

Financing Transit Oriented Development With Land Values: Adapting Land Value Capture In Developing Countries (Urban Development)

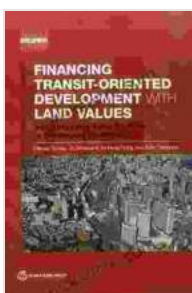
Urbanization is a global phenomenon that is rapidly transforming cities in developing countries. This growth presents both opportunities and challenges for these cities, including the need to find sustainable ways to finance urban development. Land value capture (LVC) is a promising tool that can be used to generate revenue for urban development while also promoting more equitable and sustainable land use patterns.

What is Land Value Capture?

Land value capture is a policy instrument that allows governments to capture a portion of the increase in land value that is created by public investments or changes in land use regulations. This can be done through a variety of mechanisms, including taxation, impact fees, and land value windfall taxes.

Benefits of Land Value Capture

LVC has a number of potential benefits for developing countries, including:



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- **Increased revenue for urban development:** LVC can generate significant revenue that can be used to finance a variety of urban development projects, such as infrastructure, public housing, and parks.
- **More equitable land use patterns:** LVC can help to promote more equitable land use patterns by discouraging speculation and encouraging the development of affordable housing.
- **Improved environmental sustainability:** LVC can help to promote more sustainable land use patterns by discouraging urban sprawl and encouraging the development of compact, walkable communities.

Challenges to Implementing Land Value Capture

There are a number of challenges to implementing LVC in developing countries, including:

- **Political resistance:** LVC can be politically unpopular, as it can be seen as a form of taxation.
- **Administrative capacity:** Implementing LVC requires a high level of administrative capacity, which may not be present in all developing countries.

- **Data limitations:** Accurate data on land values is essential for implementing LVC, but this data may not be available in all developing countries.

Adapting Land Value Capture for Developing Countries

Despite these challenges, LVC can be a valuable tool for financing urban development in developing countries. However, it is important to adapt LVC to the specific context of each country. This may involve:

- **Using a phased approach:** Implementing LVC in a phased approach can help to build political support and administrative capacity.
- **Simplifying the process:** The LVC process should be made as simple as possible to reduce the administrative burden.
- **Using innovative financing mechanisms:** Innovative financing mechanisms, such as land value bonds, can be used to make LVC more affordable for developing countries.

Case Studies

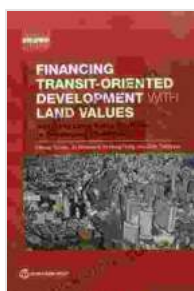
There are a number of successful examples of LVC being used in developing countries. For example, the city of Curitiba, Brazil, has used LVC to finance a variety of urban development projects, including public transportation, parks, and affordable housing. The city of Bogota, Colombia, has used LVC to finance the TransMilenio bus rapid transit system.

LVC is a promising tool that can be used to generate revenue for urban development while also promoting more equitable and sustainable land use patterns. However, it is important to adapt LVC to the specific context of

each country. By doing so, developing countries can harness the power of LVC to improve the lives of their citizens.

References

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