

# Location value tax for urban sustainability

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## Abstract

*Location values have long been recognized as an attractive instrument to raise municipal revenues. First, they increase fiscal efficiency and equitability compared to traditional property taxes. Second, they can be used as an enhancer of sustainable urban planning. There are diverse and useful disciplinary contributions and experiences to design a location value tax, but few efforts to create multidisciplinary approaches, which ultimately hampers the discussion on optimal designs that includes all economic, social and environmental considerations. We combine literature on public finances, urban economics and value capture with that of sustainable urban planning to narrow this gap. We develop a framework to assess the design characteristics of location value tax from a sustainability perspective. We use this framework to assess current practices in Europe. Although current practice limits the overall performance of location value tax, they are one realistic planning instrument to consider for sustainable urban planning.*