

## MOTION

### 9. Land Value Capture in the City of Vancouver

At the Regular Council meeting on December 4, 2018, Vancouver City Council referred the following Motion to the Standing Committee on City Finance and Services meeting on December 5, 2018, in order to hear from speakers.

SUBMITTED BY: Councillor Boyle

#### WHEREAS

1. Land speculation has had a significant impact on increasing land values within Vancouver, deepening the city's affordability crisis and putting a significant portion of housing out of reach at local incomes;
2. Rezoning, density increases and redevelopment also have a significant impact on increasing land values, including all the surrounding land immediately in the proximity of developed land;
3. Infrastructure projects in Vancouver, such as hospitals, new roads, new transit, parks, or other development decisions approved by the city, there is a dramatic increase in the value of surrounding land. That wealth is not captured but rather becomes a transfer of wealth from the public to private landowners;
4. The increase in land value due to market demand is not captured by anyone except the property owner, who may withhold development awaiting land value lift or rezoning, then capture the majority of the wealth with limited social benefit;
5. Vancouver is now one of the most expensive cities in the Western hemisphere, with a lack of available affordable housing, and a lack of sufficient financial tools for ensuring new housing is truly affordable for low and modest incomes;
6. Over the past 20-plus years, municipalities have experienced cost downloading from senior levels of government, including housing and social infrastructure, without new municipal finance tools or revenue to fund those costs;
7. A Land Value Capture (LVC) mechanism is designed to dampen speculation and generate revenue by measuring and 'capturing' a portion of the increase in land value (created by rezoning, public investments, etc) to direct toward public priorities;
8. LVC has the potential to be a more transparent method of capturing land value than Vancouver's existing CAC system, and more accurate than Development Contribution Expectations (DCEs). Applied broadly, it decreases rampant land speculation and unfettered value increases, thus ensuring long term affordability;
9. The creation of a City Wide plan creates a timely opportunity to be exploring and implementing a municipally controlled financial mechanism such as a LVC;

10. Some form of LVC is in use in about 25 countries around the world, including South Africa, Australia and New Zealand. A few jurisdictions in the U.S., mostly in Pennsylvania, also use a blended version that is partly a land value tax and partly a buildings tax.<sup>1</sup> And Vancouver had a Land Value Tax from 1910 to 1984.<sup>2</sup>

THEREFORE BE IT RESOLVED

- A. THAT Council direct staff to work with policy makers, researchers, and *BC Assessment* to explore how Council could create, adopt and consistently apply a land value capture mechanism to collect a percentage of the wealth being created by public decision makers in the City of Vancouver. This would include:
- i. Exploring how a LVC could work within, or replace, Vancouver's existing system of Community Amenities Contributions (CACs) and Development Contribution Expectations (DCEs) to reduce backlog in approval, and fairly capture the value of wealth created by land rezoning and public infrastructure projects;
  - ii. Determining the most appropriate time to set the baseline value and at which point during sale or redevelopment to capture the new value;
  - iii. Considering other factors including: the ideal percentage of value to capture, the impact on various property classifications, the potential revenue that would be generated, the impact on development, and the potential scope of the policy;
  - vi. Outlining next steps for the City of Vancouver to work with the Province to develop a 'made-in-Vancouver' land value capture. And outlining next steps for working with Translink to model a land value capture mechanism for transit infrastructure investments, including partially funding an extension of the Broadway subway to UBC;
  - vii. Articulating clear jurisdictional expectations that ensure such a tool would remain within the control of the City, with revenue to go toward local priorities (including truly-affordable housing).
- B. THAT Council direct staff to report back to Council by May 2019 with their initial findings and recommendations.

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<sup>1</sup> <https://earthsharing.ca/news/land-value-taxation-vancouver>

<sup>2</sup> England, Christopher. "Land Value Taxation in Vancouver: Rent Seeking and the Tax Revolt." *American Journal of Economics and Sociology* 77.1 (2018): 59-94.