

EXEMPT TORONTO BUILDINGS FROM TAXES: FRANK DE JONG'S BIG IDEA

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by Frank de Jong, Toronto, Ontario

Frank de Jong has a great idea about housing: Taxing land alone without buildings will transform Toronto by encouraging landowners to put vacant and underused land to more productive use

Issue: Housing: We all need a roof over our head, but Toronto's housing really needs ...

What's the big idea: What if Toronto taxes were levied only on land values -- exempting buildings, an idea called Land Value Taxation?

How will the big idea work: The present municipal tax on buildings punishes businesses, landlords or home owners for expanding, renovating or re-purposing their buildings. Taxing land alone will transform Toronto by encouraging landowners to put vacant and underused land to more productive use, increasing the amount of housing and commercial spaces. LVT is a market mechanism that will help achieve optimal density for each neighborhood. It will improve walkability, quality of life and transit cost-effectiveness. This also means shorter commute times and reduced greenfield sprawl pressure. Taxing only land encourages construction of affordable housing since multi-unit construction, which is generally land-efficient, will not be hit by higher taxes.

How much will your big idea cost, and how would it be funded: Switching to LVT will cost nothing and save the city money. Infrastructure like libraries, recreation facilities and transit will become self-financing since LVT will capture more of the land value rise resulting from new projects. Also, LVT reduces the cost of property assessment since assessing buildings is more complex, expensive and inexact than assessing land value.

How will you implement your big idea: LVT should be phased in over 10 years, using a revenue-neutral shift off buildings and onto land value. If a senior citizen or fixed-income person is adversely affected, the city should defer municipal fees until time of sale. <<