost. It represents a win for all: residents would have access to the subway, the development community would have greater densities than anticipated and the federal and provincial government wouldn't be out any taxes because we wouldn't provide these densities without the presence of the subway. I would like to move forward around establishing new funding formulas, new partnerships and an improved opportunity to make the subway extension more achievable and establish the transit-supportive infrastructure required for Markham, Richmond Hill, Vaughan's and Toronto's long-term success.

Yours sincerely,

Jim Jones
Deputy Mayor

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| c.c. | Hon. Jim Flaherty | - Federal Minister of Finance |
| | Hon. Lawrence Cannon | - Federal Minister of Infrastructure |
| | Hon. Greg Sorbara | - Ontario Minister of Finance |
| | Hon. David Caplan | - Ontario Minister of Infrastructure |
| | Town of Markham Council | |
| | Town of Richmond Hill Council | |
| | City of Vaughan Council | |
| | Bruce Macgregor | - CAO, York Region |
| | John Livey | - CAO, Markham |

[Sample Subway Analysis Model Schedule enclosed](#)