

CAPTURING LAND VALUES IN TOD

Hyderabad Metropolitan Development Authority

STRUCTURE OF THE PRESENTATION

- 1. T.O.D and its advantages**
- 2. Case Studies**
- 3. Conclusion**





T.O.D. AND ITS ADVANTAGES

TRANSIT ORIENTED DEVELOPMENT

TOD is the creation of *compact, walkable, pedestrian-oriented, mixed-use communities* centred around *high quality transit systems* for creating *vibrant, liveable and sustainable communities*.


This makes it possible to live a *lower-stress life* without much *dependence on private transport* for mobility and survival.



BENEFITS OF TOD




Reduce dependence on driving




Allow residents to live, work and play in the same area



Reduce the area's carbon footprint or negative impact on the environment




Provide access to better life services



Provide better access between urban and suburban areas



Provide access to better entertainment or recreational services



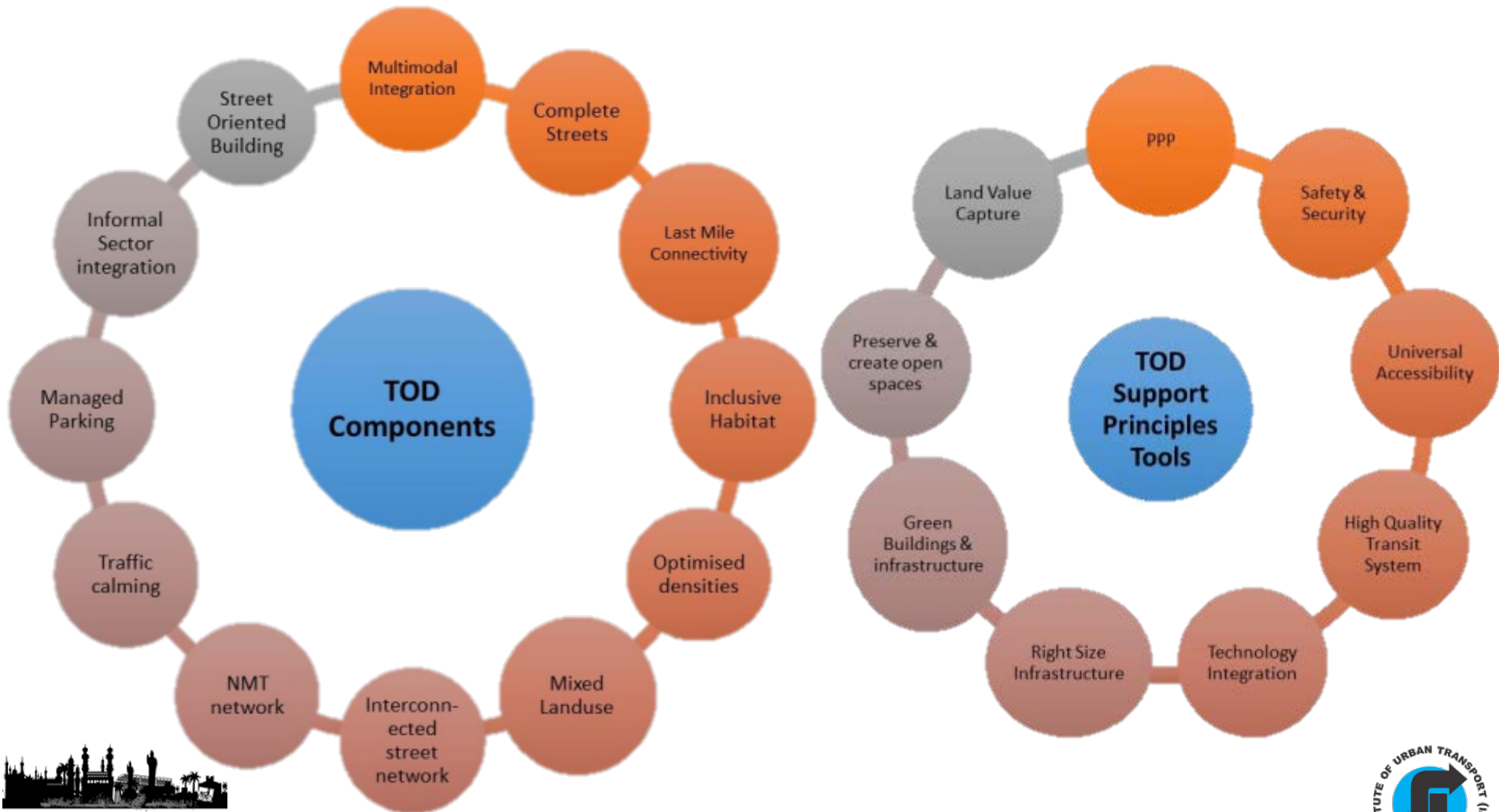
Provide access to better Jobs and stimulate Local economy



Revitalize Urban areas



PRINCIPLES OF TOD



LAND VALUE CAPTURE

“The unearned increment resulting from the rise in land values resulting from change in use of land, from public investment or decision, or due to the general growth of the community must be subject to appropriate recapture by public bodies (the community).”

