PROCURING URBAN RAIL TRANSIT INFRASTRUCTURE BY INTEGRATING LAND VALUE CAPTURE AND PUBLIC-PRIVATE PARTNERSHIPS: LEARNING FROM THE CITIES OF DELHI AND HONG KONG

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ABSTRACT

Worldwide, the private sector has actively participated in delivering transport infrastructure assets such as urban rail transit (URT) networks and systems. Typical Private Participation in Infrastructure (PPI) approaches used to deliver URTs have been Public-Private Partnership (PPP) agreements or variants thereof. Generally, however, PPPs have been unable to provide governments with value for money and concessionaires with sufficient operating revenues. The corollary, in this case, has meant that governments have been drawn to consider alternative forms of financing to procure and support the economic viability of their URTs. Land value capture (LVC) has been identified as a potential finance mechanism that can be integrated with a PPP to ensure its economic success.

This session will be divided into four parts. First, we will provide a review of URT PPPs that utilise LVC across worldwide projects. Then we will examine the success and failure of URTs procured using PPPs with LVC based on the experiences of Hong Kong's Mass Transit Rail and Delhi Airport Metro Express. Drawing upon these two cases and current literature, we will propose a conceptual model that integrates land use and finance to assist policymakers with the procurement of their commuter rail. In the end, we will discuss the implication of our developed model for procurement policy and its potential application in the context of South Africa.