

LAND VALUE CAPTURE

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New taxes on sales, gas and HOV lanes may be "fair and balanced" but they will be aggressively opposed and politically damaging to any government imposing them. A far more politically defensible way to finance Toronto transit is Land Value Capture. The Ontario and municipal governments should finance the new transit by collecting the rise in land value that the new projects produce - a process that makes transit self-financing, with no need for other taxes. Land values are "community created" - without the surrounding community land would have little value. When public infrastructure like transit, hospitals, schools, bridges are built, the quality of life rises and more people want to live there, so land values rise. The community - not the individual land owner - should receive the benefits of publicly-financed projects.

Without land value capture, the benefits of Toronto's new transit will accrue exclusively to private land owners who live near the infrastructure, but this wealth should rightfully be captured to pay for the projects. In fact, land value capture is not a tax, as it doesn't "tax" money that people actually earn, it simply returns to the community what the community creates by its collective hard work. <<

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