- United Nations, 1976

It is based on the principle that private land and buildings benefit from public investments in infrastructure and policy decisions of the Government therefore, part of the increment in value of land and building should be captured to fund the government projects.

-National Transit Oriented Development (TOD) Policy



DIFFERENT WAYS TO CREATE LAND VALUE



Development/ Land sale



Partnerships between transit agencies and developer



Air rights sale



Land readjustment



Land consolidation and urban redevelopment



LAND VALUE CAPTURE MECHANISMS

Broadly divided into two groups:

1. Taxes and fees based
2. Land pooling and development

LAND VALUE CAPTURE STRATEGIES

- **Transit Development Impact Fees (TDIF)**
 - A *one-time charge on new development* designed to cover costs associated with its impact on public transit systems.
- **Tax Increment Financing (TIF)**
 - A funding strategy used by cities to promote economic development within a designated area that is deemed “blighted” or “underdeveloped”. Widely used in Chicago, TIF is used to divert anticipated property tax increases to a dedicated fund, which is then reinvested into public infrastructure within the TIF district.
- **Special Assessment Districts (SAD)**
 - Area where land value has increased as a result of *public infrastructure improvements*, like *upgraded transit systems*, an *additional tax* is assessed on parcels to recover the costs of the public improvement project.



BENEFITS OF USING LAND VALUE CAPTURE

- It facilitates **negotiations among governments, planning agencies, transit companies, developers, landowners and local stakeholders** for mutual interests and benefits;
- **Promotes and supports** Transit oriented Development;
- Based on the concept of **creating and sharing Land value**;
- Helps **cover the cost of Transportation infrastructure**;
- **Businesses, products and services** more closely located and accessible;
- Promotes **inclusive development** by improving mobility and access for all;
- Reduces **pollution and unsustainable land development**.

The **success of the system** is dependent on three stages of implementation.

- ***Identification of the benefactor***;
- ***Quantification of the increase in property value*** (and);
- ***Collection of the increased value*** (or a part of the value).





CASE STUDIES

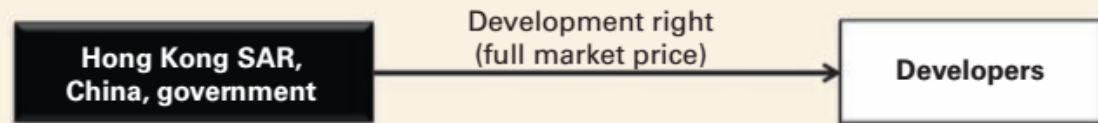
CASE STUDIES:

HONGKONG:

Mass Transit Railway Corporation (MTRC) of Hong Kong: MTRC operates without government subsidy and is highly profitable. Around 80 per cent of the total income of MTRC come from property business.

Figure 3.2 Rail plus property mechanism: Relationships among the government of Hong Kong SAR, China, MTR Corporation, and developers

a. Usual government land leasing program



b. Rail Plus Property (R+P) program



- "Profit sharing"**
- Profits in agreed proportions
 - Assets in-kind
 - Up-front payments

Source: Based on Cervero and Murakami 2009.
Note: MTR = Mass Transit Railway.



