

Mechanism	Outcomes	Advantages	Disadvantages	Critical Success Factors
<i>Revenue-induced Smart Growth</i>				
Sector and Density Gradient Approach to Development Cost Charges	compact growth: infill, densification, and contiguous greenfield development transit-supportive development	new home buyers absorb infrastructure costs, not the general tax-base optimizes use of existing infrastructure optimizes municipal investments for new infrastructure provides a financial disincentive to sprawl	setting DCC rates requires complex data and calculations development may leapfrog to other nearby municipalities if they offer lower development charges covers only the cost of building infrastructure, not operating and maintenance costs	must prevent development from leapfrogging to neighbouring municipalities charges must be related to actual costs of infrastructure
Land Value Taxation	compact growth: infill and densification urban renewal	discourages land speculation encourages efficient land use, intensification of existing uses	can cause gentrification and diminish the supply of affordable housing tax rate might not reflect levels of service in a given location difficult to determine value of land and improvements separately in some cases	tax exemption or another measure to prevent loss of affordable housing transition from conventional property tax to LVT should be revenue neutral

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<i>Spending-induced Smart Growth</i>				
Standard Offer Contract	development of distributed renewable power generators	<p>negotiation free: accessible to smaller players such as community co-operatives and local non-profits</p> <p>allows rapid development of renewable electricity generating capacity</p> <p>creates distributed generators improving reliability of local distribution grids</p>	less cost effective than contracting new generators through RFPs, increases consumer electricity rates	<p>application process must be simple and inexpensive</p> <p>tariffs paid for electricity sold to the grid must be sufficiently high</p>
TOD Policy Leveraging	TOD, mixed-use development, and densification	<p>ties transit investment strongly to land-use planning</p> <p>allows for vertical (regional-local) and horizontal (inter-municipal) integration of transit and land use planning</p>	<p>implementation of inter-municipal transit infrastructure can be delayed by non-compliance of some municipalities</p> <p>complex administration</p>	regional government or regional transit agency must have transportation spending power
Fuel Tax Transfer	TOD and densification (only if spent on transit infrastructure)	<p>uses an existing tax stream stable and predictable</p> <p>if done in conjunction with a fuel tax increase, can discourage automobile use</p>	<p>not tied exclusively to transit, can be used for roads</p> <p>if not done in conjunction with a fuel tax increase, does not inherently discourage automobile use</p>	revenues must be spent on transit improvements to achieve Smart Growth outcomes

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Tax Increment Financing	<p>TOD, mixed-use development, and densification</p> <p>can generate sufficient revenues to cover costs of new infrastructure</p>	<p>new infrastructure is self-financing if TIF properly designed and implemented</p> <p>no burden on capital reserves and public funding sources</p> <p>stimulates private sector investment</p>	<p>fails if sufficient gains in property values near new infrastructure do not occur</p> <p>can cause gentrification and loss of affordable housing</p> <p>can siphon off investment that would have gone elsewhere in the municipality</p>	<p>must be carefully designed and implemented</p> <p>zoning in areas around new infrastructure must permit considerable intensification</p>
Tax Base Sharing	<p>mitigates sprawl-inducing factors</p> <p>reduces competition between municipalities for new development</p> <p>reduces migration of residents and businesses from higher to lower-taxed municipalities</p>	<p>facilitates regional coordination</p> <p>reduces service and infrastructure discrepancies between municipalities</p>	<p>complex administration</p> <p>not tied directly to infrastructure investment</p>	<p>equalization system must not excessively punish 'have' municipalities and excessively reward 'have not' municipalities</p> <p>equalization payments can be tied to standards for infrastructure and services</p>
Vehicle Registration Surcharges	<p>if spent on transit infrastructure, can lead to reduced car use and car dependency, TOD</p> <p>if differential rates are applied for vehicles of different types, can provide an incentive to use smaller, more efficient vehicles</p>	<p>stable and predictable source of funding</p> <p>can be used to generate dedicate revenue stream for transit</p>	<p>not related to actual intensity of infrastructure use</p> <p>if flat rate for all vehicles, questionable equitability</p>	<p>revenues must be spent on transit improvements to achieve Smart Growth outcomes</p>

