



Affordable BC



Land Value Capture and Transit Funding

“The time may be right for land-value taxes”

-The Economist, August 9, 2018

How does the LVC work?





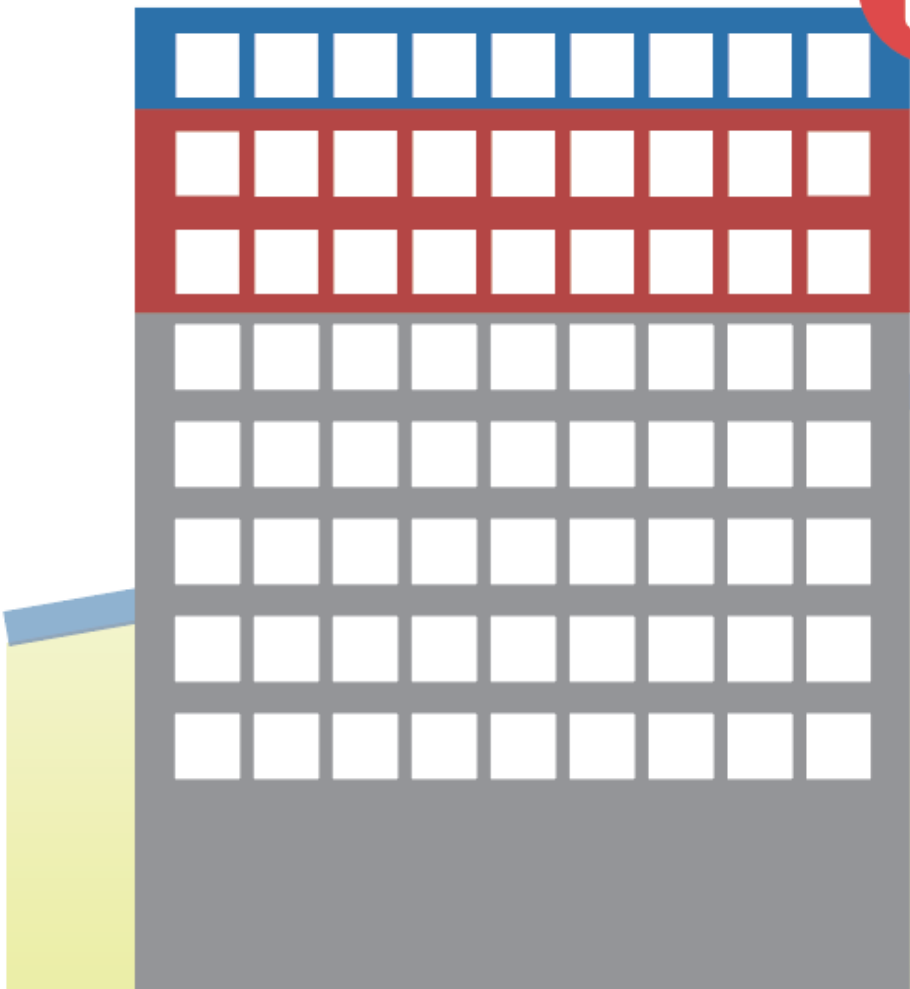
Value added by infrastructure

Original value

Profit from public investment goes into private hands



**An LVC reclaims part of
land value gains to
reinvest into supporting
affordable communities**



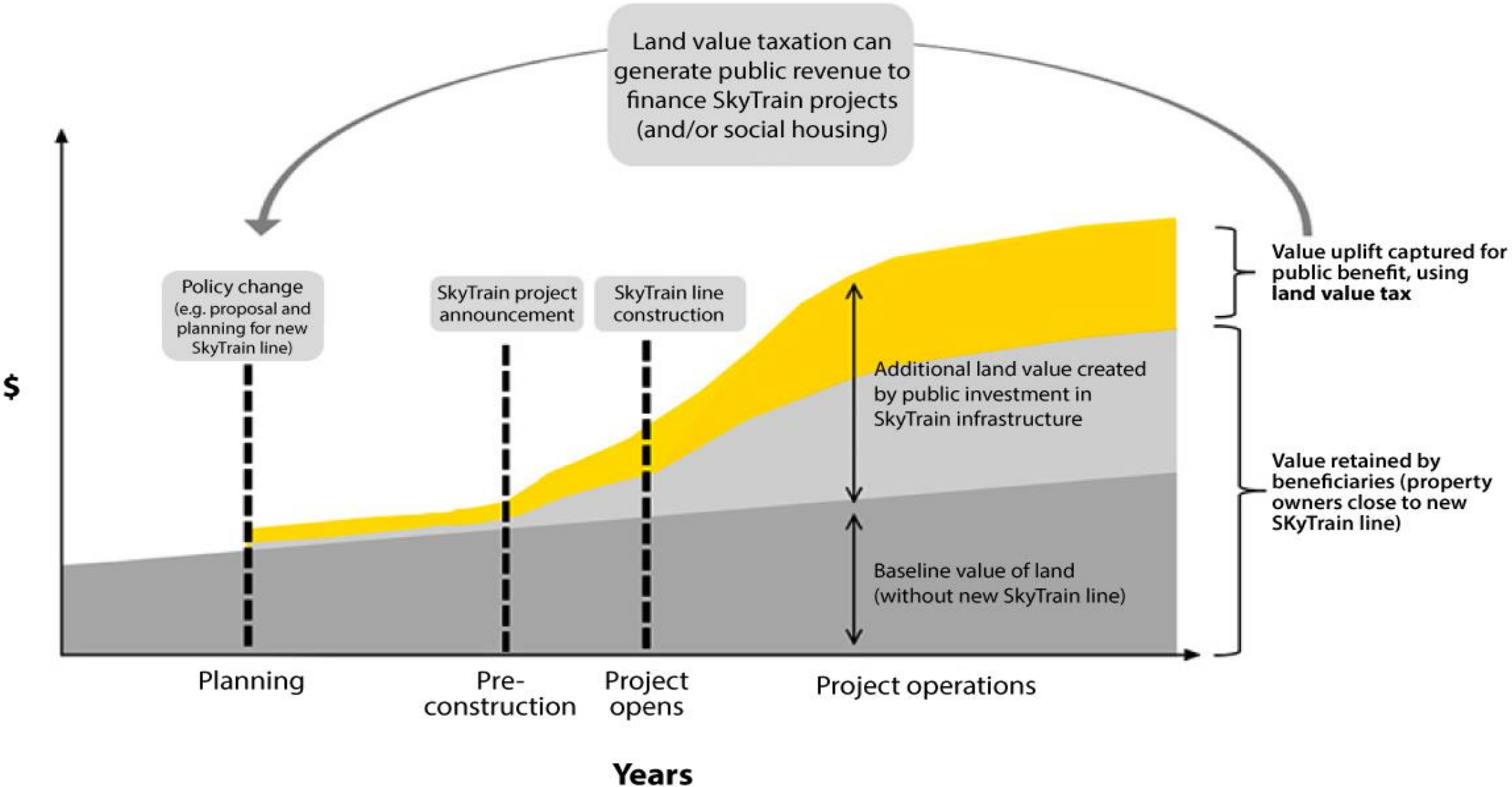
Major jurisdictions currently using land value capture to fund transit infrastructure

- Examples include:
 - Hong Kong
 - Singapore
 - London, UK
 - Miami
 - Kansas City

Transit infrastructure & land value lift

- Favourable research, including:
 - City of Vancouver *Greenest City Scholar* study (2018)
 - Bank of Canada Staff Working Paper (2018)
 - US National Academy of Sciences, Highways Research Program 152 page guidebook (2018)
 - TransLink study (2013)
 - Metrolinx (Toronto & area) discussion paper (2013)