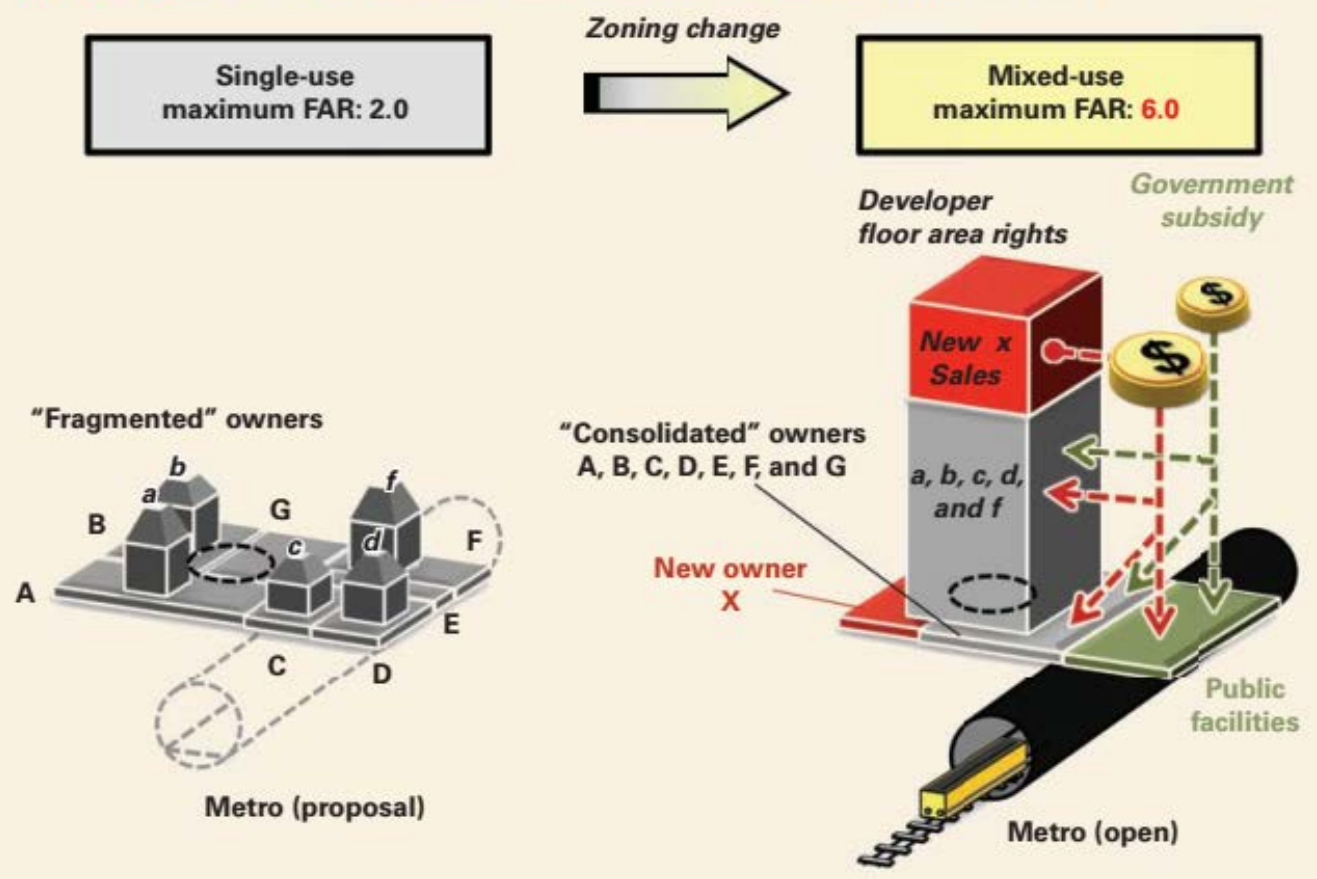
CASE STUDIES:

Inclusive Land Value Capture Schemes: TOKYO, JAPAN

BOGOTA:
Contribucion de Valorizacion – a form of betterment taxation

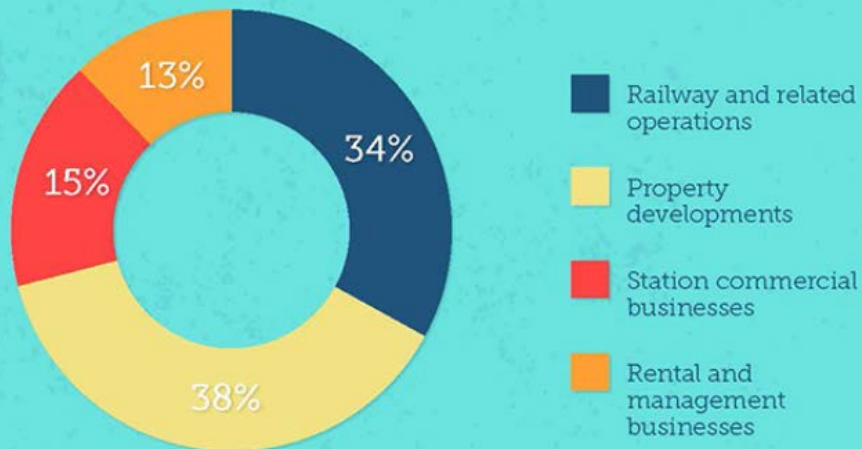
NAGPUR:
 Nagpur Metro: An additional stamp duty of 1% is to be levied for 25 years on all property transactions.

Figure 4.2 Inclusive urban redevelopment scheme, Japan (hypothetical)

