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Land Lines

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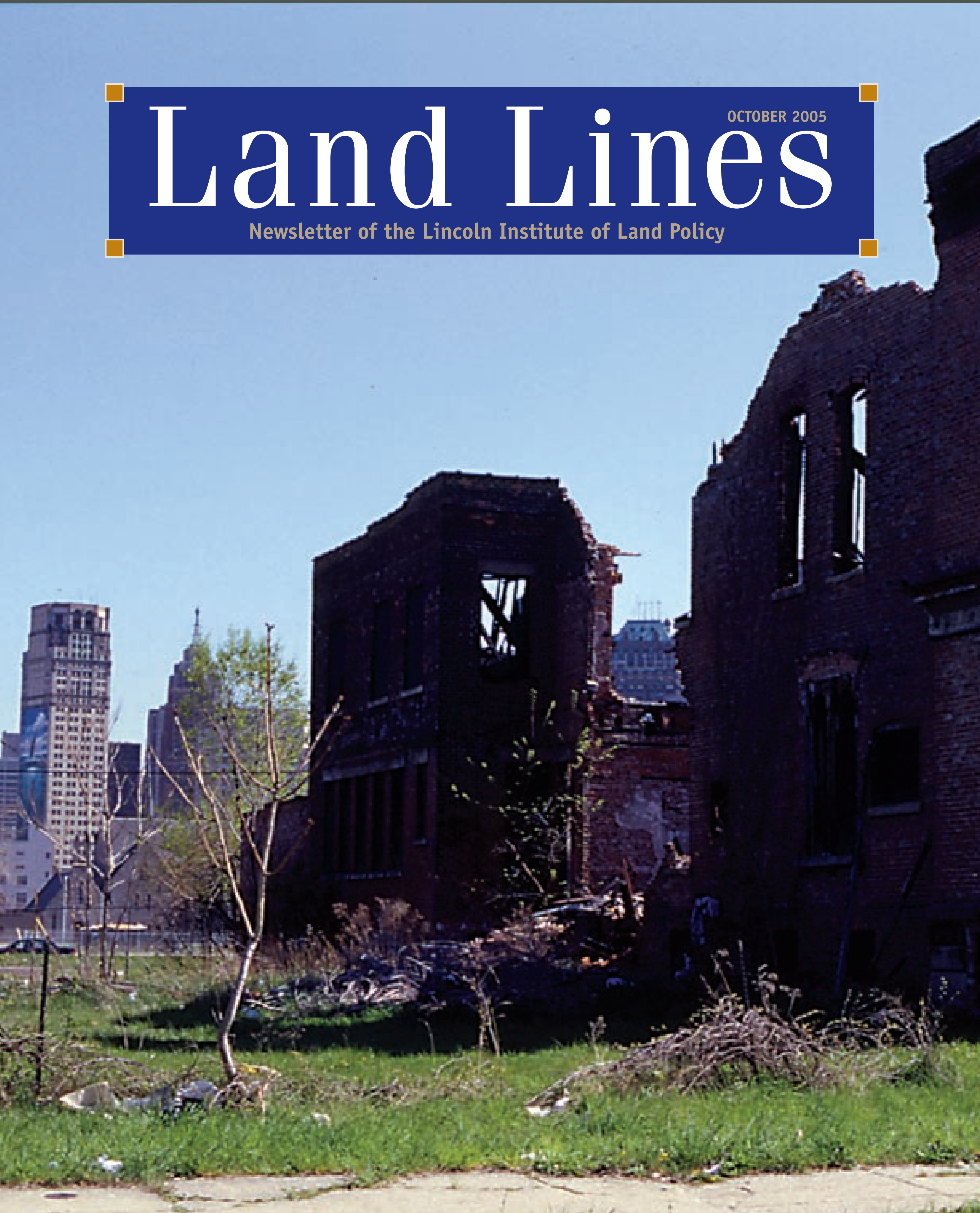

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The Lincoln Institute of Land Policy is a nonprofit educational institution established in 1974 to study and teach land policy and taxation. By supporting multidisciplinary educational, research, and publications programs, the Institute brings together diverse viewpoints to expand the body of useful knowledge in three departments—valuation and taxation, planning and development, and international studies. Our goal is to make that knowledge comprehensible and accessible to citizens, policy makers, and scholars in the United States and throughout the world. The Lincoln Institute is an equal opportunity institution in employment and admissions.

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From the PRESIDENT

Gregory K. Ingram

The Lincoln Institute has long been involved in international activities that deal with land policy and land taxation issues. In the 1970s those activities focused mainly on training and education. For example, Institute faculty have taught joint courses in land and tax policy issues with the International Center for Land Policy Studies and Training (formerly the Land Reform Training Institute) in Taiwan for nearly 30 years. Sponsorship of international congresses on land policy in the 1980s involved the Lincoln Institute in the dissemination of research and analysis by colleagues from both industrial and developing countries. This work heralded further international expansion in the 1990s involving both the Institute's training programs and its support for research and analysis, particularly in developing countries.

Over the past ten years, the Institute has expanded its program of training and research in Latin America that deals with planning, property taxation, urban development, and land markets. Its program in China, begun in 2001, involves government officials, academics, and researchers with a focus on urban land markets, land taxation, and city expansion issues. The Institute has been active in many Eastern European countries, where it has been involved mainly in training on tax policy and administration. It also has contacts and modest levels of involvement in other countries, including Cuba and South Africa, which face particularly demanding or unique land and tax policy challenges.

The initial motivation for the Institute's international work was to share its knowledge and expertise in land policy issues with others, as in transition economies seeking to establish land markets and property tax regimes. The Institute provided training in land market fundamentals and policy issues, and in the technical requirements of databases containing cadastral, ownership, and development information.

As the Institute expanded its activities abroad, academic and policy research on urban development and local public finance documented many commonalities across countries in the development patterns of large cities, in the behavior of households and firms, and in the tradeoffs households and firms face when making decisions about location, transport, space consumption, tenure choice, and local services. Predictions based on urban economic theory proved to be robust across both rich and poor countries.

The consequence of this commonality of problems and behavior is that the flow of knowledge is no longer in one direction. Solutions to problems in one city can help inform policy makers in other cities about new approaches that have worked elsewhere. For example, experience with new ways to use benefit charges to finance infrastructure, design exclusive bus lanes, structure new development, or reform housing in one country is of great interest to others. International experience also reinforces old lessons, such as the advantages of property taxation as a local revenue source or the impact of infrastructure on development.

In sum, the Institute's international work has enriched its own knowledge and expertise as much as it has benefited those who have participated in our training and research programs.

Vacant and Abandoned Property:
Remedies for Acquisition and Redevelopment

In June the Lincoln Institute convened a roundtable of experts from around the country to examine how and why property ownership and title problems exacerbate abandonment. The group debated the merits of public policy intervention, identified policies with the greatest potential for success, and outlined anticipated complications and issues in remedying abandonment. This article reports on that discussion.

LAVEA BRACHMAN

The prevalence of vacant and abandoned property in U.S. cities has reached crisis proportions despite efforts to foster reuse of these sites. A mix of macroeconomic and demographic trends, such as deindustrialization, population shifts from urban and rural to suburban communities, and the shrinking urban middle class, have precipitated the decline in real estate demand that can lead to property abandonment in certain neighborhoods.

These trends, along with other factors, have resulted in various abandonment "triggers" (Mallach 2004) depending on the property type: inadequate cash flow; multiple liens; liens that exceed market value; fraudulent transactions; predatory lending; and uncertainties regarding environmental, legal, and financial liability. These triggers often prolong abandonment or relegate a property to permanent disuse, particularly in markets characterized by widespread disinvestment. Many of these triggers also "cloud" the property title and interfere with a potential new owner's efforts to acquire property title or obtain site control in order to make improvements or commence reuse activities.

Comparable data on vacancy and abandonment across cities are difficult to obtain and vary widely due to different definitions and gaps in data sources, particularly in commercial and industrial land uses. Estimates of the amount of abandoned housing stock range from 4 to 6 percent in "declining" cities to 10 percent or more in "seriously distressed" cities (Mallach 2002). The following city statistics from Census 2000 data and city records only


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Even small cities, such as Alliance, Ohio, have their share of abandoned buildings.

suggest the scope of the problem.

- Cleveland counts more than 25,000 vacant and 11,000 abandoned properties (National Vacant Properties Campaign 2005).
- Baltimore has more than 40,000 vacant housing units, constituting 14 percent of its housing stock, and more than 17,000 vacant lots (National Vacant Properties Campaign 2005).
- Philadelphia's vacant properties total more than 60,000 (27,000 abandoned residential structures, 2,000 abandoned commercial buildings, and 32,000 vacant lots) with nearly 10 percent of the city's housing described as abandoned (Black 2003).
- St. Louis has one of the highest vacant housing rates in the country, at over 29,000 or nearly 17 percent of total housing units (National Vacant Properties Campaign 2005).

The abandonment problem is even more profound and perhaps less susceptible to reversal in some smaller cities of less than 100,000 that have lost at least 25 percent of their population over the last few decades. The situation in Camden, New Jersey, East St. Louis, Missouri, and other cities with large-scale abandonment suggests a severely weakened market with multiple contributing socioeconomic factors. Where the number of abandoned properties indicates a systemic problem, there may be an inherent limitation on the ability to stimulate market activity.

This problem has ramifications for the quality of our public and private lives, because abandonment can lead to other detrimental social and fiscal impacts: depressed property values of surrounding properties (Temple University 2001); increased criminal activity; health and safety concerns due to environmental hazards; and additional disinvestment. All of these outgrowths of abandonment raise costs for the city, including site cleanup and demolition, provision of legal services, police and fire protection, and legal enforcement.

As urban vacancy and abandonment increase and suburban open space becomes less available or attractive for development, market pressures may improve redevelopment prospects, as in Boston, Chicago, and Atlanta. However, for several reasons, we cannot just wait for this to happen.

First, the market does not always operate perfectly, in part because it is subject to existing laws and regulations (e.g., tax foreclosure statutes and clean title requirements) that impose high transaction costs to taking title and therefore affect market redevelopment. Some level of public policy innovation is needed, whether reform of existing laws or new laws and practices. Second, preserving open space is arguably a public benefit, but that also implies the need for public action to steer new development to previously developed properties. Finally, decisions about whether to spend public money, time, and effort are not made in a vacuum, but require an understanding of the problem, the available tools, and the resources and skills to implement them.

