

Land value capture (LVC) recognizes that **public investments**, such as new transport infrastructure, often **raise surrounding land value**. Since these gains reflect public investment rather than private effort, LVC allows the public sector to **reclaim part of the uplift to finance the project** that created it [1-3]. Since 2008 this concept has gained traction among international agencies, which view LVC as a practical response to fiscal pressures and infrastructure backlogs [4, 5].

### LVC in practice: International evidence

International evidence suggests high-speed rail (HSR) can generate land value uplift, with gains concentrated around key nodes where development demand is strongest [8].

- **Hong Kong:** West Kowloon HSR illustrates station-area value capture through development rights and land sales; **the commercial site above the terminus sold for HK\$42.2 billion**, roughly half of the project's HK\$84.4 billion revised cost estimate [6, 7].
- **Australia:** A preliminary assessment of an East Coast HSR network estimates **station-area land value uplift of C\$43–126 billion** against an estimated **construction cost of C\$103 billion**, highlighting the potential scale of value capture if appropriate mechanisms are in place [8].
- **California, USA:** Planning for the state's HSR system includes proposals to capture station-area value uplift using **tax-based tools** (e.g., tax-increment financing) and **development-based tools** (e.g., joint development and station-area financing districts) [9].

To advance high-speed rail in Canada, a consolidated land value capture framework is needed to help capture station-area uplift to complement fare revenue and provide a stable, long-term funding stream consistent with internationally leading approaches. Mixed use development around stations will help in increasing ridership demand for the HSR, while injecting new housing units in the market.

### LVC potential: Canadian HSR

A Transportation Research at McGill (TRAM) financial feasibility analysis suggests that **capturing land value uplift could improve the long-term fiscal viability of Canadian HSR** by complementing fare revenues and reducing subsidy needs [10].

- **Scenario 1 — No LVC:** With a **1:2 public–private capital funding ratio** and **no land value capture**, the system **does not reach financial self-sufficiency by Year 50** and would require ongoing subsidies averaging C\$2.12 billion per year over the 50-year period.
- **Scenario 2 — LVC at 15% of capital cost:** Real estate development, land sales, and property development are expected to generate revenues equivalent to 15% of the HSR capital cost estimated at C\$11.97 billion. With this added funding, **the system could reach full financial self-sufficiency by Year 44**, with operating revenues covering operating costs and loan payments.

These scenario results suggest that capturing land value uplift around stations and along the corridor could materially improve the fiscal viability of Canadian HSR.

### Concluding remarks

- **Prioritize station locations with capture potential:** Focus on nodes with strong redevelopment and value-appreciation prospects rather than built-out downtown cores with limited capacity.
- **Enable LVC at scale:** Empower Alto to lead development and value capture within 2 km around the stations to reduce the burden of the estimated C\$79.8 billion capital cost and strengthen the long-term sustainability impacts of the project.

## References

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