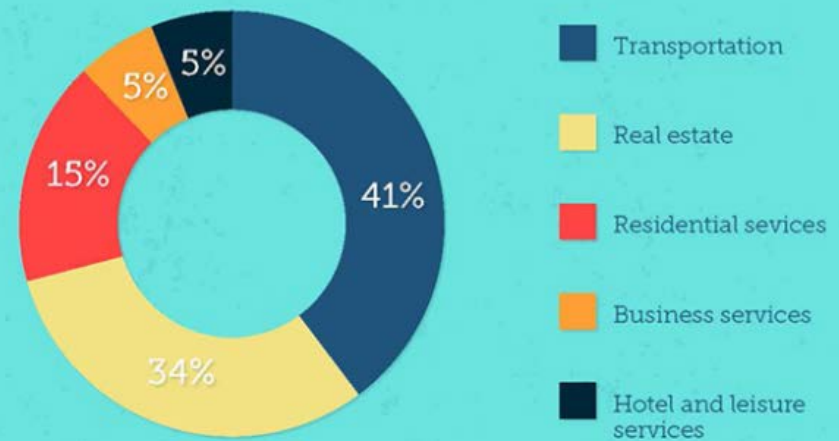


SUCCESSFUL EXAMPLES OF LAND VALUE FINANCING

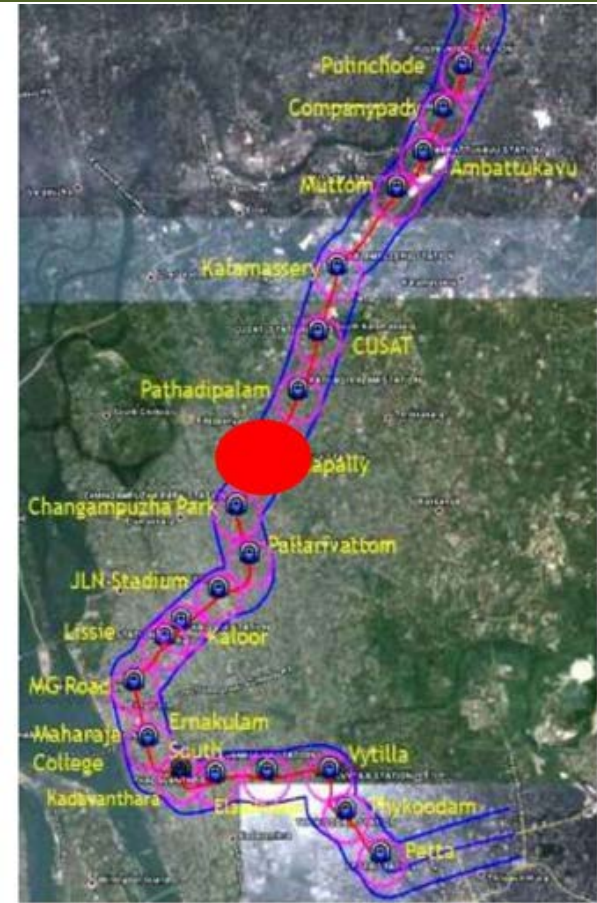
Shares of net income:
2000-2012, MTR (Hong Kong SAR, China)



Shares of net income:
2003-2012, Tokyu Corporation (Metropolitan Tokyo)



KOCHI- STATION LEVEL TOD



500m TOD Area along Metro - Kochi



Edapally Station Influence Zone



Development around Edapally Station

- FSI in TOD Area – 3.0
- Mixed Land Use Development
- Multimodal Integration
- NMT and Place Making

Land Value Capture

- Sale of Additional FAR
- Metro Cess on Property transactions
- “Accessibility Tax” as part of property tax.



AHMEDABAD- STATION LEVEL TOD

Land Value Capture

- A special tax – “**betterment charge**” – on property within **250 m of transit Corridor**;
- **Increased FSI** along transit corridors- **1.8 to 3.6/ 4**;
- **Additional 2.2 FSI** to be purchased from ULB;
- **10% reduction in parking**;
- **Income from Sale of FSI/Concessions** to be part of Transport Fund