The magnitude of the problem suggests there are no easy answers. Multiple, interconnected market factors and differing state legal frameworks mean that the remedies to abandonment vary. In an effort to better define the public strategies for addressing the problem in different settings, this article sets forth the challenges of overcoming property acquisition barriers to abandonment, outlines a range of remedies, and explores potential next steps.

Ownership and Title Issues

Where abandonment or prolonged vacancy occurs due to owner inaction, two options exist for reuse. First, the property may be left abandoned indefinitely, or until the market changes. Alternatively, a new owner (e.g., the municipality, a CDC, or a private developer) may intervene, acquire the property, and carry out rehabilitation or reuse. It is this second alternative and the remedies for implementing it that concern us here. New methods for acquiring abandoned property will help to obtain property control from unwilling, unknown, or incapable owners.

However, the debate between these two alternatives raises significant issues that need further exploration. If the primary objective is to put the property back into productive use, one impetus for intervention is to eliminate the legal barriers to transferring the property to a new owner. Clear title is a critical issue. The multiple tax liens that encumber the title, and often cause the property's abandonment in the first place, can cloud the title and prevent effective title transfer.

These title complications can be further compounded by the use of certain supposed remedies. For example, forcing title transfer involuntarily, from an unwilling owner or in abandonment cases where ownership is in doubt, can result in a cloudy title that may jeopardize obtaining title insurance—a mandatory precursor to procurement of conventional financing—and thereafter present title problems whenever the property changes hands. Clear title is part of the larger challenge for many states that do not have efficient, workable processes for moving title into the hands of responsible owners.

Remedies: Laws, Practices, and Tools

Municipalities seeking to reduce their stocks of vacant and abandoned property may be inspired by strategies and programs used in other localities, but they should carefully assess their own situations first. Differences in state laws may require a variety of approaches, such as reforming existing laws; improving local practices and implementation; and introducing innovative new tools. Some remedies to facilitate acquisition of vacant and abandoned properties for redevelopment seek to:

- tighten code enforcement practices;
- strengthen nuisance abatement laws;
- pass a receivership law or encourage CDCs and municipalities to use existing receivership powers;
- reform tax foreclosure laws;
- use land banks or similar acquisition vehicles; or
- exercise eminent domain powers.

Remedy choice depends on the property's stage of abandonment, the current land use (e.g., multifamily rental, single-family house, commercial, or industrial), the property's ownership status, and state statutes and regulations. A property at an early stage of abandonment due to general neglect and code violations, including conditions that adversely affect the health, safety, or well-being of building residents or neighbors, may be turned around with regular inspections and enforcement. These preventive remedies can slow disinvestment and prevent permanent abandonment by forcing a known owner to either renovate the property or transfer it to another entity willing to do so. Effective code enforcement varies widely because it is a function of local practice, but persistent municipal issuance of orders for code violations is critical.

Localities may also enforce state-authorized nuisance abatement laws to address these code violations by requiring an owner to make repairs or improvements, such as trash removal, structural repairs, and building demolition. If an owner refuses, then the municipality can enter the property to undertake these activities and seek to collect the costs from the owner. If that fails, the municipality may place liens on the abandoned property equal to the costs of these actions, enforcing them through foreclosure actions, or in many states by attaching the owner's assets. The effectiveness of nuisance abatement laws varies across states, depending on the definition of "nuisance," the prescribed statutory penalties, and how the local authority chooses to carry out nuisance actions (Mallach 2004).

Significant disinvestment generally occurs where property owners fail to undertake property management responsibilities that cause significant disrepair; stop paying back taxes, utilities, or other public services; and/or allow the property to remain vacant for more than a designated period, usually six to twelve months. Some of these complicated cases require innovative, sometimes controversial remedies.

Under Baltimore's vacant property receivership ordinance, for example, the city or its CDC-designee may petition a court to appoint a receiver for any property with a vacant building violation notice, though it is generally used in the case of severely deteriorated single-family houses. The receiver may collect rents (if the property is still occupied), make repairs, and attach a super-priority lien on the property equal to the expense; or immediately sell the property to a private or nonprofit developer who will conduct the rehabilitation. Advocates argue that the receivership approach is beneficial because it focuses on fixing the property (bringing an action *in rem,* literally against the "thing") rather than on punishing the owner (known as an *in personam* action, or against the person) (Kelly 2004).

In Cuyahoga County (where Cleveland is located), CDCs have used nuisance abatement as a form of receivership. In these cases, the CDC brings such an action in a special housing court to abate a nuisance and have a receiver appointed, and then the CDC collects the incurred improvement costs from the owner or conveys the property to a new owner.

In both Baltimore and Cleveland, the concept is used effectively against speculating investors who buy inexpensive, dilapidated properties and do nothing but pay taxes, hoping that the revitalization work of others in the community will increase their property values. These "free riders" frustrate efforts to identify them as targets in a legal action by creating sham ownership entities or providing the vacant house as the owner's only mailing address (Kelly 2004).

Nuisance abatement or receivership actions ultimately may not provide secure title for the subject properties, or may cause properties to be more susceptible to unclear title outcomes. Receivership can create an encumbrance on the title that is difficult to extinguish, thus clouding the title and providing an excuse for banks not to lend on the property. The current title system, as adhered to by title companies and financial institutions, works relatively well for tracking and recording straightforward, linear property transactions, but is not set up to handle properties with multiple liens or encumbrances arising from checkerboard-type transactions that are characteristic of vacant and abandoned properties. Nevertheless, these actions constitute an underutilized and powerful

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Another abandoned property slated for reuse is the former F. Berg hat factory in Orange, New Jersey, pictured here with a rendering of the Valley Renaissance Center planned for that site.

Neighborhood Redevelopment in New Jersey

Several years ago, Housing and Neighborhood Redevelopment Services, Inc. (HANDS), a nonprofit community development corporation (CDC) in Orange, New Jersey, tried to acquire an abandoned multifamily property. The property was burdened by tax liens that the city had sold to third-party purchasers, a strategy that cities use to raise revenue for other needs. The lien holders included out-of-state investment groups and speculators, and the current property owners did not have the financial ability or desire to redeem the liens. No entity was taking responsibility for property upkeep, so it sat idle and accumulated more tax liens, further elevating the stakes involved in clearing the title and heightening the financial, legal, and psychological barriers to acquisition. HANDS had a plan for neighborhood revitalization and a productive use for the property, but it lacked the funds for acquisition and the tools to clear the legal title.

Over the past few years, however, New Jersey reformed state programs to provide up-front subsidies for property acquisition, removal of liens, and other activities necessary for CDCs to establish site control (Meyer 2005). At the same time, a new state law, the Abandoned Properties Rehabilitation Act (2004), accelerated foreclosure action on vacant property by eliminating the waiting period between the time a potential new owner gives notice of its interest in foreclosing and lien acquisition. In cases where the owner will not rehabilitate a property, the new law allows the municipality to undertake rehabilitation or find a CDC to do so.

In this instance, HANDS took advantage of the new state law and financial incentives to acquire the multifamily property and convert it into housing for first-time homebuyers as part of the CDC's larger neighborhood revitalization strategy. A few other organizations have begun to use these tools to acquire and redevelop single-family and multifamily homes around the state.

tool, when used in the right legal and market circumstances.

Tax foreclosure is the most commonly used property acquisition tool for local government. It involves the taking of title to properties where owners have failed to pay their property taxes or other obligations to a government entity (e.g., a municipality, school district, or county). Third parties, such as CDCs or private developers, can also use tax foreclosure proceedings, as governed by state law, to acquire properties. The tax foreclosure process is based on the principle that a tax lien has priority over private liens, such as mortgages, so when the buyer forecloses on the tax lien, any private liens are extinguished and the property is acquired "free and clear" (Mallach 2004).

The common problems associated with this otherwise powerful tool arise from the lengthy time periods imposed by state statutes on different stages in the foreclosure process (e.g., the time in which the owner has a right to redeem his or her rights to the property); the length of time that taxes must be delinquent before a sale can occur; and whether the state first requires sale of the liens or sale of the property outright. Constitutionality standards also require strict notice requirements to all parties holding a legal interest in the property. Although rewriting state statutes to reduce or eliminate these time requirements may be a politically protracted process, state law reform can occur. For example, the law passed last year in New Jersey substantially reduced the notice periods, and Michigan's tax foreclosure reform offers faster judicial proceedings to increase the timeliness of property transfer (Mallach 2004).

An increasingly popular tool is the local land bank, a governmental entity that acquires, holds, and manages vacant, abandoned, and tax-delinquent property. The properties are acquired primarily through tax foreclosure, and then the land bank develops or, more likely, holds and manages the properties until a new use or owner is identified. Land banks can provide marketable title to properties previously encumbered with liens and complicated ownership histories. They also provide localities with a way to create an inventory and monitor properties, and assemble properties into larger tracts to improve opportunities for targeted economic development.


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Detroit, like many cities, has been hit hard by vacant properties for many years.

Each city's land bank is organized and operates differently. Some operate within city agencies, while others exist as legally separate corporations (Alexander 2005). The Genesee County, Michigan land bank has pioneered a way to self-finance redevelopment by using the financial returns on the sale of one property to support the costs of holding other properties, an approach that ultimately reduces municipal costs (Kildee 2004).

Exercise of eminent domain powers pursuant to the Fifth Amendment of the U.S. Constitution is another remedy that transfers real property titles to the government for public use. Targeting blighted properties remains an agreed upon use of eminent domain, although state statutes differ on how it is carried out. Cities are certain to be more wary of using this tool in the wake of the controversial U.S. Supreme Court decision, *Susette Kelo et al. v. City of New London, Connecticut*, *et al.* (*Kelo*), which sanctioned New London's condemnation of nonblighted private property for economic development purposes. The *Kelo* ruling has caused state legislatures around the country to consider re-evaluating the meaning of public use and limiting the circumstances under which government entities can utilize this powerful remedy.

Without overall market improvements, it is unlikely that these remedies alone can give cities, neighbors, courts, or community nonprofit organizations the tools needed to address the vacant and abandoned property problem. However, anecdotal experience and discussions at the Lincoln Institute roundtable indicate that these tools have been used successfully on a case-by-case basis; whether they affect change on a neighborhood- or city-wide basis and over a period of years is still unclear. Success may depend, in part, on market strength and conditions, but also on localities' vigilance (for instance, with code enforcement), willingness to take risks and use new tools, and institutional capacity.

