

Dahrendorf Workshop: Low-Carbon Infrastructures, Co-Benefits and Land Taxation in European Cities

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The workshop was chaired by Felix Creutzig, leader of the Working Group 1 - Infrastructure and Climate Change from the Dahrendorf Symposium 2013. More than 20 participants from different backgrounds shared an inspiring day with enlightening discussion structured in two sessions. In the first part, Dr. James Woodcock and Dr. Tiziana Susca, members of the working group 1, presented their results on the potential co-benefits of non-motorised urban transport alternatives and albedo mitigation within the urban context. Vincent Viguie (CIRED) highlighted that multi-objective policies can synergistically produce benefits for multiple objectives. His research simulates different outcomes under various policies (transport subsidy, flood zoning, green belt policies) in Paris.

A discussion ensued focussing on identifying policy objectives that could be achieved by different means, such as modal shares, urban form and urban whitening. The participants also stressed the issue of financial and social transition costs implicit in each mean. A coordinated set of market interventions looked most promising in achieving the objectives.

The second session focussed on the identification, design and implementation barriers of obtaining revenue in the context of sustainable cities. Dr. David Gierten (OECD) gave a general overview of the main issues that should be considering when greening public finances and urban infrastructures. Two important items of his presentation referred to the importance of internalising externalities and promote multi-level governance. Prof. Saulius Raslanas (Vilnius Gediminas Technical University) provided the audience with a comprehensive analysis of the potentials of Land Value Taxation in Lithuania on sustainable urbanism in a broad sense. Based on his proposal, a revenue neutral shift of the current property tax system mix in Lithuania towards a sole tax on land value would lead to a decrease in urban sprawl, more equitable burden sharing, and a substantial improvement of local public finances. A similar study for UK carried out by Andy Wightman showed comparable outcomes, with a special emphasis on fairness and efficiency. His convincing presentation demonstrated the harm of badly designed property taxes. He highlighted the relation between debt and housing prices increase over the last the last few decades, mainly through land values.

The final discussion was on two core ideas. First, whether we have a financial issue at all if externalities related to climate change were taking into account. The majority of comments addressed the problems of distribution, equity and political feasibility. Secondly, participants discussed the potential of land value capture mechanisms to overcome those barriers. An agreement was reached on the benefits of land development fees. But many issues related to an introduction of a property tax based on land values remain to be worked out. The workshop succeeded in highlighting the potential of policy shifts to making European cities more sustainable.