America's Megapolitan Areas | Stabilizing Property Taxes | China's Property Tax Reform | Chile's Housing Policy

# Land Lines

JULY 2005

Newsletter of the Lincoln Institute of Land Policy

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JULY 2005 • VOL. 17, NO. 3


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*Land Lines* is published quarterly in January, April, July and October to report on Lincoln Institute-sponsored educational programs, publications and special projects.





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## *From the* PRESIDENT

Gregory K. Ingram

Education, training, research, and dissemination have been the instruments used most frequently by the Lincoln Institute to achieve its goals of expanding and making available its knowledge of land policy and taxation. Recently the Institute has begun to combine these instruments in demonstration projects, which involve the application of knowledge, data collection, and expertise to the development and implementation of policy in specific circumstances.

Several ongoing projects provide expert advice and assistance to agencies that are considering new approaches to property taxation, planning, or development. Examples include the consideration of property and land tax reform in several states, the management of state-owned lands, land market monitoring, and support for new approaches to urbanization in Latin America.

Moving forward, the scope of Institute demonstration projects will expand to include the analysis of policies as they are being applied and to document their outcomes. The aim of this expansion is to improve our understanding of the effectiveness of new policy initiatives—what works and in what conditions it does so.

Whether a policy works or not is normally defined in terms of the achievement of the policy's intended objectives. Thus, our approach would be limited to those policies that have well-defined objectives or intended outcomes. Assessing the achievement of outcomes will be based on performance indicators that measure attainment of the policy's objectives as well as on the change in other relevant parameters.

Perhaps most important, these demonstration projects will require the collection of baseline data before policy implementation begins so that the analysis of policy effects has a valid benchmark for comparison. Many studies of the impact of policies are severely handicapped by a lack of a good baseline from which to measure change.

When a policy intervention is successful in one application, its results are sometimes readily transferable to other environments, but that is not always the case. For example, the effectiveness of property tax policies may vary with institutional factors such as the clarity of a country's property rights regime or the independence of the assessment appeal process from political pressure. If institutional dimensions are important determinants of policy effectiveness, more than one assessment of a policy application is needed to determine the influence of those factors. The assumption that "one size fits all" is rarely true when institutional details are an important determinant of policy performance—as they often are in land policy and taxation.

Well-documented case studies of the impact of policies can be powerful instruments in the classroom and as evidence in policy debates. Policy makers and many students often find the results of rigorous case studies to be more accessible and compelling. We anticipate that the results of the Institute's demonstration projects will contribute valuable new material to our education and research programs.

# America's Megapolitan Areas

ROBERT E. LANG *and*
DAWN DHAVALE

Megapolitan areas are integrated networks of metro- and micropolitan areas. The name "megapolitan" plays off Jean Gottmann's 1961 "megalopolis" label by using the same prefix. We find that the United States has ten such areas, six in the East and four in the West (see Figure 1). Megapolitan areas extend into 35 states, including every state east of the Mississippi River except Vermont. As of 2003, megapolitan areas contained less than one-fifth of all land area in the lower 48 states, but captured more than two-thirds of total U.S. population, or almost 200 million people. The 15 most populous U.S. metropolitan areas are also found in these megapolitan areas.

Gottmann's megalopolis idea influenced academics but had no impact on the way the U.S. Census Bureau defines space. Today the idea of a functional trans-metropolitan geography is one that warrants renewed attention (see Carbonell and Yaro 2005). Regional economies clearly extend beyond an individual metropolitan area, and the megapolitan concept suggests a new geography to show how these economies are linked.

The Census seeks simple but definitive methods for describing and organizing space. Metropolitan areas were officially designated in 1949 to show functional economic relationships. Commuting, which at that time mostly joined suburban residents to jobs in the cities, was an easily measured and universal proxy for this linkage. Thus the center and periphery existed as a single integrated unit linked by employment dependency.

A direct functional relationship such as commuting does not exist at the megapolitan scale, however. The area is simply too large to make daily trips possible between distant sections. But commuting is just one—albeit key—way to show regional cohesion. Other integrating forces are goods movement, business linkages, cultural commonality and physical environment. A megapolitan area could represent a sales district for a branch office, or, in the case of the Northeast or Florida, a zone of fully integrated toll roads where an E-Z Pass or SunPass collection system works across multiple metropolitan areas.