Local Impacts of Remedy Implementation

Even where one or more of these tools is legal, available, and effective in eventually converting vacant and abandoned property to productive uses, there are three types of hurdles that may prevent valuable projects from being pursued: local administrative and procedural barriers; unintended and potentially negative consequences; and ancillary local strategies that can enhance or decrease their effectiveness.

Local barriers include costs to cities of administering, managing, and implementing these conversion activities; political opposition, inaction, or apathy; and lack of local knowledge or capacity. The up-front costs to cities or nonprofit entities of taking ownership to dilapidated properties and making improvements are not trivial. Also, some tools may require investment in training, innovation, and minor risk-taking by local governments. Studies and experience are beginning to reveal that, for similar reasons, localities are not taking advantage of tools already provided for in some state statutes. One researcher found that local governments in Massachusetts were not utilizing existing mechanisms to address tax delinquent properties (Regan 2000). New Jersey is reportedly experiencing a similar phenomenon, where local entities are underutilizing tools available since adoption of new abandoned property laws and funding programs.

The possibility of unintended consequences fostered by intervention in the market should not be an argument for no intervention, but it is a reminder that any remedy needs to fit market conditions and be used with appropriate reuse restrictions or incentives to avoid new problems. One downside to successful neighborhood revitalization is gentrification, which is the displacement of lower-income residents by new, wealthier residents who can afford the higher prices placed on renovated properties. For instance, in Atlanta and Boston neighborhoods with relatively strong metropolitan-wide real estate markets, carrots and sticks must be used selectively to promote the transfer of abandoned property in some areas. One way to minimize the extent of gentrification is to require that any residential reuse maintain an income mix by preserving a percentage of units as long-term affordable housing. Another model is the nonprofit community land trust (CLT), which generally owns the land and provides affordable housing in perpetuity by leasing it to the building owners (Greenstein and Sungu-Eryilmaz 2005).

Local neighborhood revitalization strategies combined with other appropriate remedies can improve the chances of success as cities and CDCs work to address their redevelopment challenges. These strategies may include documenting and inventorying abandoned properties; targeting pivotal properties in neighborhoods selected for redevelopment; increasing home ownership; forging partnerships with business groups, city hall, hospitals, universities, and other nonprofits; and identifying and reforming significant policies and regulations on tax liens.

Communities must also continue to be innovative and to adapt available tools and remedies to address ever-changing local abandonment triggers. One such challenge is the recent phenomenon of lien securitization, which occurs when one entity buys up multiple liens on multiple properties and bundles or securitizes them for resale. This puts the liens into the hands of investors who presumably have no interest in the local economy or the property's productive reuse, and can prevent title transfer, especially in weak secondary markets.

Next Steps in Meeting the Abandonment Challenge

Property title and acquisition obstacles are not the only barriers to fostering productive reuse of abandoned property, and removing these obstacles may not overcome the abandonment cycle. However, use of the remedies outlined here is an essential first step, and several next steps could significantly enhance their implementation. First, a pressing need exists to clarify the meaning of "clear title," possibly by updating title insurance company standards to reflect new practices.

Second, case studies of successful and failed tools and mechanisms in weak and strong urban markets could provide valuable lessons. Possible criteria to evaluate a remedy's success or failure include the frequency and extent of their use; their applicability to all property uses (residential, commercial, industrial); their effectiveness in fully clearing the title; unexpected consequences; and, if possible, the property's ultimate reuse and its sustainability.

Third, a study of states where statutory reform has occurred, such as Michigan or New Jersey, would offer an analysis of how such reform has impacted property transfer and reuse. Finally, since local entities play a key role in tool implementation, improving local capacity through education about these tools and their importance in revitalizing urban areas would be another crucial next step in ultimately reducing the numbers of vacant and abandoned properties.

LAVEA BRACHMAN, *a visiting fellow at the Lincoln Institute of Land Policy in 2004–2005, continues to research public policy remedies and the roles of local nonprofits and government entities in fostering brownfield and abandoned property reuse. She also directs the Delta Institute's Ohio office, a nonprofit working on sustainable development solutions to environmental quality and community and economic development challenges. Contact:* lbrachman@lincolninst.edu.

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Connections Between Economic Development and Land Taxation

JEFFREY CHAPMAN *and*
REX L. FACER II

Recent court decisions have made economic development and tax policy front-page news. The recent U.S. Supreme Court decision in *Kelo v. City of New London* raised a public outcry when it allowed local governments dramatic latitude in acquiring private property for economic development purposes. This case had a fiscal aspect as well, for it illustrated how financial pressures can lead local governments to seek alternatives to direct investment for economic revitalization and redevelopment.

Economic development was also the focus of a major lower court decision on state tax policy. In *Cuno v. DaimlerChrysler,* the 6th Circuit Court of Appeals found that Ohio's investment tax credit, intended to attract businesses from other states, violated the Commerce Clause of the U.S. Constitution (Hellerstein 2005). These and other, similar cases raise many questions about the connections between economic development and tax policy.

Is there a relationship between economic development and infrastructure spending?

Infrastructure, that vast network of capital-intensive services including roads, water provision, sewer services, and electrical supply, is critical to current and future economic activity. However, serious economic examination of the link between infrastructure spending and economic productivity only began in the late 1980s. Aschauer (1989, 194–197) argued that declining infrastructure spending resulted in less economic growth. More recently, Bougheas et al. (2000, 520) reported findings that "highlight the importance of infrastructure accumulation" for productivity gains.

Other researchers have pointed out that the most significant recent changes in infrastructure spending have occurred at the state and local levels, rather than the federal level. Gramlich (1994, 1178) argued that federal infrastructure spending has been fairly consistent over time, but state and local spending has decreased. Holtz-Eakin (1993) cautioned that while public expenditures on infrastructure may be important, they may not directly affect economic productivity. He argued that differing state and local needs may account for many infrastructure spending disparities, and that maintenance of existing infrastructure assets may be more important than new spending for capital acquisition. Boarnet (1997) considered efficient pricing for infrastructure use as important as its actual provision.

Nevertheless, the American Society for Civil Engineers (ASCE) is sufficiently concerned about the condition of infrastructure in the U.S. to assign it a grade of "D." ASCE (2005) argues that the country needs to spend about $1.6 trillion over the next five years to improve the situation.

What is the relationship between infrastructure spending and local tax systems?

The mechanisms for funding infrastructure and its role in state and local spending are complex. Research in this area deals with such topics as fiscal illusion (i.e., when the complexity of the revenue system obscures the true cost of public goods and services) and specific capital financing strategies used to fund infrastructure. However, there has been little research on the impact of local tax structures on infrastructure spending.

Economists have long argued that the value of publicly provided goods and services, such as infrastructure and its maintenance, are reflected in the value of the property served by those goods. Accordingly, a tax that captures the value of these public goods and services may be an important revenue source for funding them. However, in the last 30 years, local governments have moved away from such a tax, the property tax, to other sources of revenue. In many communities, this shift has produced an increased reliance on state aid, local sales tax revenues, and user fees.

In analyzing infrastructure spending in Utah, it is clear that the local revenue structure affects per capita operating and maintenance spending and new capital acquisition expenditures. Preliminary analysis indicates that communities are more likely to increase per capita infrastructure spending when it is financed by property taxes, all other funding sources held constant. It also appears that as per capita sales tax revenue increases, per capita spending for infrastructure services declines.

How constrained are local revenue systems?

One reason that local government revenue structures affect spending on infrastructure is that the states impose various constraints on local revenue sources. Although the past ten years have seen no dramatic changes in the roles of the property tax, intergovernmental aid, or the sales tax in overall local government revenues, the ratio of total revenues to personal income has fallen about 7.5 percent. This real decline highlights the increasing pressure on local governments to identify new revenue sources.

Yet, local governments face serious constraints when they seek to change their revenue systems. States impose intergovernmental restrictions, such as limits on sales tax rates that localities can impose. Less tangible but equally important is political opposition to tax increases. The third factor is the set of tax and expenditure limitations that many states have enacted, ranging from Proposition 13 in

California in 1978 to the more recent taxpayer bill of rights enacted in Colorado, which drastically limited increases in government spending.

These constraints have forced local governments to become more innovative in their revenue-raising methods. An entire cottage industry of financial advisors, bond attorneys, and other public and private sector innovators has emerged to help local governments find ways of loosening or circumventing these limitations. Some strategies may have increased economic efficiency, although they give rise to equity concerns (for example, the movement toward the increased use of fees and charges); others are nearly invisible to the taxpayer. In nearly all cases, local governments have been seeking to use land as a revenue-generating device—a trend that shows no sign of abating.

What are alternative ways to finance capital infrastructure?

Two types of debt traditionally have financed infrastructure projects: general obligation (GO) bonds, backed by the full faith and credit of the issuing locality; and revenue bonds, backed by income from the capital project. Both types of debt have significant restrictions on their use, such as voter approval requirements and caps on maximum indebtedness. These debt limitations, the difficulty in raising property taxes, and the fear of political opposition have increased the use of alternative capital finance methods based on land use.

One longstanding method, tax increment financing (TIF), utilizes the increases in property value to help finance redevelopment projects. Originally designed as a financial instrument to eliminate blight and provide affordable housing, this instrument has become increasingly popular in many states for a variety of projects. Forty-seven states and the District of Columbia now allow this technique.

Capturing the property tax increment attributable to government-sponsored redevelopment in order to service this debt makes economic sense if the new development would not have occurred without the formation of the tax district. Moreover, this debt does not have to be approved by voters, but rather by a group designated by the city government. Not even these two factors explain the extraordinary recent growth in the number and size of TIF districts, however, raising suspicion that this tool may be used more often to attract and subsidize economic growth than to eliminate blight. For example, in 2003–2004, California had 33 TIF redevelopment projects, each of which covered more than 6,000 acres, a surprisingly large area to be declared "blighted" in any one jurisdiction (see Figure 1).

Another popular tool in several states is the community facilities district (CFD), which usually funds new development. Landowners within a region form a CFD to issue debt to finance the infrastructure needed to develop raw land. District members' votes are typically a function of the amount of property each landowner holds. The local government must approve CFDs, although they are not a formal part of the government and their debt issuance is not subject to approval by the general public.

