

Et si on regardait dans le passé pour éclairer les enjeux du présent?

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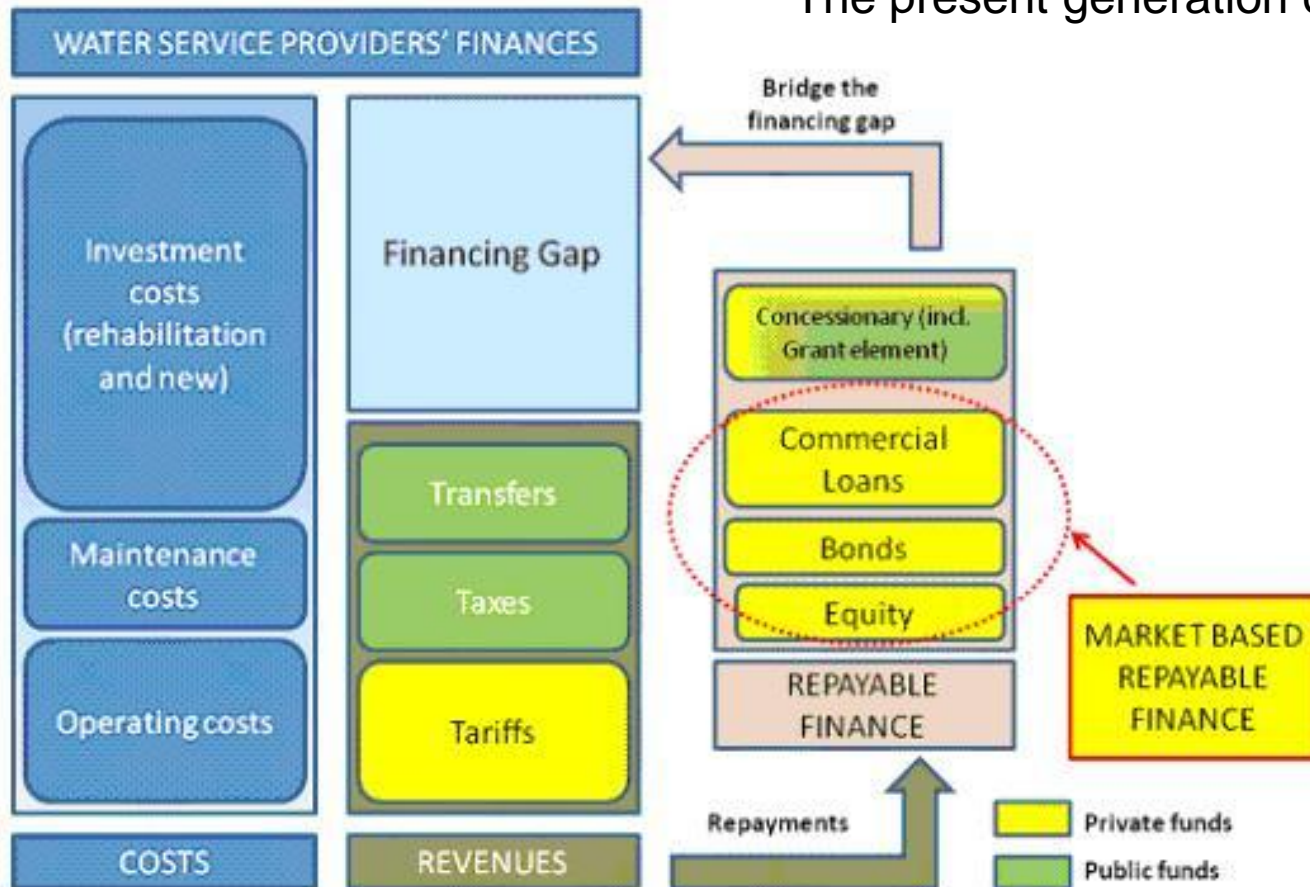
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Short run financing solutions Vs long run cost allocation – OECD 3T's framework

What is the long-run cost allocation ? For each « short-run financing solution » who is the « long run end payer » ?

The user ? The tax payer ?

The present generation or the future one?



In the short run

- Ordinary municipal budget's surplus => not enough
- Municipal Deficit financing (debt) with very long duration
 - Loan
 - bonds
- Land value capture tools
- 'private equity)

In the long run

- Land Value Capture tools (covering part of the CAPEX)
- Tariff (covering full OPEX)
- Tax (covering part of the CAPEX)
- (Transfer) : NO
- Long term debt + fixed interest rate
⇒ Key role played by inflation

Sanitation :

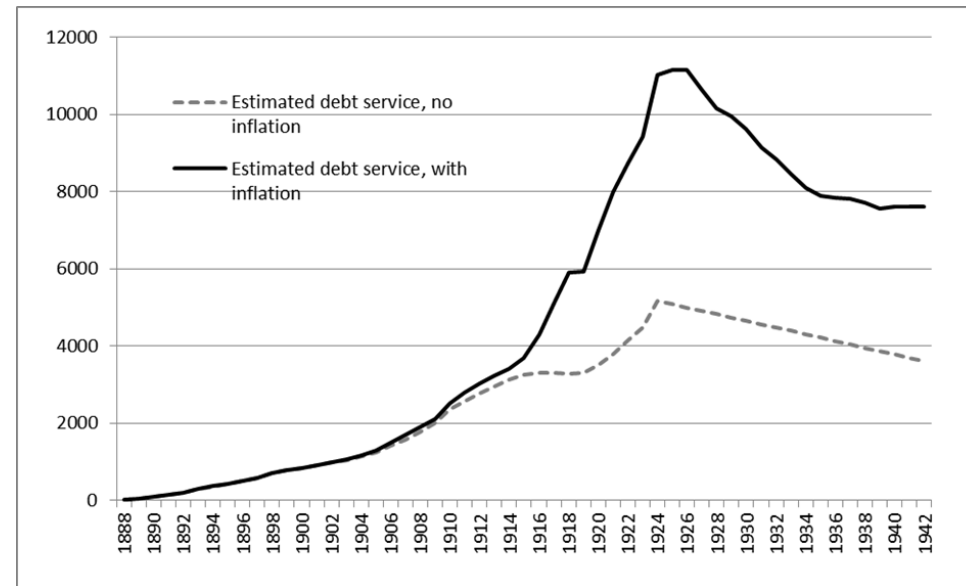
High CAPEX

Low OPEX but Low Tariff revenues

Water :

High CAPEX (depending on tech solution)

Higher OPEX but Higher Tariff revenues



Land value capture tools

Through a value capture financing scheme a public administration can monetize a part of the positive externalities of an infrastructure project (Brugnoli 2010, 15)

Capture from (Who is the payer?)	Voluntary tools	Mandatory tools	Comments
Developers	Joint development	-Development exaction and impact fees - Public land acquisitions and resale	Expansion areas / integrated urban renovation operation
The community	No	-Betterment levies -General infrastructure tax on land value gains	Built up areas
Within	Internalization (integrated urban developer)	No	

Source : author's elaboration based on concepts from various sources (ReUrba 2006; Peterson 2009; Brugnoli 2010)

Land value capture mandatory tools {

- Tax tools (Betterment levies /General infrastructure tax on land value gains)
- Public land acquisitions and resale

Public land acquisitions and resale policy in Paris

- Very powerful decree in 1852 concerning expropriation
 - On the grounds of the fight against insalubrity, it authorized to expropriate also all the properties impacted even marginally by the planned works
- Powerful (and creative) borrowing tools implemented in order to bypass the city's borrowing constraints
 - *Caisse des travaux*
 - *Bons de délégations*

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