FIGURE 1
**Ten Megapolitan Areas and Their Interstate Highways**


Source: Metropolitan Institute at Virginia Tech

A megapolitan area as defined here has the following characteristics:

- Combines at least two existing metropolitan areas, but may include dozens of them
- Totals more than 10 million projected residents by 2040
- Derives from contiguous metropolitan and micropolitan areas
- Constitutes an organic cultural region with a distinct history and identity
- Occupies a roughly similar physical environment
- Links large centers through major transportation infrastructure
- Forms a functional urban network via goods and service flows
- Creates a usable geography that is suitable for large-scale regional planning
- Lies within the U.S.
- Consists of counties as the most basic unit

Figure 1 highlights the key interstate highways linking major metros within megapolitan areas. Interstate 95 plays a critical role in megapolitan mobility from Maine to Florida. Because of the large population centers in the Northeast and Peninsula megas, the number of people living within 50 miles of this interstate exceeds all others in the nation. The West's bookend to I-95 is I-5, which runs through three separate megapolitan areas. In 2000 more than 64 million people lived within 50 miles of I-95, and more than 37 million lived within the same distance of I-5. Most of this population is found in the two megapolitan areas along I-95 and the three straddling I-5. Interstate 10 also links three megas: Southland, Valley of the Sun and Gulf Coast. Other places where key interstates help define megapolitan growth are the I-35 Corridor from Kansas City, Missouri, to San Antonio, Texas; and I-85 in the Piedmont linking Atlanta, Georgia to Raleigh, North Carolina (Lang and Dhavale 2005).

## Big Places, Big Numbers

Figure 2 shows the 2003 population and current growth rates in the ten megapolitan areas. As a group, megapolitans outpaced the national growth rate for the first three years of the decade—3.89 percent versus 3.33 percent, gaining 7.5 million new residents over the period. Only two megapolitan areas, Northeast and Midwest, trailed the nation as a whole in growth, but these are also by far the most the populous megas, with more than 50 and 40 million residents respectively. Together, at 90.5 million people, they surpass the population of Germany, the largest European Union nation with 82.5 million residents. Unlike Germany, however, the Northeast and Midwest are still growing. They form the old industrial heart of the nation and still represent the largest trans-metropolitan development in the U.S.

The fastest growing megapolitan areas are in the Sunbelt, and several of them experienced gains above 5 percent for the period 2000 to 2003. The fast-growth megas, ranked by their development pace, are Valley of the Sun, Peninsula, I-35 Corridor, Southland and Piedmont. Two megapolitans now fall below the 10 million resident mark, but based on an extrapolation of current growth rates, Cascadia will pass this population size in 2025, while the booming Valley of the Sun will reach the mark by 2029.

Megapolitan areas also vary by physical size (see Figure 3). The Midwest is the largest with 119,822 square miles, an area slightly smaller than the state of New Mexico. The Piedmont is almost as expansive with 91,093 square miles. The more populous Northeast by contrast comprises just 70,062 square miles. By this calculation, the Northeast would appear to be the densest megapolitan area. However, the square mileage figure for Southland compared to its population density is significantly distorted by the inclusion of Riverside and San Bernardino counties in California, which are two of the largest counties in land area in the U.S.

FIGURE 2
**Megapolitan Population and Growth Ranked by Size**

| Megapolitan Areas | 2003 Population | 2000–2003 Growth Rate |
|---|---|---|
| Northeast | 50,427,921 | 2.53 |
| Midwest | 40,082,288 | 1.50 |
| Southland | 22,173,291 | 5.78 |
| Piedmont | 19,318,992 | 5.04 |
| I-35 Corridor | 15,315,317 | 5.87 |
| Peninsula | 13,708,165 | 6.78 |
| NorCal | 12,024,173 | 3.94 |
| Gulf Coast | 12,064,600 | 4.61 |
| Cascadia | 7,412,248 | 4.17 |
| Valley of the Sun | 4,486,206 | 9.54 |
| **Megapolitan Total** | **197,013,201** | **3.89** |
| **United States*** | **290,788,976** | **3.33** |

Source: Adapted by authors from U.S. Bureau of the Census (2005)

*2003 population data are from all 50 states

FIGURE 3
**Megapolitan Land Area Ranked by Square Miles**

| Megapolitan Areas | Total Square Miles | Percent of US* |
|---|---|---|
| Midwest | 119,822.24 | 3.84 |
| Piedmont | 91,093.08 | 2.92 |
| I-35 Corridor | 75,125.73 | 2.41 |
| Northeast | 70,061.56 | 2.25 |
| Gulf Coast | 68,540.37 | 2.20 |
| Southland | 51,722.21 | 1.66 |
| Cascadia | 46,531.97 | 1.49 |
| Peninsula | 37,644.26 | 1.21 |
| NorCal | 34,065.49 | 1.09 |
| Valley of the Sun | 23,787.19 | 0.76 |
| **Megapolitan Total** | **618,394.10** | **19.82** |
| **United States*** | **3,119,884.79** | |

Source: Adapted by authors from U.S. Bureau of the Census (2005)

*Land totals are for lower 48 states

Megapolitans will account for most new population and job growth from 2005 to 2040, and they will likely capture a large share of money spent on construction (Nelson 2004). These areas are projected to add 83 million people and 64 million jobs by 2040, and they will require an additional 32 million new housing units, including both new construction and replacement units. By 2030 half of the built environment will have been constructed in the previous 30 years, and by 2040 the figure could reach nearly two-thirds. The money needed to build the residential and commercial structures to house this growth is staggering. It will take an estimated $10 trillion to fund megapolitan residential construction and an additional $23 trillion for nonresidential structures.