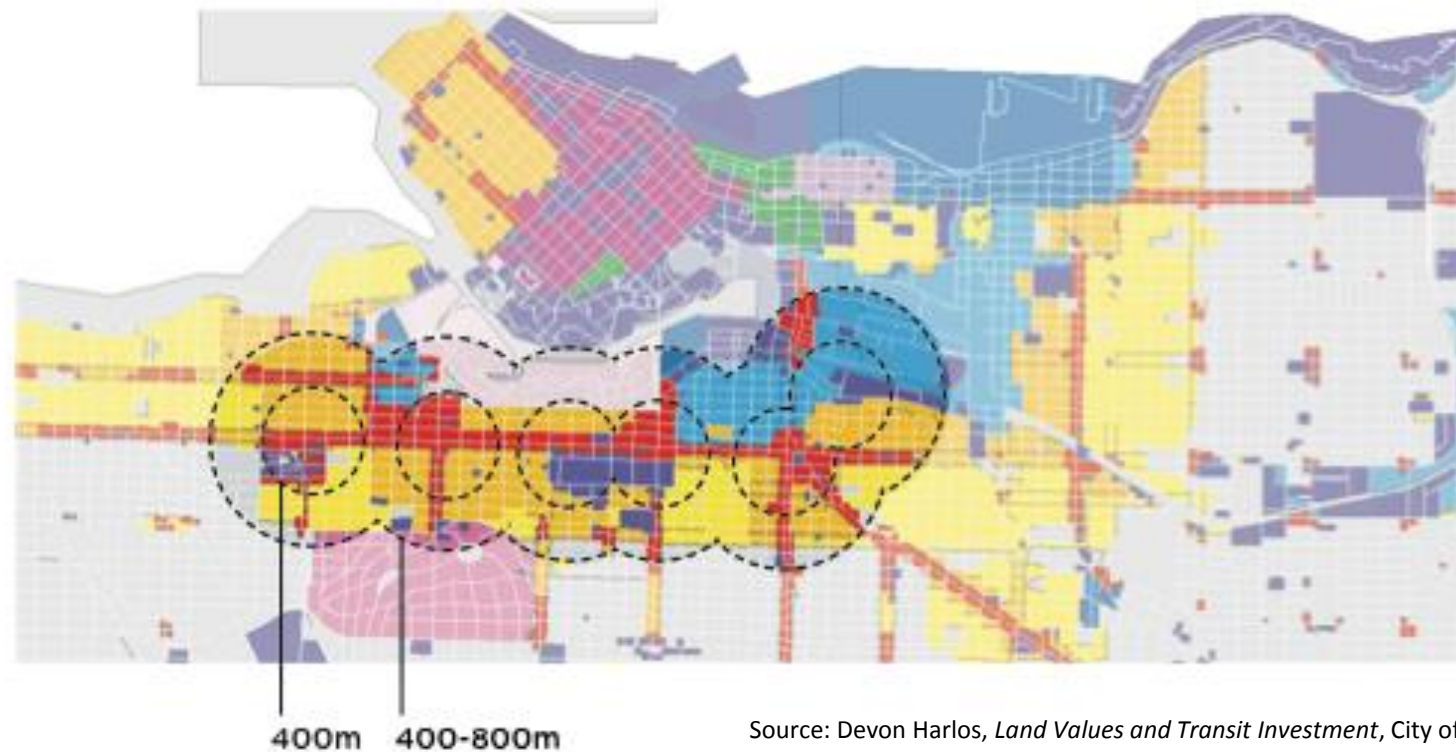
How land value taxation for transit would work



Capturing land value

- Example of possible target LVT zones for VCC to Arbutus line
- Various distances from stations and scaled tax rates possible

Figure 16: 400m and 400-800m Buffers Around Proposed Station Intersections



Source: Devon Harlos, *Land Values and Transit Investment*, City of Vancouver Greenest City Scholars Program, 2018

Estimating land value lift in Vancouver

- Landcor study of Expo Line, 1986-2007:
 - Vacant land prices close to Expo Line stations rose 628%
 - Compared to housing prices overall, which rose 352%
- Richard Wozny (Site Economics) on impact of new transit station on surrounding properties:
 - existing multi-family buildings > up 5%
 - single-family home that's rezoned for density > up 100%
 - vacant lot that's already zoned for multiple families > up 25%
- BCGEU currently building a research data set with BC Assessment

Canada Line land value lift: examples

- Median increase for detached house in Vancouver, 2008-2018 = **155%**
- 475 41st Ave West (near Oakridge/41st Ave Station) = **795%**
 - 2008 land value = \$699,000
 - 2018 land value (rezoned) = \$6.26 million
- 467 King Edward W in Vancouver (near King Edward Station) = **1019%**
 - 2008 land value = \$867,000 (*\$107 per SF*)
 - 2018 land value (rezoned)* = \$9.7 million (*\$1,203 per SF*)

Real world example: Kansas City

- Transit Development District to fund LRT expansion
- 25 year special tax assessment on land within 1/3 mile (about 500 metres)
 - For commercial property, the tax is assessable on 32% of the market value
 - For residential property, the tax is assessable on 19% of the market value
- Rates:
 - 48¢ for each \$100 of assessed value for commercial property
 - 70¢ for each \$100 of assessed value for residential property
- The TDD will fund more than half of the \$316 million in capital costs of the expansion (with the rest coming from the federal government)
- Accepted by property owners in referendum

Real world example: Miami, Florida

- Council approved a special tax zone in 2018 around 55 miles of SMART corridors and existing 25 miles of Metrorail tracks.
- ½ mile on either side of transit corridors.
- When a property's value inside the zone rises more than 4.5 % in any given year, that money gets diverted to build future transit projects
- The tax zone is forecast to generate \$1.8 billion over 30 years under existing zoning rules.

VCC to UBC SkyTrain line costs

- VCC to UBC current estimate = \$6.83 billion capital costs
- Scenarios based on potential local government share of costs
- Land Value Tax as potential revenue source?

Percentage of total VCC to UBC line project costs	Actual amount in \$	Estimated annual repayment, based on 30 year term
20%	\$1.37 billion	\$ 75,650,385
33%	\$2.25 billion	\$ 124,243,333
50%	\$3.41 billion	\$ 188,573,771
100%	\$6.83 billion	\$ 377,147,541