A lien for CFD assessments is placed on each lot in the district, and the CFD tax liability appears on the property tax bill of each district member as a separate line item. Variations of this technique may utilize sales taxes, impact fees, and user charges. Many rapidly growing local governments encourage the formation of these districts to help finance their community's growth. Nevertheless, CFDs can be very complex, and may fail if anticipated growth does not occur (see Figure 2).

TIFs, CFDs, and other such techniques present an ethical dilemma to local government. Sometimes they are not fully understood by the political decision makers who authorize their use, let alone by members of the general public who will bear the burden of paying this debt in the future. Yet they remain a popular tool to finance crucial infrastructure that is basic to improving the economic well-being of the community.

Could a land tax help finance infrastructure for economic development?

The land component of property value is another potential source of revenue to encourage economic development. Since the supply of land is fixed in the short run, an increase in a land tax will not affect the tax base. However, it will encourage more intensive use of the land and may slow urban sprawl. Unfortunately, the lack of empirical data makes it difficult to determine if this theory is accurate. One example in the U.S. is the City of Pittsburgh, which in 1979–1980 restructured the tax on land to be five times that on improvements. Building activity showed a dramatic increase, although other factors may have contributed to the change as well (Oates and Schwab 1997). Pittsburgh later returned to a single-rate property tax system.

Increased use of a land tax poses significant problems. In particular, accurately

FIGURE 1

Tax Increment Financing in California, 1998–1999 and 2003–2004

1998–1999	2003–2004
93.5 percent of the 144 cities with populations of 50,000 or more have redevelopment agencies	91 percent of the 155 cities with populations of 50,000 or more have redevelopment agencies
28 redevelopment projects are more than 6,000 acres	33 redevelopment projects are more than 6,000 acres
The tax increment[a] was nearly $1.8 billion (implying nearly $180 billion in new property value)	The tax increment was more than $3 billion (implying more than $300 billion in new property value)
Redevelopment agencies had $9.4 billion in unmatured tax allocation bonds	Redevelopment agencies had $13.5 billion in unmatured tax allocation bonds

Source: Compiled by the authors. a. The additional revenue from new development compared with the value prior to the TIF.

FIGURE 2
Community Facilities Districts in Goodyear, Arizona

In 1980 Goodyear, Arizona, had 2,750 residents, in 2000 the city had 19,700 residents, and it is projected to have 334,000 residents by 2030. To finance the infrastructure necessary for this enormous growth, Goodyear, in conjunction with private developers, established five CFDs. By 2002–2003, these districts had amassed more than $26.5 million in general obligation bonds and $17.7 million in assessment bonds. Two of the districts alone have the ability to issue an additional $275 million in these types of debt. For more information: *http://www.ci.goodyear.az.us/index.asp?NID=376.*

assessing land can be challenging, although statistical and econometric techniques may help address this in the future. A second concern is that more intensive use of land value taxation will lead to denser development, exacerbating many of the problems associated with congestion. These effects must be weighed against the positive benefits of reducing long-distance commuting. A third problem concerns equity. Owners whose property has a high land/improvement ratio will face an increased tax liability. This shift might be mitigated by adjustments in the tax rate, special exemptions, or targeted tax credits.

A land tax has the important advantages of transparency and accountability. In particular, if land value increases because of government activities, there is strong justification for recovering at least some of those costs through a tax on the land component. We would even propose a name for this additional tax—a positive externality tax (PET). We recognize that, like any proposed increase in the property tax, such a shift would be politically controversial.

Conclusions

Our current research analyzes relationships among economic development, infrastructure, and the tax system. The fiscal problems of local jurisdictions are made more complex by the use of intricate methods of infrastructure financing, such as TIFs and CFDs, to fund economic development. The use of financing mechanisms based on a land tax may be one part of a potential response to this challenge.

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Urban Land

The Lincoln Institute has been collaborating with the Loeb Fellowship Program at the Harvard University Graduate School of Design since 1998. The Loeb Fellowship was established in 1970 through the generosity of Harvard alumnus John L. Loeb. Each year ten mid-career design and planning professionals are invited to study independently and develop insights and connections to advance their work in revitalizing the built and natural environments. In May the 2005 class of fellows traveled to Brazil on a study trip to exchange information with professional counterparts in the cities of São Paulo and Rio de Janeiro. This article focuses on what we learned about programs to improve life in the favelas of those cities.

HEATHER BOYER

From the lush Amazon rainforest to the futuristic skyscrapers topped by helipads in São Paulo, Brazil is a study in contrasts. The country is rich in land, with a landmass slightly larger than that of the lower 48 U.S. states; it is the largest country in South America and the fifth largest in the world.

Currently 80 percent of Brazil's 186 million residents live in urban areas. The City of São Paulo, with a population of 10 million, is the largest city in Brazil and one of the most densely populated; its metropolitan area encompasses 16 million people. The City of Rio de Janeiro is the country's second largest city with 6 million inhabitants and a metropolitan population of 10 million.

The income distribution in Brazil is among the most unequal in the world. The top 10 percent of the population earns 50 percent of the national income, while 34 percent live below the poverty line. Although inflation-curbing efforts have

and Housing Challenges in Brazil

© Ann LeRoyer

Additional stories have been added to these houses as part of Rio's Favela-Bairro project.

helped to steady the economy over the last few years, the country is still saddled with considerable foreign debt. Faced with the challenges of extreme poverty, drug trafficking, crime, inequitable land distribution, and inadequate housing, the government has limited funds for social programs and often has used them inefficiently.

Life in the Favelas

It is estimated that 20 percent of Brazilians currently live in favelas, or informal, low-income housing settlements. Favelas were first built in Rio in the early twentieth century, when thousands of soldiers who had fought in a civil war received little government assistance and were forced to live in makeshift structures. They often settled in locations without public services where building was precarious, such as steep hillsides or swampy lowlands. These favelas grew and many others were built in similarly unsafe areas. Torrential rains in 1966, 1996, and 2001 resulted in fatal mudslides in many communities.

Favelas began to increase rapidly in both number and size during the 1970s, when rural workers flocked to the cities for better employment opportunities. In Rio many long-established favelas are located downtown, close to wealthy neighborhoods and tourist areas. By contrast, most of the favelas in São Paulo are on the periphery of the urban core, due to local geography, history, and other factors.

Alfredo Sirkis, director of planning management and a former city councillor in Rio, explained that the scale of these informal developments and violent crime are the two most pressing challenges to improving life in the favelas. Speaking about the prevalence of the drug dealers, he said, "They have weapons of war and become braver every day. Police can neutralize the situation, but as soon as gangs are eradicated, new ones are created. State police and the municipal guards patrol these neighborhoods, but the police force is riddled by corruption."

Most of the homes in favelas are built by residents with scavenged materials and lack proper sewage and water systems. A study conducted by Brazil's Institute of Applied Economic Research (IPEA) estimated that 28.5 percent of the urban population does not have access to public water, sewage, and garbage collection services (Franke 2005). Some large favelas house more than 60,000 people and have been built so densely that retrofitting them with roads and utility systems is extremely difficult.

Various attempts have been made to upgrade favelas over the years. In the 1960s, following the example of U.S. urban renewal programs, some favelas were razed, and families were relocated to large, often distant, housing complexes with infrastructure and services. As in the U.S., however, this method often failed, as communities were destroyed and residents were displaced from local jobs and had few options for commuting. Furthermore, the underlying social issues, such as lack of jobs, drug trafficking, and crime, were not addressed. In the 1970s and 1980s a period of benign neglect resulted in rapid expansion of favelas and deterioration of the quality of life. The award-winning movie *City of God* portrays the nearly hopeless life of favela youth in a large, 1960s-era housing project that had deteriorated and became wracked with crime by the 1980s.

More recent favela improvement projects reflect lessons learned from those past efforts. The Loeb Fellows visited two such projects that focus on improving conditions in the favela's current location by upgrading the built infrastructure and creating social programs to address job training, daycare, education, and crime.

São Paulo: Diadema

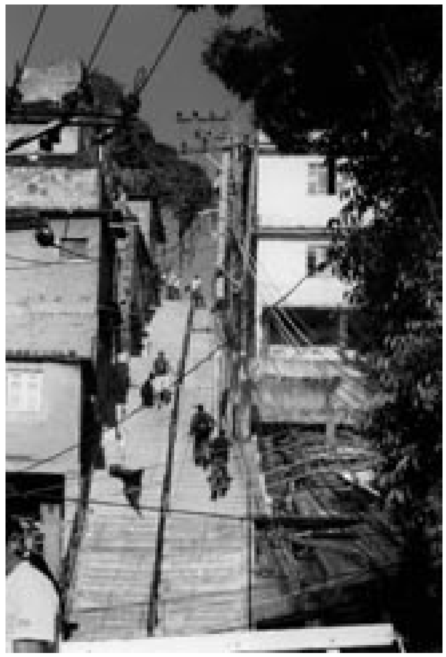
Diadema was founded in 1959 to accommodate workers in the growing automotive industry, and is now a separate incorporated city within metropolitan São Paulo. A new influx of rural job seekers moved to the area in the 1980s, and by then approximately one-third of the population lived in favelas. Much of the city faced serious structural problems due to the haphazard nature of past growth, but the government responded to the infrastructure needs by building roads and providing lighting, water, and sewage systems. Some demolition and relocation programs were required, but it was recognized that a policy to integrate the favelas into the city would achieve greater success in the long run.

The economic crisis in the 1990s precipitated a new wave of unemployment and crime, however. Between 1995 and 1998, the population of Diadema grew 3.4 percent, but the number of homicides increased 49 percent, often averaging one murder per day. Mayor José de Filippi, Jr., now serving his third four-year term, began a 10-phase campaign to fight crime by gathering some hard data. His staff mapped serious crime locations and identified the times of heaviest activity. After determining that 60 percent of homicides occurred in or near bars between the hours of 11 p.m. and 6 a.m., the city passed a law in 2001 that forced all establishments selling alcohol to close during those hours. That was the beginning of the sharp decline in serious crimes.

Another target of the mayor's efforts to reduce crime was the youth of Diadema, who have benefited from several creative programs. The Youth Apprentice Project targets vulnerable young people from identified high-risk and socially excluded areas where drug trafficking is present. This project offers educational opportunities, sports and cultural activities, work placement, and a monthly income to those who qualify. These measures are aimed at giving young people other choices for using their time than crime, as well as new employment and social networks.

