



Common Ground USA – Twin Cities Chapter

Concerns about Sec. 5 Public-Private Partnerships and Land Value Capture

My name is Rich Nymoen and I am a president of the Twin Cities Chapter of Common Ground USA, which is a citizens group advocating land value capture and land value tax shifts.

We have been told that SF 87's Section 5 on Public-Private Partnerships would provide a mechanism for financing transportation infrastructure with Land Value Capture, but were disappointed to see no express reference to Land Value Capture in that section. To avoid the use of these partnerships for the further privileging of vested interests, it is important to explicitly provide for and define Land Value Capture mechanisms in this section.

We would propose defining a Land Value Capture mechanism as **an annual charge based on the value of unimproved land**. As shown by a 2014 Minnesota Department of Transportation study of the Minnesota 610 corridor in Maple Grove, such a mechanism can raise sizable revenue where there is a nexus between the investment provided and the value received. In this study it was shown that land value capture could raise between 12 million and 37 million dollars for that 80 million dollar project.

Also, unlike mechanisms that are “value capture” in name only, an annual charge based on the value of unimproved land has a tremendous in-fill effect, which obviates the need to extend additional transportation infrastructure in the future. In addition, it prevents unjust enrichment through unearned benefits resulting from public investments, such as occurred when Hwy 212 was routed by a legislator's land several years ago.

In order to address concerns about how to project or estimate the land value increases associated with a planned transportation project, we would propose that the Commissioner consider as a pilot project one in which there are several suitable alignments and that the Commissioner announce that the alignment will be picked based upon which nearby landowners offer the most funding for the project. If the private landowners who would benefit from this infrastructure are not willing to pay for it (or are not willing to pay at least a specified minimum percentage), then perhaps the infrastructure is not worth creating.

In the event that the transportation infrastructure was likely to reduce nearby property values, the lower land values would reduce the annual charge of those sites negatively impacted. In that way, the government would compensate the land owners for their loss.

Thank you for your consideration of these concerns.