Ahmedabad BRT Network





HMDA EXPERIENCES

LAND POOLING MODEL, UPPAL BHAGATH, HYDERABAD

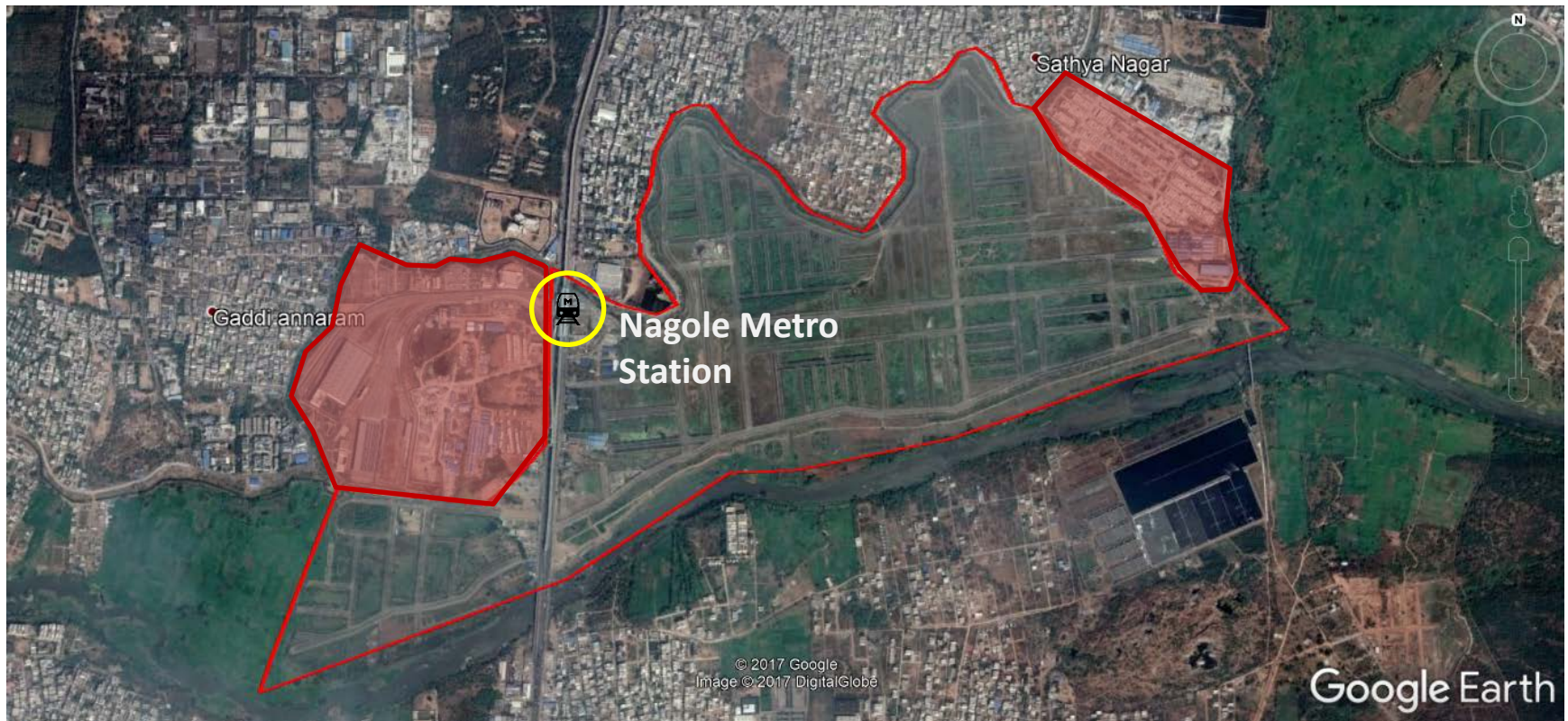
Started in 2005



In 2005, HMDA Pooled **733 acres** of land.



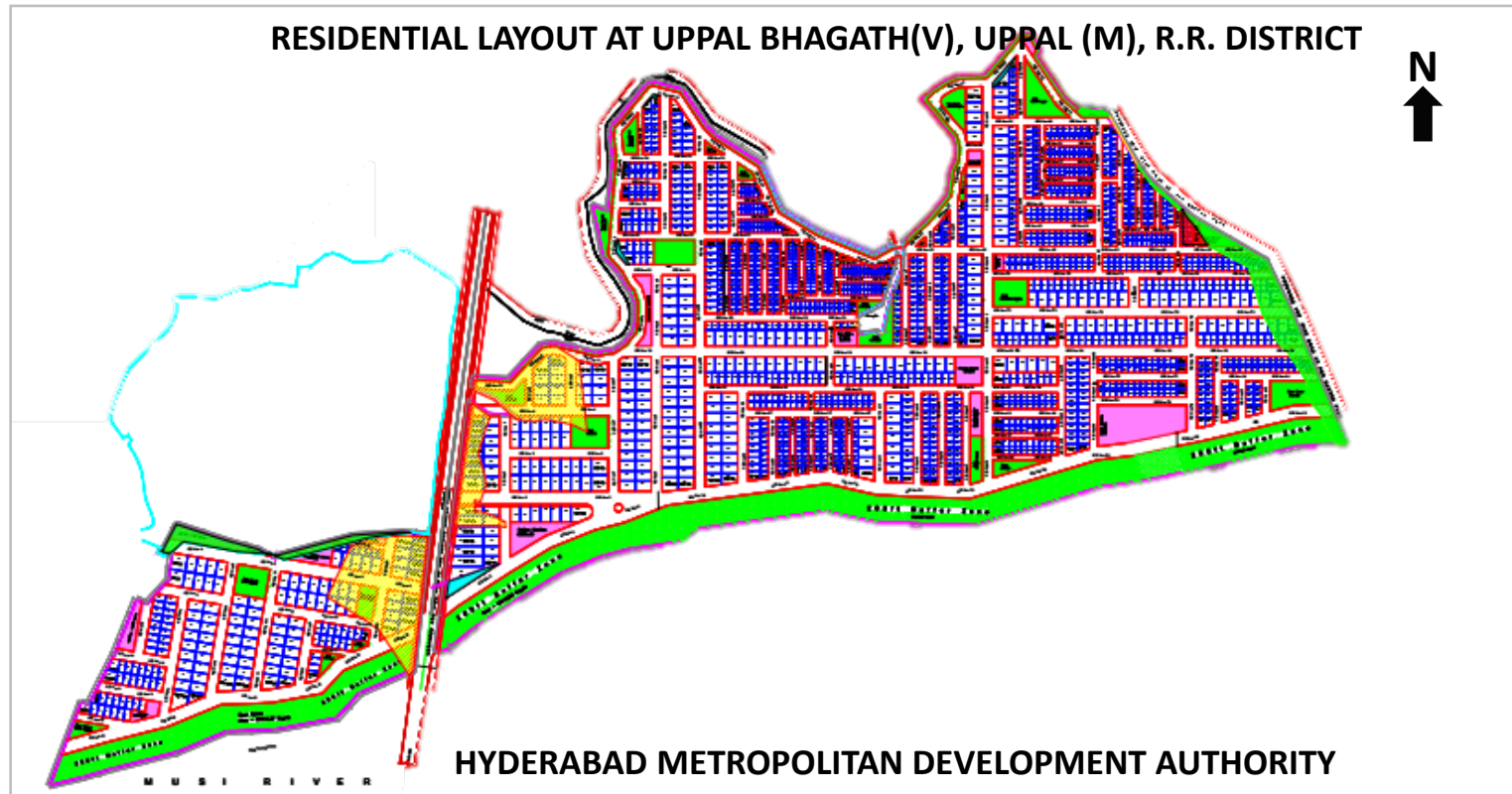
LAND POOLING MODEL, UPPAL BHAGATH, HYDERABAD



Out of that, **HMDA** has given **147 acres of Land** for **Nagole metro station** by paying the cost of **Rs.82 Crores**.