To deter crime by reducing the number of guns in favelas, the city decided again to focus on young people. The Disarmament of Fire Arms Campaign offered children a comic book in exchange for each toy gun collected, and approximately 27,000 toy guns were taken off the streets within three years. In the second phase of the campaign, collecting guns from adults, many children continued their activism and pressured their parents and neighbors to turn in their weapons. The program was far more successful than expected, with 1,600 guns collected in the first six months.

In addition to the crime-fighting programs, the mayor sought to improve the physical and social environment of the favelas. Citizens received training and free materials, and were encouraged to make structural as well as cosmetic improvements to their homes. In many areas they formed community groups that were effective in making neighborhood improvements. The city responded with a program under which residents in favelas located on publicly owned land can obtain a "right of use" of the land for 99 years at no charge. Those who remain for at least five years may begin steps to become the legal "lessee" of the land, and subsequently they are permitted to sell the structure.


© James Stockard

Stairway to the Providência Hill favela in Rio de Janeiro.

Our visit to Diadema included a trip to a favela neighborhood where citizens had improved their homes and developed employment training and opportunities beyond those that the government program could provide. We gathered at a community center, which was also a place of worship and housed a classroom, to hear residents speak of their desire to take their community "to the next level." They participated in the city's "It's Beautiful" program, which was created in 1983 with joint funding from the municipality and the community group. After the basic infrastructure was in place, they wanted the appearance of their community to match the pride they felt for their efforts.

Loeb Fellow Mary Eysenbach observed: "I was surprised how closely a self-organized neighborhood resembled a government-regulated one in form and organization. Whatever the solution is for the favelas, they must retain and even promote the creativity and entrepreneurship of the residents."

Rio de Janeiro: Providência Hill

The Municipality of Rio de Janeiro created the Favela-Bairro project in 1993, when approximately one-fifth of the population lived in favelas. In its first two phases, the project has begun to integrate 620,000 citizens in 168 informal communities into the rest of the city. These settlements include 143 established favelas and 25 newer, irregular subdivisions. At least one more phase is planned, with the intention of reaching nearly 2 million people. The project is funded primarily by the municipality and the Inter-American Development Bank (IDB 2003).

The main goals of the Favela-Bairro project are to make structural improvements in the homes; expand road access; and enhance and formalize urban infrastructure, including paved roads, water supply, and sanitary sewage. These physical improvements will integrate the favelas into the urban fabric with public spaces and other amenities. Social programs will provide assistance to children and adolescents (day-care centers, arts and sports facilities) and create opportunities for income generation (professional training and schooling for adults and youths).

One small but vital part of the project helps the favela residents obtain a street address, which enables them to receive mail and establish a client relationship with service providers. The project also provides "right of use" certificates to residents after their homes are connected to the sanitation and water systems, plotted

Loeb Fellows, 2004–2005

- **Heather Boyer**, former editor, Island Press, Boulder, Colorado
- **Robin Chase**, founder and CEO, Meadow Networks, Cambridge, Massachusetts; founder and former CEO, Zipcar, Cambridge, Massachusetts
- **Maurice Cox**, professor of architecture, University of Virginia; former Mayor, Charlottesville, Virginia
- **Mary Eysenbach**, former director, The City Parks Forum, a program of the American Planning Association, Chicago, Illinois
- **Klaus Mayer**, partner, Mayer Sattler-Smith, a multidisciplinary design firm in Anchorage, Alaska
- **Cara McCarty**, curator of decorative arts and design, St. Louis Art Museum
- **Mario Navarro**, former housing policy director, Chilean Ministry of Housing and Urban Development, Santiago
- **Dan Pitera**, director, Detroit Collaborative Design Center, University of Detroit Mercy School of Architecture
- **Carlos Romero**, community organizer and community development advocate, San Francisco, California
- **Susan Zielinski**, cofounder and director, Moving the Economy, Toronto

on a map, and assigned an address. This land "lease" is usually for 100 years and allows the owner to transfer the buildings to an immediate family member; the land remains the property of the city. The hope is that, in addition to providing services, this program will give the homeowner security and a greater sense of ownership and responsibility.

We toured Providência Hill, one of the models of the Favela-Bairro project, with approximately 5,000 residents. As a grim sign that security remains a concern even in an improved neighborhood, we were escorted by armed officers. Our guide explained that the new staircase we climbed was an important part of the project, both for pedestrian access and as a means to carry water and sewer lines to the upper part of the favela. He also pointed out that education programs are offered to show residents how to use the new infrastructure and services, but it may take time for them to integrate these new systems into their way of life.

We were impressed by the creative ideas used to address day-to-day problems. For example, the limited number and accessibility of vehicular-sized roads make trash and garbage collection difficult. One solution has been an innovative exchange program: residents receive milk in exchange for a bag of trash, thus creating a healthier population, better trash collection, and a cleaner neighborhood.

We observed a heritage project that restored a historic chapel and imbedded a gold line in the cement to guide visitors on a walking tour past the highlights of the revitalization project. Our visit also included a presentation on the Favela-Bairro project at the new daycare center that will accommodate 220 children of the most needy families. As we witnessed throughout our visit in Brazil, both city staff and neighborhood leaders participated collaboratively in the presentations and discussions.

Fellow Robin Chase commented: "The whole Favela-Bairro concept of leveraging personal investments and realizing that housing close to downtown is better than a housing project in the middle of nowhere impressed me as practical and efficient. The quality of life is vastly improved with electricity, water, and plumbing. Fixing the security issues seems like a very difficult problem that needs to be solved throughout the country."

Conclusion

We observed positive signs of change in the favelas we visited and were impressed by the dedication of citizens and officials to integrate these communities into the larger city, but many challenges remain, notably the need for substantial financial resources to implement further changes. An extensive study of favela residents in Rio confirms our experience: "While there have been notable improvements in consumption of collective urban services, household goods, and years of schooling over the past three decades, there is greater unemployment and inequality" (Perlman 2003). Crime, police corruption, and prejudice against those living in the favelas remain barriers to progress.

"At some level, local, national, and international leaders have realized that the relocation, marginalization, and segregation strategies of the past will not work," noted James Stockard, curator of the Loeb Fellowship Program. "People have strong connections to the land where they have settled. Leveraging that commitment and energy is an important part of making these informal neighborhoods into healthier, safer, and more economically viable communities."

Heather Boyer was a Loeb Fellow at the Harvard University Graduate School of Design in 2004–2005 and is now a freelance editor in New York City. Contact: hmboyer@gmail.com.

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FACULTY PROFILE

C. Lowell Harriss

C. Lowell Harriss is Professor Emeritus at Columbia University, where he taught economics from 1938 until his retirement in 1981. He then served as executive director of the Academy of Political Science until 1987. He has been a consultant to and a member of numerous government commissions and boards of professional organizations. He has written and edited many books and hundreds of articles, and is the recipient of countless honors and awards. Dr. Harriss has been a valued associate of the Lincoln Institute since its founding in 1974 as a faculty member, research scholar, and board member. Joan Youngman, senior fellow and chairman of the Institute's Department of Valuation and Taxation, spoke with him about his lifelong commitment to education, public service, and property taxation.

Joan Youngman: ***How does land value differ from improvement value as a property tax base?***

Lowell Harriss: The significant factor with land is location, the unimproved condition of nature in the most fundamental economic sense. Whatever results from private or public investment and labor, such as streets, buildings, and so forth, is not part of land in this definition. Land differs from other productive resources because it is immobile and its quantity is fixed.

Land exists not because people produce it, but because it's there by nature. The price one pays for land, as contrasted with other resources, has no role in creating supply. Land is also unique in that no two pieces are the same, so the kind of analysis appropriate for labor and capital with fungible aspects is not applicable to land.

Another important element is the ability to control land use—for example, to receive rent as payment for access, rather than because the owner created anything. The person who controls land use can serve a constructive function by directing it into better instead of poorer uses, and I think there should be the prospect of rewards for doing so. Market forces will indicate demand, and one interested in public policy hopes that the land will be used in the best possible ways. The owner of desirable land will get higher returns, but not because of anything he or she did to create it.

Almost any urban use illustrates this. Some thirty or forty years ago, I was walking down Park Avenue and I saw a very fine building in a key location, 64th Street, I think, housing some offices of the New York City Board of Education—much too valuable a location to be used for administrative purposes. I raised this point with someone in the school system, and he said that they were moving out. They had come to the same economic realization.

Any use of land prevents another use. Holding land idle or partially idle affects not only the owner but neighbors and society at large. Others will have to travel further to get to work or to the grocery store or to school. Land is so crucial, so important to life, that society will be better off if there are forces, market forces or governmental forces, inducing better rather than poorer uses.

JY: ***How can the tax system encourage better land use?***

LH: A tax system that imposes higher taxes on land creates pressure on owners to make more productive use of their land. I don't like the term "land value tax," because it emphasizes the tax aspect. My focus over the years has been on reducing the tax rates on structures to induce more investment in improvements. I have not emphasized increasing the tax rates on land to increase pressure for better land use, but these can go together. If the tax system can create a built-in inducement, year in and year out, for better use of land, that will be a plus. I don't want to be unduly skeptical about more direct land use regulation, but government is politics and the political pressures that affect government regulation do not always represent mankind at its best.

JY: ***How would you deal with past improvements to land, before the implementation of a land-based tax?***

LH: I would just establish the tax on the current condition of the land. The past is past. We're not talking about a tax on capital gains but a recurring tax on an immobile resource. Some of its current value does reflect prior capital investment, the same as for structures, but I don't see how to make any differentiation for an annual tax on land value. As a practical matter we have no market for land the way it was hundreds of years ago.

Going forward, it would be desirable to distinguish the value of unimproved land from the value of capital improvements to the land, such as infrastructure and grading, that aren't viewed commonly as "buildings" but that represent investment and effort. The tax system should not create obstacles to investment. I would certainly be open to learning more about what might be administratively feasible in that regard.

JY: ***What about the taxation of farms, forests, and open space?***

LH: Well, this raises complicated concerns. On one hand, I think it would be good to have additional pressure on some owners of agricultural land to speed up nonagricultural development, especially in the urban fringe. On the other hand, decisions about land use are often irreversible. Covering more acres in Westchester County, where I live, with asphalt and buildings will affect drainage for years to come. I think if anything there should be bias against decisions that are costly in the long run and difficult to reverse if conditions change. But it's also pretty clear that interests vary, and what is in the interest of farmers is not always in the interest of the public as a whole.

