Using Value Capture to Fund Transit Infrastructure: New York's § 119-R

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What is § 119-R?

- § 119-R allows the MTA to levy new transit taxes (including land value taxes) to capture the value created by new subway infrastructure.
- It expired on April 1st, but was renewed Tuesday.
- The provision has never been used.

agreed to by contract. The municipal corporation may, in allocating and collecting revenues from the district, make use of one or more methods to capture the value created by a mass transportation capital project, including, but not limited to:

(iii) land value taxation,

Who established the land tax provision?

- Ran as an independent mayoral candidate in New York City, ultimately came in second
- Anti-socialist
- Fought for land value taxes



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Why value capture?

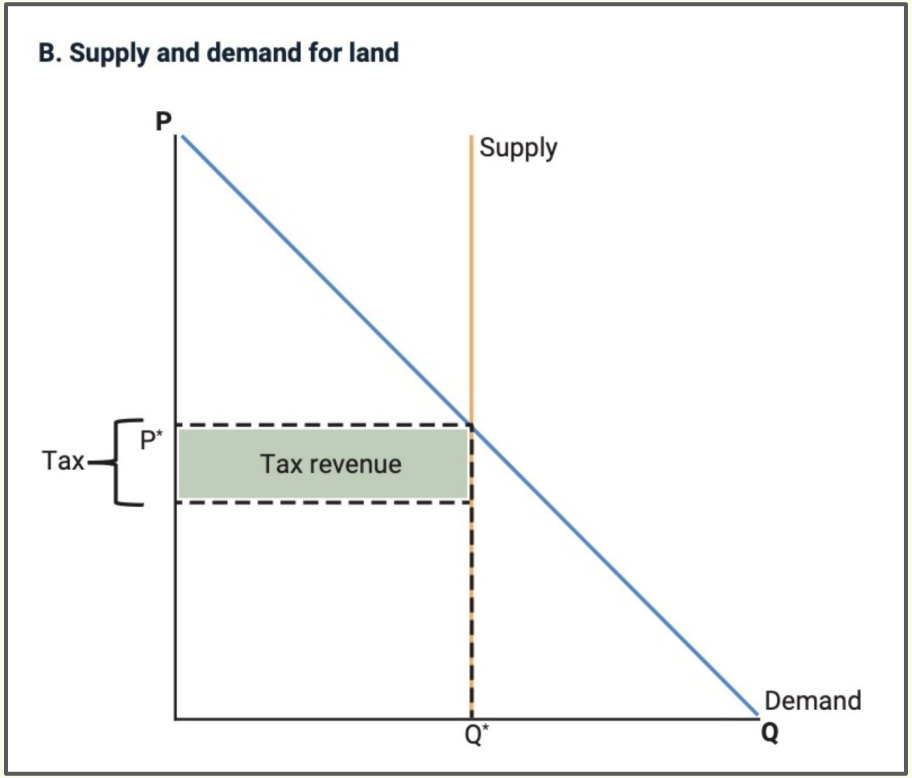
- Places tax burden directly on beneficiaries
- Fills a gap left by precarious federal funding
- Well-tested: private value capture helped build NY streetcars and still powers Hong Kong's MTR

Roosevelt originally planned to fund the interstate highway system with value capture.



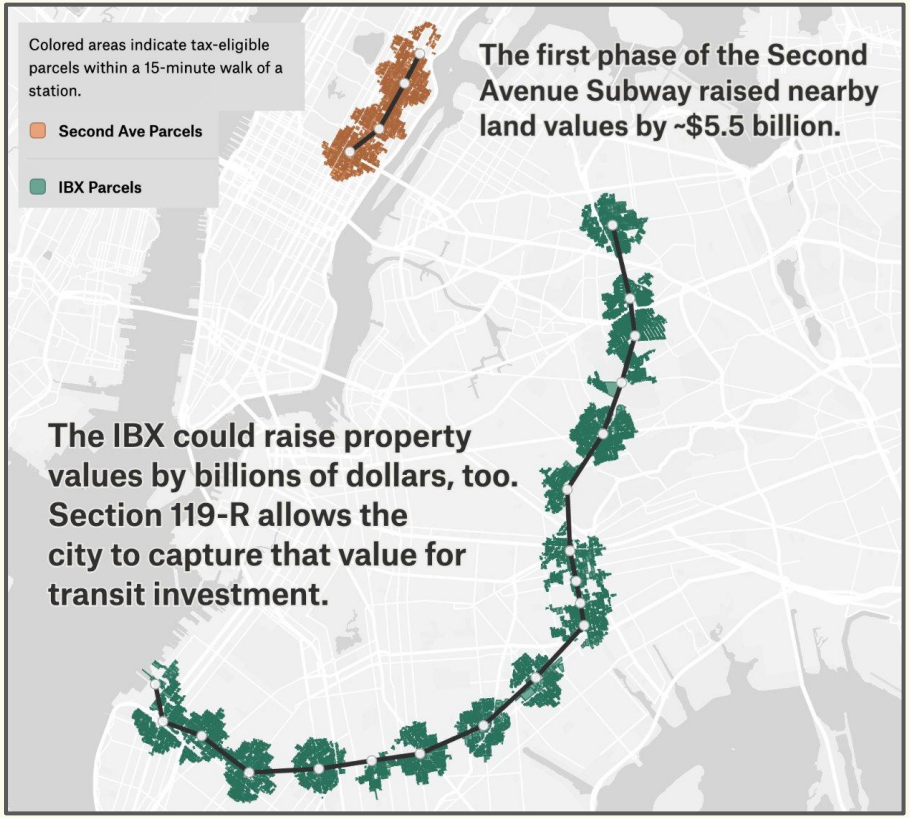
Why land taxes?