LAND POOLING MODEL, UPPAL BHAGATH, HYDERABAD



Out of remaining 586 acres, HMDA planned 413 acres for layout development with a cost of Rs.250 crores.



CONCLUSION

- **Land pooling in Uppal Bhagath** is a win-win situation for everyone.
- In 2006, the **value of land was 50-70 lakhs per acre.**
- Land owners have got the **developed plots of 1000 sq. yards for each acre of land** with the land value of approximately **4-5 crores.**
- HMDA spent Rs.250 crores and is expected to earn about **Rs.2000 crores.**
- HMR deposited **Rs.82 Cr** towards **147 acres** land which is free from land acquisition problems and at very reasonable rate and on timely delivery of land.
- Balance Land: **one lakh sq.yards developed land and 173 acres of Land** is still with HMDA.



OUTER RING ROAD



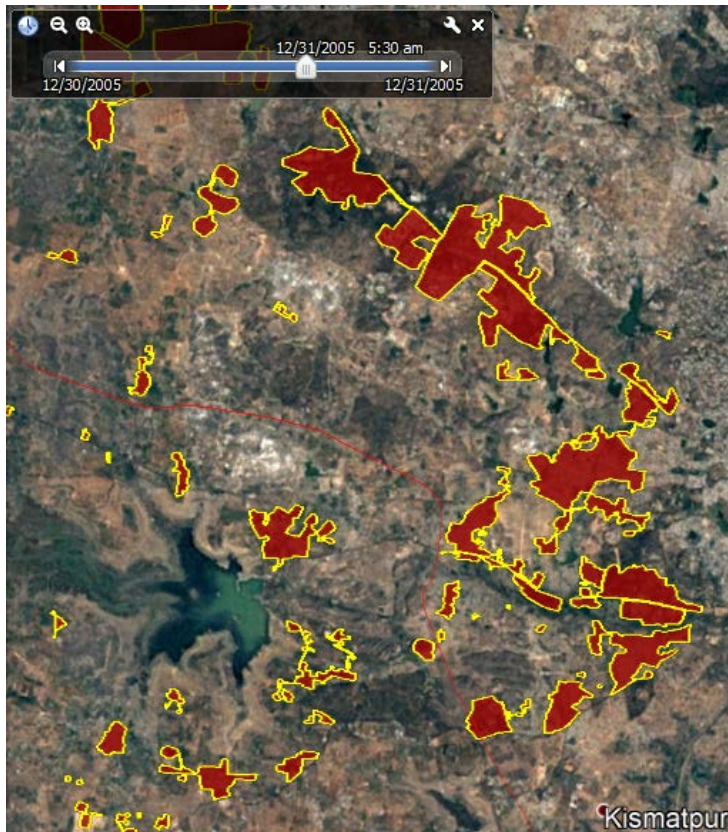
Total length	158 Km
Design speed	120 Kmph
Right of Way (ROW)	150 m
Main Carriage Way	8 lanes
Hard shoulder for emergency Parking/breakdown vehicles	3 m wide.
Width of Central Median	5 m
Service Roads on either side	2 lanes
Interchanges	19 Nos.
Cost of the project	Rs.6696 Cr