Land is a large part of farm investment, and anticipated future income is reflected in land prices. The market value of land does not necessarily reflect current cash flow, so if taxes are high they may constitute a substantial portion of farm income. I'm sometimes considered not very sympathetic to farmers, because I think they have undue political influence.

The effect of many state and federal programs to benefit farms will be capitalized into higher land values. The consumer will pay forever, and the benefits will go to the person who owned the land when the policy was established. This is not a new conclusion. It's been in the literature since farm programs began in the 1930s, but it has not affected the political decision-making process. Congressman Barney Frank of Massachusetts asked why the family farm deserves more consideration than the family shoe store, and I agree with the implication of his question.

***JY:* What about two people who own identical parcels of land, side by side, but one has a small, older house and the other has a new commercial building or shopping center? Many people think it's unfair to impose the same tax on both.**

LH: There are real problems here, too, partly because of imperfections in the capital markets. The person with unimproved land, let's say it's a widow, might ideally get a reverse mortgage to realize cash income from her property. The logical thing at that stage of life is to consume capital, for example, by drawing down retirement accounts. We have a systematic market that enables us to live off of our capital when it's in the form of financial investments, but it's not that well developed for the real estate market.

I always want to be sympathetic with the person who is having trouble, but wise public policy cannot be made well by concentrating on the extreme cases. Society needs to deal both with the cases of human need and with other problems, such as the pressures on land use. Those whose land has become valuable, not because of what they did, but because of their neighborhood, are lucky, even though they may not recognize it. We need separate instruments to deal with separate problems, such as the person whose tax bill goes up even when his cash income does not.

Another aspect of the question is that the property tax is not a personal tax and cannot be evaluated on the same grounds as, say, an income tax. To attempt to do so can mislead. A rich person may own no land and a person with very little cash may own a good deal of land. There are ways to deal with the cash-flow problem, such as circuit breakers that limit property taxes to a certain percentage of income or deferral of tax payments until the property is sold.

***JY:* Is speculation a special concern? Is everyone who holds property with the hope that it will rise in value a speculator?**

LH: I've always been reluctant to use the term "speculation," and I certainly would not say that public policy should penalize the speculator. But, to the extent that government plays a role, I would say its bias should be toward use rather than idleness, and tax policy also supports this view. There is a whole range of speculation, from an owner deciding not to sell a house this week because of hopes for a better price next week, to holding a plot of ground idle in downtown Manhattan, knowing that someone is going to offer a very high price for it eventually.

The developer is presumably a constructive element in the total process. I don't think anyone really wants equilibrium, but something better than what would be equilibrium. More people live better by reasonable standards now than was the case 20 or 100 years ago, and the real estate developer has played a part in that process. Sometimes it's fashionable to be disparaging of developers, but we owe a lot to them. Maybe we've overpaid some of them, but plenty of them have lost their shirts. It can be a very risky business.

***JY:* How should the tax system treat government-financed improvements to land?**

LH: In New York City, for example, I don't know how much of the cost of building and extending subways could be borne by taxing the increments of the land value in the neighborhood, but probably a good deal. It's not going to slow down progress to use those land value increases to help finance the expansion of the subway system.

We need to distinguish, however, between year-in, year-out financing of government by taxes on land and more or less one-time charges. That is, if the subway system is extended, there will be immediate capital gains as well as a long-term increase in the property tax base. Each of these effects deserves consideration in public policy.

***JY:* What is the difference between someone who invests in a piece of land and then watches as the price of land rises and someone who invests in a stock and then watches the stock market rise?**

LH: Well, as far as income taxation is concerned I would think they are the same, but for financing local government they're very different. The land stays in place, yet the stockholder can move. The ability of the landowner and stockholder to pay may be the same, but that isn't the only relevant consideration. In thinking about how to tax gains you need to take into account whether the taxpayer can move from the jurisdiction.

I think that taxing people annually to finance local government, based on their ownership of land, is good public policy. The effort to apply that same principle to intangibles was a complete failure in the late nineteenth and early twentieth centuries, because you can't tax people locally on the basis of resources that are so mobile.

The distinction here is not between earned and unearned income. For income tax purposes the tax is applied after a sale when the owners have realized their gain. But, to finance schools and other services you don't want to rely on residents' decisions about whether or not to sell their land. You want a permanent and steady source of tax revenue.

This is quite different from the question of unearned income, that is, whether or not the owner grew rich in his sleep. If the Astors became rich from owning land in Manhattan, but paid their property taxes year in and year out, well, so be it. I think that the property tax can take only a very limited account of differences in wealth. The administrative difficulties of a net wealth tax could be enormous. And the identification of a property tax with a tax on wealth or net worth is, I think, diverting and dangerous. It shifts attention from the goal of financing government to issues of personal status and relative position.

JY: ***Could you say more about the problem of jurisdictions competing for business by offering tax reductions?***

LH: It seems to me there is no need for property tax exemptions on land. Special concessions may be appropriate for buildings, as an acceptable means of competition, but I'm dubious and favor broad reduction of taxes on structures. In any case, the land is not going to move. If you give concessions for land, they will tend to be capitalized into capital gains for the present owners. Under a two-rate land and buildings tax system, any concessions should be made on the basis of the variable resource, which is the building value. Inducements are not going to create more land, but they might create more structures. In this way, economic development incentives might be more effective under a land tax.

GRADUATE STUDENT FELLOWS

The Lincoln Institute offers several types of fellowship programs to demonstrate its commitment to provide financial support to graduate students and practitioners at different stages of their academic and professional careers. For application forms or information about any of these programs, contact *fellowships @lincolninst.edu* or visit the Lincoln Institute Web site (*www.lincolninst.edu*).

Dissertation Fellows

The Lincoln Institute's Dissertation Fellowship Program assists Ph.D. students, primarily at U.S. universities, whose research complements the Institute's interests in land and tax policy. The program provides an important link between the Institute's educational mission and its research objectives by supporting scholars early in their careers. Dissertation fellowship awards are $10,000 each. Every year the Institute hosts a special seminar for these fellowship recipients so they can present their research and share feedback with other fellows and Institute faculty members. Dissertation fellowship applications are due March 1, 2006, and the awards will be announced by May 31, 2006.

Hongbo Du
School of Civil Engineering and Geosciences, University of Newcastle upon Tyne, United Kingdom
Land Value Impact of Transport Infrastructure: A Case Study of the Tyne and Wear Metro

Stephan Schmidt
Bloustein School of Planning and Public Policy, Rutgers University, New Brunswick, New Jersey
Nature in the Suburbs: Open Space and Social Exclusion

Dong Wook Sohn
Department of Urban Design and Planning, University of Washington, Seattle
An Analysis of the Public Acceptance of Smart Growth Land Use Policy

Research Fellow

Parag A. Pathak
Department of Economics, Harvard University, and Harvard Graduate School of Business, Cambridge, Massachusetts
Residential Sorting and School Choice in Boston

International Fellows

Program on Latin America and the Caribbean

The Program on Latin America and the Caribbean offers fellowships to doctoral and masters students, for $5,000 and $3,000, respectively. Fellows attend an evaluation meeting in Latin America for a critique of their projects. The LAC Program also cosponsors with the City Studies Program at the National Autonomous University of Mexico the FEXSU (Formación de expertos en suelo urbano) fellowship for graduate students writing theses directly related to urban land policy. Applications for fellowships in the LAC Program are due March 1, 2006, and the awards will be announced by July 1, 2006.

Yuko Akiyama, Master's candidate
University of São Paulo, Brazil
Valuation of Development Projects in Brazil

Oscar Alfredo Alfonso Roa, Ph.D. candidate
Urban and Regional Planning and Research Institute, Federal University of Rio de Janeiro, Brazil
The Segmented City: Factors in Residential Real Estate Dynamics in Bogotá

Mariana Aragón, Master's candidate
National University of General San Martín, Buenos Aires, Argentina
Them and Us: An Anthropological Approach to the Problems of Government Lands

José Luis Basualdo, Master's candidate
National University of Mar del Plata, Argentina
Construction of Urban Space in the City of Corrientes during the 1990s

Laura Amelia Avilés Blonda Fondeur, Master's candidate
Pontificia Catholic University of Chile, Santiago
Understanding the Crisis of the Chilean Housing Model: Many Houses, Bad Cities

Maria do Carmo Albuquerque Braga, Ph.D. candidate
Federal University of Pernambuco, Recife, Brazil
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Andrea Echevarría, Master's candidate
National University of Mar del Plata, Argentina
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Anamaria Gliesch, Master's candidate
Federal University of Santa Catarina, Brazil
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Anamaria Murta Sant'Anna, Master's candidate
Federal University of Minas Gerais, Belo Horizonte, Brazil
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Elisamara de Oliveira Emiliano, Master's candidate
Catholic University of Campinas, Brazil
Social Housing Policies: Case Study from the City of Campinas

Isabel Cristina Torres Osorio, Master's candidate
National University of Colombia, Bogotá
Emerging Instruments in the Administration of Partial Plans in Expansion Zones

Program on the People's Republic of China

The Program on the People's Republic of China also awards dissertation and thesis fellowships of $5,000 and $3,000, respectively. Fellows participate in a workshop in China to present their proposals and receive critiques from an international expert panel. Fellows present their research findings prior to the final submission of their projects. Applications for fellowships in the China Program are due April 1, 2006, and the awards will be announced by July 1, 2006.

