Land value capture: a must or a maybe?

Breakout Session: Urban development that connects people to opportunities

Monday, June 24, 2019, 11:30-13:00

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LVC

- Promoting density brings along the opportunity to implement LVC policies.
- LVC policies are supported by the [universal] principle of preventing unjustified enrichment.
- Charging for air rights is a way to return to the public the value added by public regulation.
Solo criado

[‘created land’]

Concept developed in the 1970s

Balance between public and private areas

Compensation for the building area that exceed a common limit
Charge for building rights

A tool – defined by Brazil’s Land Development Act – that regulates the compensation for building rights that exceed a common limit established by the municipal law.
LVC tools in São Paulo

OODC charge for building rights

OODC compensation calculated through a formula based on land values (virtual plots)

URBAN OPERATION compensation paid through CEPACs which are sold in public auctions
Urban operations

Redevelopment (upzoning) projects

• CEPACs – Certificates for additional building rights
• Municipal bonds auctioned at the stock exchange and supervised by the regulatory entity (CVM) that can be converted into additional building rights inside the urban operation area; it can anticipate the revenue for the public sector to invest in the area
LVC tools in São Paulo: urban operations and charge for building rights (OODC)
Building rights revenues in São Paulo

- Centro (1997-2017) - 27
- Faria Lima (1995-2017) - 1,074
- Água Espraiada (2004-2017) - 1,771
- Air rights - OODC (2004-2017) - 1,037
LVC potential

• What would have happen if the city did not collect this revenue?

• Who would have benefited from it?

• Who would have payed for it?