ORR 8 lane Access controlled Expressway

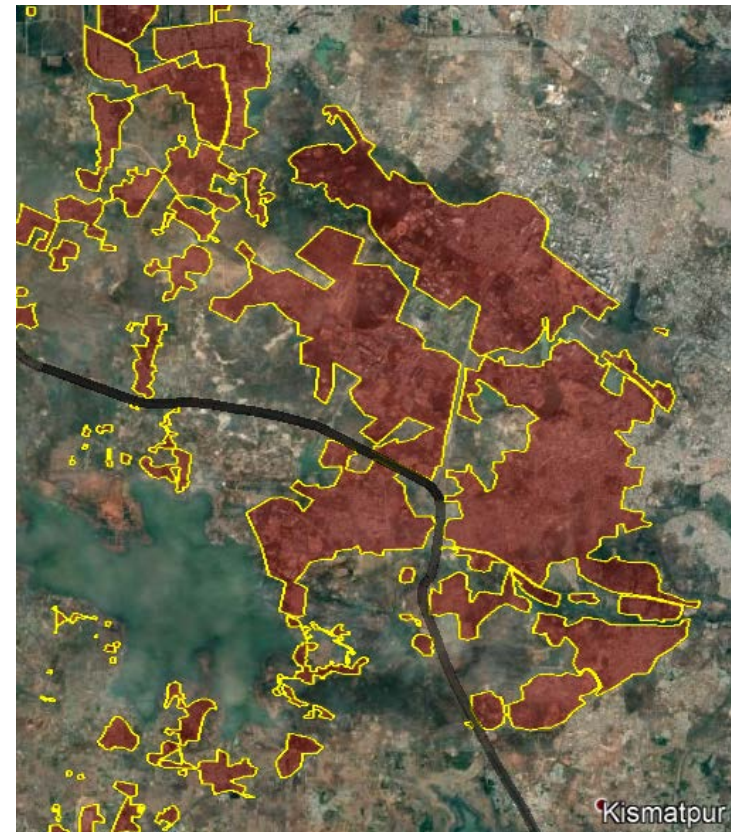


ORR SURROUNDINGS NEAR GACHIBOWLI

2005



At present



At the time of Land acquisition, the value of land was Rs 20 lakhs per acre which has increased to Rs 20 crores per acre in today's context.

CAPTURING THE LAND VALUE

- Declared **1 km on either side of ORR** as **ORR Growth Corridor** and issued special development regulations

Special impact fee:

- Rs.75 to Rs.200 per sq.m of built up area for building height up to 15 m,
- For above 15 m Building height, it is 1 to 1.25 times of the city level impact fee mentioned in Building rules (i.e., Rs.175 to Rs.625 per sq.m of built up area).

Total potentiality of ORRGC is Rs.79000 crores through land pooling model



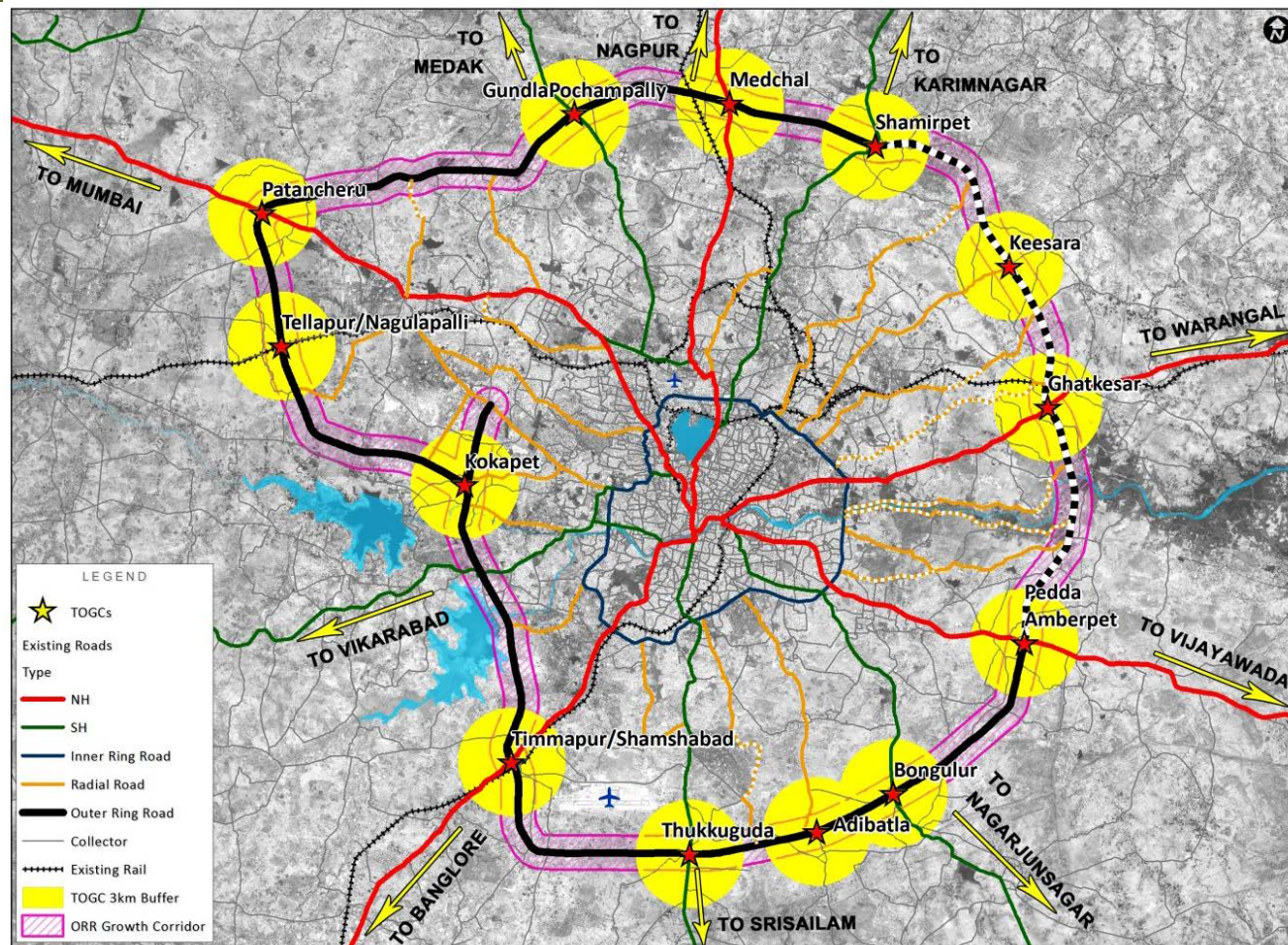
DEVELOPMENT DEFERMENT CHARGE:

With a view to discourage owners of sites for keeping the sites vacant/undeveloped, a Charge called ***Development Deferment Charge*** shall be levied by the local body/gram panchayat at the following rates:

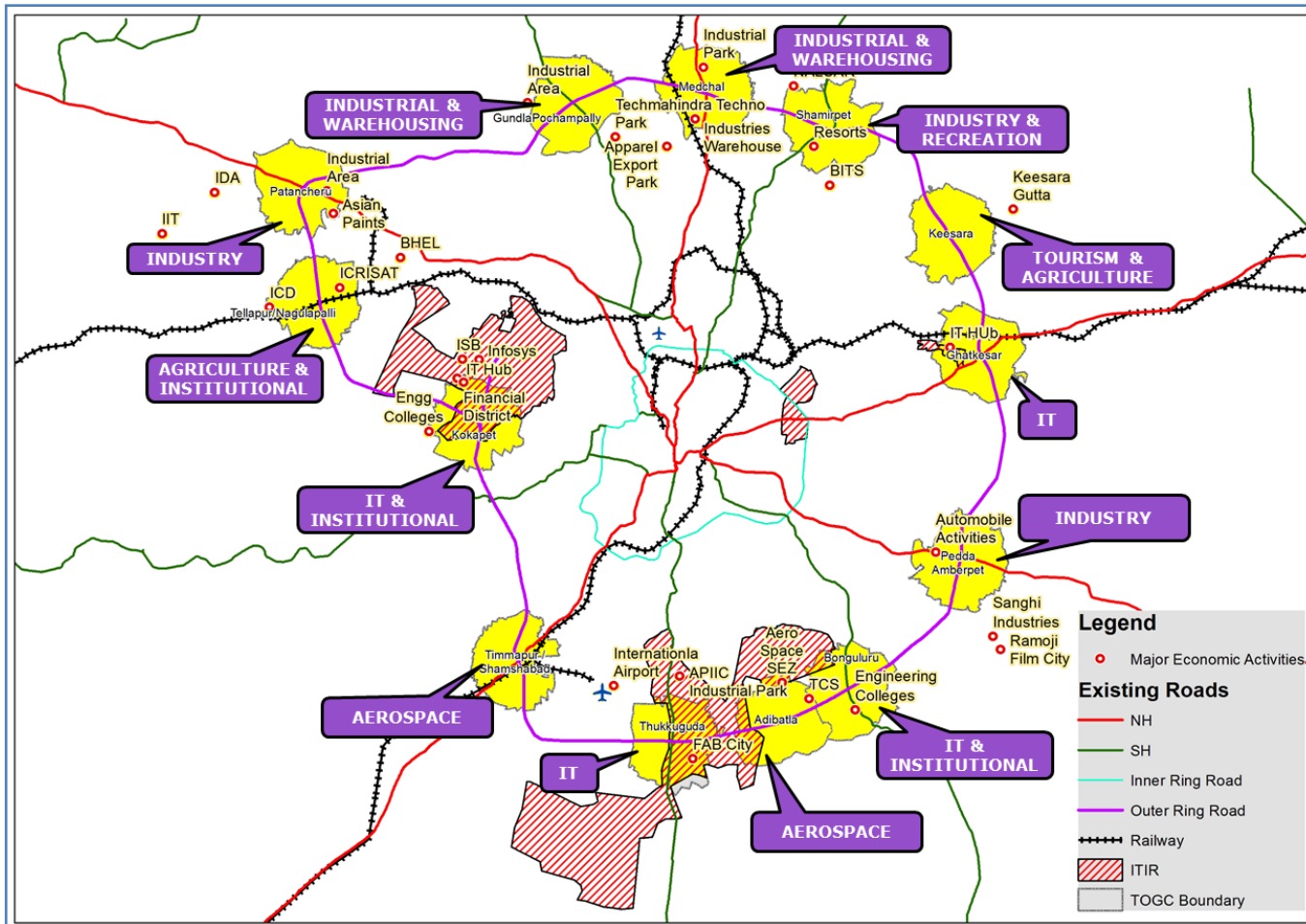
1. 1st year ***grace period*** from the date of notification of these, Regulations
2. 2nd Year from the date of notification ***Rs.2/- per sq.m*** of land per year.
3. 3rd Year from the date of notification ***Rs.5/- per sq.m*** of land per year.
4. from the date of operationalization of traffic on ORR ***Rs.10/- per sq.m*** of land per year.



TRANSIT ORIENTED GROWTH CENTRES



TRANSIT ORIENTED GROWTH CENTRES



WAY FORWARD

- **Development should pay for development,**
- **Unlocking the Land value in “Transit oriented Development” is the right way.**



THANK YOU!