

It's Time to End Public Subsidies for Sprawl

*News and Commentary
Calgarians for Sensible Growth*

City Council candidates in Calgary's municipal election are promising to reduce taxes. They are ignoring what is probably the greatest rip-off of taxpayers: the sprawl subsidy.

This is not just a Calgary issue. It affects residents of every city and town facing development pressures.

Sprawl has historically been subsidized by taxpayers, but subsidies no longer make sense. More sprawl is a Ponzi scheme. It piles up a huge debt of promises – in this case, infrastructure promises – that can't be fulfilled.

Syphoning off money for sprawl has caused a [\\$7.7 billion deficit](#) (p. 9) in Calgary for roads, waterworks, fire and police stations, parks, recreation centres, and libraries. In older communities, public works from sidewalks to swimming pools lack repairs and upgrades. In our subdivisions already under development, residents are denied the recreation centres, schools, and other services they were promised.

Sprawl is paid for through developer levies and public funding (tax increases, more debt, higher utility bills, federal and provincial grants). Developer levies are supposed to pay most of the cost of sprawl. Sadly, it hasn't worked that way.

Past mismanagement has left the levy fund in shambles. In 2019, the City of Calgary's Auditor was unable to determine if levies were ["sufficient for planned infrastructure spend"](#) (p. 5).

City Administration has also fiddled with the math. Some infrastructure that supports sprawl is excluded from levy calculations and some calculations end twenty to thirty years short of the 2076 growth horizon.

Excluded Projects

In terms of excluded infrastructure, the City's transportation team is the worst offender, failing to charge developers for their share of forty-five interchanges, fourteen major road widenings, and four LRT extensions. The cost to taxpayers – using the City's own methodology – is a minimum of \$2.3 billion, meaning the transportation levy [should have been doubled](#) (Tabs 4 & 4a) and total levies increased by 69%.

The transportation team excluded those projects because the projects do not provide a "direct connection" to new subdivisions. Apparently, the City believes

Since 2014, Calgarians for Sensible Growth have been advocating for a City budget that would eliminate the sprawl subsidy and reallocate the money to the communities we already have.

that residents of future subdivisions will not use municipal services outside their immediate areas.

This arbitrary exclusion of projects means that, along with many other important projects, developers will not be required to provide money for:

- Extending the Red LRT Line to 210th Avenue South
- Extending the Blue LRT Line beyond Saddletowne
- Solving the Glenmore Trail bottleneck at the causeway and
- Fixing Crowchild Trail south of 24th Avenue NW and across the river.

City officials expect us to step in to let developers off the hook.

Short-Term Planning

City Administration's excuse for only planning for twenty to thirty years of growth is that policy plans (called *Area Structure Plans*) are not available for some lands. Since those plans are expected to follow City policies, accurate estimates of levies could have been made. For City officials, the fear of not being completely precise mattered more than making sure developer levies are collected.

Provincial government interference plays a role as well. Even though levy negotiations are none of its business, [the Province requires](#) (s. 35.1) that levies on land can only be charged once, a developer's contribution is limited to the degree to which the land benefits, and levies can't be applied to schools and school sites. The Province and the City may pretend otherwise, but taxpayers will be responsible for cost overruns, scope creep, and development delays. Meanwhile, developers rake in higher profits as school boards struggle to fund new schools.

Sprawl's house of cards collapses when you ask: Should current taxpayers pay anything at all for more sprawl? The answer is a resounding NO!

More debt and higher taxes for sprawl are foolish when local stores and offices are vacant. It's absurd to subsidize recreation centres, libraries, and fire and police stations far away from existing communities – new and old. And it certainly makes no sense to add to the \$7.7 billion infrastructure deficit by diverting taxes from where people already live.

Subsidies for sprawl in Calgary should have vanished sixteen years ago when the City approved the planning rules in the *Municipal Development Plan*.

The keystone of the MDP is the requirement that growth be split 50/50 between established communities and new subdivisions – and do it in a way that prioritizes

affordable housing and more business opportunities in activity centres and on main streets, not through blanket re-zoning.

Instead, the last Council adopted a strategy to drive [85% of growth into new subdivisions](#) (p. 19).

The rationale for choosing the 85% strategy was “current growth trends” which had hovered around 90% of growth in new subdivisions except during a few years following passage of the MDP. Those growth trends, though, were a direct result of the sprawl subsidy. The market for new subdivisions was not and never has been a “free market” solution to managing growth. Using an artificial, subsidized growth trend is merely an excuse for the City to continue to transfer wealth from existing taxpayers into the pockets of developers.

Council knew they were doing the wrong thing. [Their own consultant](#) (pp. 19, 31, & 33) told them that the 50/50 growth split will attract more people, create more jobs, and attract a larger share of regional population. Two Councillors even voted for the 85% strategy [after noting](#) (at 2:19:59 and 8:24:33) that new subdivisions are “the antithesis of many of our goals” and “not as efficient ... not as fiscally responsible and it causes people's long-term tax liability to go up.”

Previous City Councils had been told repeatedly – in 2009, 2014, and 2020 – that the 50/50 strategy is a bargain – [\\$1.6 billion cheaper than more sprawl](#) (p. 4). That's equivalent to a tax savings of \$537 per household for each of the next fifty years.

Yet, City Council continues to approve more sprawl. Even after the recent upswing in population, Calgary already has [more sprawl than it needs](#):

- Seven to ten years of suburban land serviced and ready for development, twice as much as the three-to-five year requirement in the MDP
- Fifteen to twenty years of planned suburban land supply, well over the MDP's fifteen-year limit

[Municipal Development Plan](#) (pp. 132-33)

With that surplus of serviced and planned land, subdivisions already under development can finally be completed. If developers want more sprawl, there are private sector investors – locally, nationally, and internationally – who should be more than willing to step in to replace taxpayer subsidies.

So, this election, when we contact a candidate, we need to ask:

Will you reduce taxes by ending the sprawl subsidy?

The answer will determine if a candidate is serious about meeting our needs and keeping our taxes low.