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Commuter Tax	mitigates sprawl-inducing factors	mitigates ‘free rider effect’ and reduces tax burden on property owners in central city income tax has higher elasticity than property tax – less like to cause flight of businesses and resident to the suburbs than a rise in property tax	not tied to infrastructure use, may tax many people who do not benefit from the infrastructure ‘taxation without representation’ – commuters do not vote in the jurisdiction that collects commuter tax Canadian municipalities cannot collect income taxes – would require legislation	legislation enabling cities to collect income tax revenues should be spent on infrastructure and services used by commuters to politically justify the tax
Tax-Exempt Tax Revenue Bonds	if used for transit and TOD-supportive projects, can reduce car dependency	allows rapid implementation of large projects, much faster than a pay-as-you go approach cheaper than other types of borrowing.	higher cost than pay-as-you go approach bonds entail significant administrative overhead for borrower would require legislation to implement in Canada.	loans must be spent on transit improvements to achieve Smart Growth outcomes should be combined with TOD around new transit infrastructure
Local Option Sales Tax	if used for transit and TOD-supportive projects, can reduce car dependency	transparent, democratically approved stable and predictable revenue stream dedicated to a specific project rapidly raises large amounts of money	not tied to infrastructure use, may tax many people who do not benefit from the infrastructure Canadian municipalities cannot collect sales taxes – would require legislation	revenues must be spent on transit improvements to achieve Smart Growth outcomes should be combined with TOD around new transit infrastructure

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Grant Anticipation Revenue Vehicles	if used for public transit improvements, reduction of car dependency.	<p>rapid implementation of large projects, avoids waiting for government funds to be released</p> <p>can be used to leverage large amounts of financing</p>	<p>more expensive than pay-as-you go</p> <p>puts a claim on anticipated federal funds for several years; no new projects possible until the GARVEE is repaid</p> <p>risk that federal funding will not materialize beyond current funding period</p>	<p>loans must be spent on transit improvements to achieve Smart Growth outcomes</p> <p>guarantees for future grants from federal government</p>
<i>Revenue and Spending-induced Smart Growth</i>				
Parking Site Tax	<p>conversion of parking to more efficient land use and reduced car use</p> <p>helps to fund transit, further helping to reduce car use</p>	<p>incentive to reduce supply of free parking</p> <p>advantageous to establishments with little or no parking facilities (no new tax burden)</p> <p>by increasing parking costs, may shift travel demand to modes other than car</p>	<p>potential conflict with minimal parking requirements in many municipalities</p> <p>politically costly, unpopular with businesses</p> <p>not related strictly related to use of public infrastructure</p>	<p>minimal parking requirements should be reduced or abolished</p> <p>revenues must be spent on transit improvements to maximize Smart Growth outcomes</p>
Storm Water Utility Fee Credits	<p>rapid deployment of green infrastructure</p> <p>reduces water pollution from storm water runoff</p>	<p>gets homeowners and commercial property owners involved in developing green infrastructure</p> <p>self-financing – credits and BMP incentives paid for by storm water fees</p>	<p>complex administration</p>	<p>grants and incentives for storm water mitigation upgrades must be sufficiently generous and tailored to different types of residential and commercial properties</p>

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High Occupancy/Toll Lanes (HOT Lanes)	reduces congestion encourages carpooling and transit use	optimizes the use of available HOV lane capacity provides a revenue stream that can be used for public transit services operating HOT lanes	makes more road capacity available to single occupancy vehicles questionable equitability: HOT lanes risk being seen as 'luxury lanes' only for those able and willing to pay	tolls must be high enough to prevent congestion on HOT lanes – should be proportional to traffic volume of HOT lanes revenues must be spent on transit improvements in order to maximize Smart Growth outcomes