Hongjian Ding, Ph.D. candidate
Department of Urban and Regional Planning, Peking University, Beijing, China
Land Banking and Land Market Development: Institutional Reform

Hanning Hu, Ph.D. candidate
Institute for Fiscal Science Research, Ministry of Finance, Beijing, China
Property Tax Reform in China: A Case Study of the Impact on Urban Areas and Real Estate Market Development

Jie Jin, Master's candidate
School of Statistics and Informatics, Yunnan University of Finance and Economics, Kunming, China
Land and Housing Prices: Spatial Variation in Kunming City

Liansan Li, Ph.D. candidate
Chinese Academy of Social Science, Beijing, China
Comparative Studies on Land Taxes and Charges in China's Eastern, Central, and Western Regions

Xin Li, Ph.D. candidate
Department of Real Estate and Construction, University of Hong Kong, SARHK, China
A New Prospect for Urban Redevelopment: The Application of the Land Readjustment Model in China

Baokui Liu, Master's candidate
Department of Urban and Regional Planning, Peking University, Beijing, China
Impacts of Subway Construction on Housing Markets and Land Prices: Empirical Study of Shenzhen City

Ganghui Luo, Ph.D. candidate
College of Southeast Land Management, Zhejiang University, Hangzhou, China
Evaluating the Quality of Land Use Planning in Hangzhou based on the Principles of Ecosystem Management

Changdong Min, Master's candidate
Department of Land Management, Renmin University of China, Beijing, China
Property Taxation in China: Theories and Practices

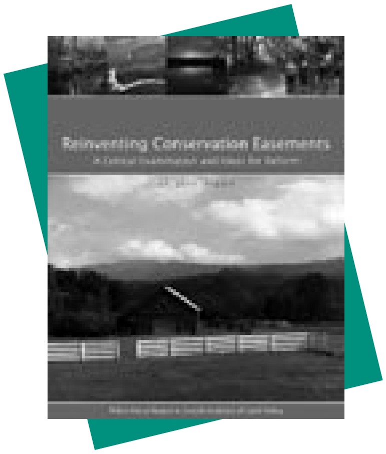
Yinglong Zhang, Master's candidate
Research Center for Real Estate and Project Management, Shanghai Jiao Tong University, China
A Reexamination of New Development in Shanghai: International Perspective and Local Practice

Xingshuo Zhao, Master's candidate
Department of Urban and Regional Planning, Peking University, Beijing, China
Conflicts of Sector Policy on Land Use Structure: A Case Study of Beijing's Daxing District

Juan'er Zheng, Ph.D. candidate
College of Southeast Land Management, Zhejiang University, Hangzhou, China
The Urban Land Granting System in China

NEW LINCOLN INSTITUTE REPORT

Reinventing Conservation Easements: A Critical Examination and Ideas for Reform



Key Conservation Easement Issues and Reforms

Issues	Reforms
Variable quality in conservation easement design	Greater standardization in high-quality conservation easement terms
Lack of a publicly accessible system for easement tracking	A mandatory public registry of conservation easements in each state
Lack of transparency and determination of public benefit in easement formation	A public process for stricter scrutiny of each easement's public benefits
Failure by many easement holders to undertake appropriate stewardship duties	Legally mandatory stewardship responsibilities for easement holders
Lack of clear standards for easement termination, amendment, and backup support	A clear process for termination, amendment, and third party enforcement
Lack of clear valuation and other taxation standards for conservation easements	Tighter tax and other standards that underpin the public investment in each easement
Failure to consider implications of easements on land acquisition and regulatory programs	Holistic policies to consider the proper role of each of these conservation tools
Failure to consider issues of equity and environmental justice in easement programs	Policies to assure that public subsidies compensate for these effects

No recent happening in land conservation rivals the rapid deployment of conservation easements across the United States. Beyond tax and other public subsidies, a driving force fueling this phenomenon is the perception that conservation easements are a win-win strategy in land protection, by which willing landowners work with private land trusts or government agencies to provide lasting protection of the landscape. Conservation easements are welcomed as achieving land conservation goals without regulation, without adversity, and often, it is thought, without government.

In *Reinventing Conservation Easements: A Critical Examination and Ideas for Reform*, Jeff Pidot asks: Are the increasing numbers of unsupervised land trusts and conservation easements throughout the nation good for our (and their) future? What kinds of reforms should be considered to create a greater level of confidence in this popular conservation instrument? This policy focus report is one in a series of Lincoln Institute publications that addresses timely public policy issues relating to land use, land markets, and property taxation.

The thesis of this report is that conservation easements are a valuable land protection tool (complementing regulation, land acquisition, and tax policies), but that the laws and conventions governing easements require reforms to ensure and sustain their public benefits. The report begins with a primer on conservation easements, their policy context, public character, and history. It then describes specific issues arising from conservation easements and evaluates ways to resolve them, including reforms of federal and state laws.

While this report advances the view that such reforms are needed, it is intended to stimulate critical thinking and provide an array of perspectives rather than to dictate particular solutions. The underlying premise is that conservation easements should be evaluated and governed in the context of conservation-easement time, which is not the present but the long-term future. Otherwise, we may simply leave to future generations a legal chaos involving many thousands of conservation easements whose terms, holders, and locations may be difficult to determine, and whose public benefits ultimately could be lost.

JEFF PIDOT *is chief of the Natural Resources Division of the Maine Attorney General's Office. He wrote this policy focus report as a visiting fellow at the Lincoln Institute from fall 2004 to summer 2005. He has been an active participant in the land trust movement in Maine and has a wealth of experience with conservation easements in his professional and volunteer work. Contact:* Jeff.pidot@maine.gov.

Reinventing Conservation Easements: A Critical Examination and Ideas for Reform

By Jeff Pidot

Published by the Lincoln Institute of Land Policy
2005. 40 pages. $15.00
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Ordering Information

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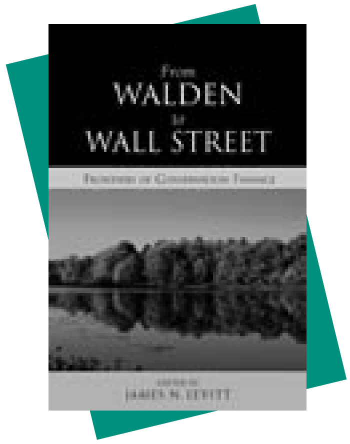
NEW COPUBLISHED BOOK

From Walden to Wall Street: Frontiers of Conservation Finance

In the absence of innovation in the field of conservation finance, a daunting funding gap faces conservationists aiming to protect America's system of landscapes that provide sustainable resources, water, wildlife habitat, and recreational amenities. Experts estimate that the average annual funding gap could be between $1.9 and $7.7 billion over the coming 40 years. Can the conservation community come up with new methods for financing that will fill this gap, especially for high-priority land conservation needs?

From Walden to Wall Street brings together the experience of more than a dozen pioneering conservation finance practitioners to address that question, and the answer is quite possibly "yes," according to editor James N. Levitt. Some of the groundbreaking ideas discussed in this volume include mainstreaming environmental markets; proven methods that have caused a four-fold increase in local government ballot measures for land conservation; and the powerful potential of debt markets, convertible tax-exempt financing, emerging tax benefits, and private equity markets for conservation organizations with the institutional capacity to appropriately access them.

The creativity and insight of the contributors offer considerable hope that, even in this era of widespread financial constraints, the American conservation community's financial resources may grow dramatically in both quantity and quality in the decades to come. This book is an outgrowth of a series of symposia on conservation finance sponsored by the Lincoln Institute over the past several years. It is designed for a broad range of readers, including board members, executives, field practitioners, and financial officers of conservation organizations; legal and finance professionals in corporate and nonprofit sectors; academic researchers; policy makers and their staffs; and interested members of the public who are considering how to invest in the future of essential natural systems.



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JAMES N. LEVITT *is director of the Program on Conservation Innovation at the Harvard Forest and research fellow at the Ash Institute for Democratic Governance and Innovation at Harvard University's John F. Kennedy School of Government. He also edited* Conservation in the Internet Age: Threats and Opportunities *(Island Press, 2002).*

From Walden to Wall Street: Frontiers of Conservation Finance
Edited by James N. Levitt

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2005. 300 pages.
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Cloth: $75.00
ISBN 1-59726-029-4

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Courses and Conferences

The open enrollment courses and conferences listed here are presented at Lincoln House in Cambridge, Massachusetts, unless otherwise noted. For more information about the agenda, faculty, accommodations, tuition, fees, and registration procedures, visit the Lincoln Institute Web site at *www.lincolninst.edu/education/courses.asp* or e-mail *rhoff@lincolninst.edu*. For more information about the Institute's Program on Latin America and the Caribbean, visit *www.lincolninst.edu/aboutlincoln/lac.asp*.

THURSDAY–FRIDAY, OCTOBER 6–7
South Freeport, Maine
Resolving Land Use Disputes
(formerly Mediating Land Use Disputes)
Merrick Hoben and Ona Ferguson, Consensus Building Institute, Cambridge, Massachusetts; and Patrick Field, MIT–Harvard Public Disputes Program, Cambridge, Massachusetts

This two-day introductory course presents practical experience and insights into negotiating and mediating solutions to conflicts over land use and community development. Through lectures, interactive exercises, gaming, and simulations, participants discuss cases involving land development and community growth, design and adoption of land use plans, and evaluation of development proposals. Questions of when and how to apply mediation to resolve land use disputes are also explored. This course qualifies for 13.25 AICP continuing education credits.

MONDAY–FRIDAY, OCTOBER 10–14
Buenos Aires, Argentina
Value Capture in Latin America
Martim Smolka, Lincoln Institute of Land Policy; and María Clara Vejarano, National University of Colombia, Bogotá

Value capture mechanisms are increasingly popular in several Latin American countries, including Brazil and Colombia, yet in other parts of the region they meet suspicion and resistance. This course examines how value capture mechanisms have been applied in different contexts, including the process of generating land value increments *(plusvalías);* the fundamentals of value capture; and the discussion of various formal and informal instruments.

SUNDAY–TUESDAY, OCTOBER 16–18
Hangzhou, China
Urbanization and Land Policy
Chengri Ding, University of Maryland, College Park; and Wu Cifang, Zhejiang University, Hangzhou, China

It is expected that roughly 10 million people will migrate annually into China's cities from rural areas over the next several years. This high rate of urbanization presents enormous challenges in employment, infrastructure, urban services, housing, and the environment. One immediate challenge is how best to provide land so that the large number of migrants can be served by basic urban infrastructure. This course addresses the themes of land policy; urbanization and sustainable development; infrastructure and public finance; and urban environment. It is cosponsored with Zhejiang University and the National Center for Smart Growth, University of Maryland.

MONDAY, OCTOBER 17
Federal Reserve Bank of Boston, Massachusetts
Economic Perspectives on State and Local Taxes
Daphne A. Kenyon, D. A. Kenyon & Associates, Windham, New Hampshire; and Robert Tannenwald, Federal Reserve Bank of Boston

This program encourages policy makers to consider choices about state and local taxes from an economic perspective. Leading tax experts discuss current issues involving property, income, sales, and business taxes. One session focuses on the impact of pending and proposed federal policy changes on state and local tax revenues. The program is cosponsored with the Federal Reserve Bank of Boston.