- Land taxes are famously efficient: land has a fixed supply, so can be taxed without deadweight loss.
- Because land taxes cannot change supply, landlords cannot pass them through to tenants.
- They push land toward its highest and best use and discourage speculation.



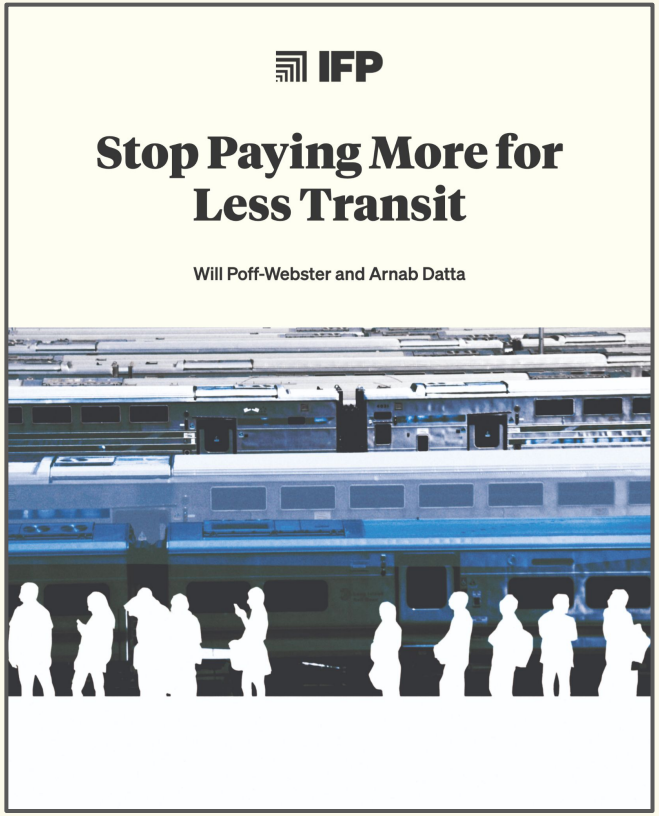
How much money could be unlocked?

- Arpit Gupta et al. found that the Second Avenue Subway raised nearby land values by $5.5B.
- We applied their multipliers to the values of properties within different IBX buffers to find our range: **$1.5 to $3.3 billion.**
- This may be an underestimate:
  - Greater development potential in Brooklyn
  - Marginal transit is more valuable in a transit desert than in Manhattan



Transit Abundance Playbook

- The Second Avenue Subway — at $4.5B for two miles — was the most expensive per-mile transit project in history. IBX will cost at least $5.5B.
- IFP's Transit Abundance Playbook gives policy solutions to bring costs down — so we can see more transit per dollar of investment.



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What are the odds 119-r is used this year?

We've been working with the Center for Public Enterprise to socialize the idea of using this provision for the IBX. We've heard good things from the Governor's office and from the MTA.

And here's the Mayor in an interview with *Jacobin* in 2022:

> Then we have another bill, which would permanently sunset an existing bill called 119-R that deals with value capture. If passed, our bill would authorize the city to engage with the MTA and participate in a value-capture mechanism. Right now, when the MTA builds out

Substantial interest, but no official statements



IBX

By George! Could A ‘Land Value Tax’ Fund The Interborough Express?

New York could raise billions of dollars for the proposed IBX by taxing the increase in property values from the new rail line.

By **Dave Colon**

12:03 AM EDT on August 4, 2026



Funding for this light rail is halfway done, but what about the other half?

THE REAL DEAL
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One idea to fill the funding gap would involve a “land value tax,” which would lean on the higher property values that the IBX could bring to areas adjacent to a new light rail corridor. Parcels near the first phase of Second Avenue Subway expansion saw their value increase by approximately $5.5 billion, according to Reed Schwartz, associate infrastructure fellow at the Institute for Progress.

For questions, and to read the report:

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Transit Abundance Playbook: ifp.org/cheaper-transit