MONDAY–FRIDAY, OCTOBER 24–28
Brasilia, Brazil
Urban and City Management
Martim Smolka, Lincoln Institute of Land Policy; Flávia Brasil, João Pinheiro Foundation, Belo Horizonte, Brazil; and Victor Vergara, World Bank Institute, Washington, DC

This course offers a global vision of urban issues, approaching topics of urban policy and management from both a systemic and a sectoral perspective, emphasizing the issues that affect all sectors. It addresses theories, tools, and case studies developed over the past decade. This program is cosponsored with the World Bank Institute and the João Pinheiro Foundation.

MONDAY, NOVEMBER 7
The Impact of Land Use Designations on Neighboring Property Values
Richard F. Dye and Jeffrey Sundberg, Lake Forest College, Illinois

Many public and private development activities involve designation of specific zones subject to special benefits, tax liabilities, or use restrictions. Examples include tax increment finance (TIF) districts, special zoning districts, business improvement districts (BIDs), conservation districts, parklands, and open space protected by conservation easements. This seminar explores techniques for estimating the impacts on neighboring parcels that may not be affected legally by the designation, but that may change in market value as a result of location near the designated area.

MONDAY, NOVEMBER 14
Portland, Oregon
Land Use and Property Rights in America
Harvey M. Jacobs, University of Wisconsin–Madison

Since the 1990s, the property rights movement has played a significant role in the land use and environmental arena at the national, state, and local levels. This course acquaints planners, citizens, and elected officials with the history and structure of the property rights movement; approaches to restrict land use and environmental planning (such as the 2004 initiative, Measure 37, in Oregon); strategies to engage land use planning opponents in constructive dialogue; policy techniques that address the concerns of property rights advocates; and the future of property rights in local, state, and national politics.

THURSDAY–SATURDAY, NOVEMBER 17–19
Montevideo, Uruguay

Dynamics of Metropolitan Expansion in Montevideo

Martim Smolka, Lincoln Institute of Land Policy; Isabel Viana, Institute of Urban Land, Montevideo, Uruguay; Juan Felipe Pinilla Pineda, University of Los Andes, Bogotá, Colombia; and Carlos Morales, National Autonomous University of Mexico, Mexico City

This workshop is designed for national and local government officials, real estate and credit agents, representatives of social organizations, educators, and researchers on urban issues. The discussion covers the influence of Uruguayan formal and informal land markets, pricing, and land uses in determining social policy, and the visible and hidden costs of urbanization.

WEDNESDAY–FRIDAY, NOVOVEMBER 23–25
Mexico City

First National Congress on Urban Land: What Policies, Which Instruments?

Martim Smolka, Lincoln Institute of Land Policy; Manuel Perló and Carlos Morales, National Autonomous University of Mexico, Mexico City

As the first large-scale event on urban land organized at the national level in Mexico, the objective is to provide a forum for all the sectors involved with urban land to discuss the results, effects, omissions, and proposals of public policies and instruments. Among the issues discussed are the upgrading of poor neighborhoods, evaluation of regularization policies, land supply for self-built housing, and housing built by public and private organizations. The program also addresses the role of the rural sector in the urbanization process; fiscal issues in real estate; generation of and access to information about urban land; and environmental, legal, and institutional frameworks. This Congress is organized by many branches of the Mexican federal government as well as academic institutions.

Planning Tools and Techniques Series

Armando Carbonell, Lincoln Institute of Land Policy

Through hands-on exercises, technology demonstrations, and interactive presentations, this weeklong series of three courses provides urban planners and designers, public officials, citizen stakeholders, and developers with a set of principles, tools, methods, and techniques to effectively engage communities in the planning process. The series approach allows participants to attend either individual courses or the complete program.

MONDAY–TUESDAY, DECEMBER 5–6

I. Visioning and Visualization

Michael Kwartler, Environmental Simulation Center, New York City; and Gianni Longo, ACP–Visioning & Planning, New York City

Visioning has become an accepted technique to build broad-based agreement on goals and strategies for the future of a neighborhood, city, or region. When used with visualization techniques, visioning is a powerful tool for making informed decisions on the physical quality of future development. This course defines principles for effective visioning, reviews case studies, and includes a hands-on workshop that demonstrates visioning and visualization techniques in a realistic situation. This course qualifies for 13 AICP and AIA continuing education credits.

WEDNESDAY, DECEMBER 7

II. Visualizing Density

Julie Campoli, Terra Firma Urban Design, Burlington, Vermont; and Alex MacLean, Landslides Aerial Photography, Cambridge, Massachusetts

As smart growth initiatives gain momentum across the country, one of the persistent obstacles to compact development is the public's aversion to density. Misplaced concerns over density often prevent the construction of urban infill projects or the revision of zoning regulations that would allow for compact growth. This workshop offers planners, designers, and community development officials specific tools for understanding residential density, as well as graphic illustration techniques. Using aerial photography and computer graphics, it focuses on the link between urban design and density, and explores how various design approaches accommodate different levels of density. This course qualifies for 6.5 AICP and AIA continuing education credits.

THURSDAY–FRIDAY, DECEMBER 8–9

III. Redesigning the Edgeless City

Robert Lane and Robert Yaro, Regional Plan Association, New York City; Patrick Condon, University of British Columbia, Vancouver; and Dan Marckel, University of Minnesota, Minneapolis

Presented in collaboration with the Regional Plan Association and based on the handbook *Redesigning the Edgeless City*, this course introduces planning and policy advocates, city and state officials, developers, and citizen stakeholders to principles and techniques that can be applied in different metropolitan contexts. Previous courses on this topic have dealt with such cases as the design of a sustainable suburban highway corridor and ways to redesign mature suburban areas into pedestrian-friendly, transit-oriented centers with a strong sense of place. This course qualifies for 13 AICP and AIA continuing education credits.

SUNDAY–TUESDAY, DECEMBER 18–20
Beijing, China
Envision the Future: Urban Planning
Chengri Ding, University of Maryland, College Park; and Yan Song, University of North Carolina at Chapel Hill

This course focuses on the application of analytical methods and planning tools in urban master plan development. It covers forecasting techniques, land demand estimates, land suitability analysis for land supply, and modeling exercises in land allocation (land use and transportation integration). Examples such as Chicago 2020 and Beijing 2020 Envision provide the basis for discussion and analysis.

Audio Conference Training Program for Planning Officials

This annual audio conference program is cosponsored by the Lincoln Institute and the American Planning Association (APA). Live audio conferences are broadcast to a national audience of planners and elected officials via telephone and Internet; corresponding packages of instructions, agendas, and background reading materials are made available to participants. For registration information, call the APA at 312.431.9100 or visit the Web site at *www.planning.org*.

Primer for Planning Commissioners

This four-hour course is delivered in a lecture format and is designed to be supplemented with two hours of locally based training on the local planning framework. Speakers cover the foundations of planning to help new commissioners understand their roles and responsibilities.

Part I: Introduction to the Planning Commission
JANUARY 18, 2006
4:00–6:00 p.m. (EST)

Part II: Introduction to the Planning Commission
MARCH 22, 2006
4:00–6:00 p.m. (EST)

60-Minute Topical Program

This program is designed for planning commissioners, officials, and their staffs. Speakers present the latest research findings and provide overviews of the trends, tools, and techniques used to address these issues. A special Web site for each program provides instructions, reading materials, references, and links to useful Web sites.

Planning Livable Communities for the Elderly
OCTOBER 5, 2005
4:00–5:00 p.m. (EST)

Lincoln Lecture Series

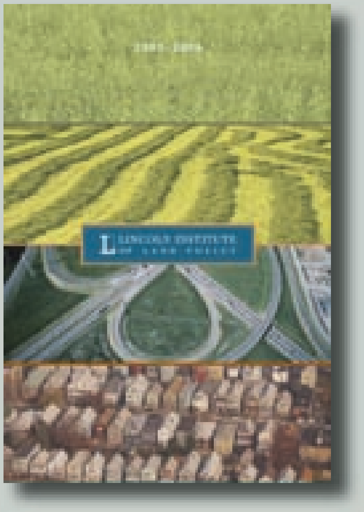
The Institute's annual lecture series is presented at Lincoln House in Cambridge, Massachusetts, beginning at 12 p.m. (lunch is provided), unless otherwise noted. Consult the Lincoln Institute Web site (*www.lincolninst.edu*) for information about other dates, speakers, and lecture topics. The programs are free, but pre-registration is required.

MONDAY, OCTOBER 3
A National Model for Employer Assisted Housing
Sean Allen
First Homes: Rochester Area Foundation, Rochester, Minnesota

THURSDAY, OCTOBER 19
Recycling Urban Land in Latin America: Institutional and Operational Issues
Eduardo Rojas
Inter-American Development Bank, Washington, DC

THURSDAY, OCTOBER 27
Working Across Boundaries: The Politics of Regional Land Use
Matthew McKinney
Public Policy Research Institute, University of Montana, Helena;
Kevin Essington
The Nature Conservancy, North Stonington, Connecticut

TUESDAY, NOVEMBER 8
Residential Land Values and Teardown–Demolition Purchases
Daniel P. McMillen
Visiting Fellow, Lincoln Institute of Land Policy, and Department of Economics, University of Illinois at Chicago



2005–2006 Institute Catalog

The Lincoln Institute's annual catalog incorporates department descriptions and listings of courses, conferences, fellowships, and other education programs, as well as books, reports, and multimedia educational resources. This illustrated publication offers a comprehensive overview of the Institute's mission, activities, and faculty for the current academic year.

To request a copy of the catalog, please e-mail your complete mailing address to *help@lincolninst.edu* or call 1-800-LAND-USE (1-800-526-3873). Consult our Web site (*www.lincolninst.edu*) for up-to-date information about all programs and resources.

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What's New on the Web?

The Lincoln Institute's Web site provides a simplified interface and new features that make it easy for users to quickly obtain information on land and tax policy.

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COMMUNITY LOTS

The *Community Lots* project provides research and training to those involved in community development and revitalization, including community-based organizations (CBOs), nonprofit developers, practitioners, citizens, policy makers, and academics. Utilizing the Web site *http://www.communitylots.org/* and related Institute-sponsored programs, participants can learn about the functioning of urban land markets and enhance their capacity to capture land value increments for community benefit.

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