## Megapolitan Form and Function

Megapolitan areas vary in spatial form, ranging from a clear corridor or linear form to vast urban galaxies, and many megas exhibit both spatial patterns. Figure 4 showing the I-35 Corridor highlights all megapolitan counties in light shading and urbanized areas in the darker zones, lined up like beads along a string. The dark black lines are the interstate highways, and the light ones are the county boundaries. The biggest single node in the corridor is Dallas, and the only major metropolitan area that lies away from I-35 is Tulsa. The galactic form of the Piedmont area (Figure 5) illustrates interstate highway corridors lacing the region with a web of cities dominated by metropolitan Atlanta.

Figure 6 provides a summary of selected megapolitan features. The "signature industry" label refers to the businesses that are popularly associated with each area. These may not be the largest industry in the region, but they are key sectors that play to each megapolitan's current competitive advantages. Thus, high tech is to NorCal what finance is to the Northeast or aerospace is to Cascadia—the sector in which the megapolitan dominates either U.S. or world markets.

A county-level analysis of political trends, based on the 2000 and 2004 presidential elections, shows that five megas lean Republican and five Democratic. The most Democratic area is NorCal, while the I-35 Corridor is the most Republican. Midwest and Peninsula are the most swing megapolitans, with the former tilted to the Democrats and the latter to the Republicans. In 2004 Democratic presidential candidate John Kerry won the megapolitan area popular vote by 51.6 percent to 48.4 for President George W. Bush—

FIGURE 4
**I-35 Corridor**

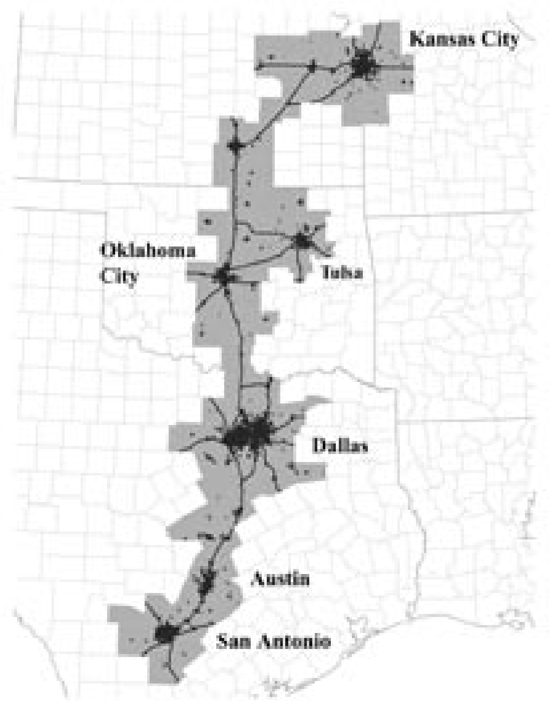
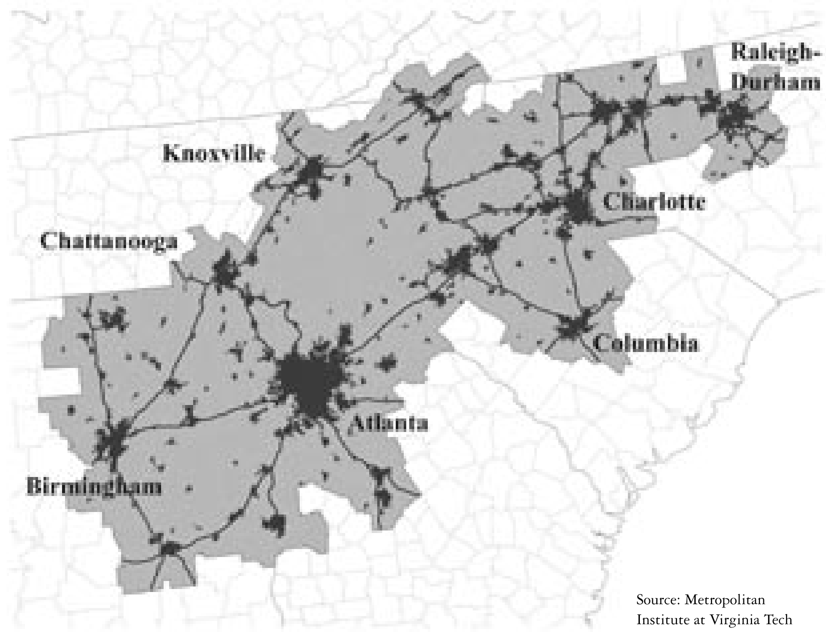



FIGURE 5
**Piedmont**




Source: Metropolitan Institute at Virginia Tech

almost the exact reverse of the nation as a whole. Kerry received 46.4 million megapolitan votes, while Bush won 43.5 million. The 90 million total megapolitan ballots accounted for three-quarters of all votes cast, while the fourth quarter of the votes went heavily for Bush. The president's margin of victory in nonmegapolitan America was 60/40, which approximates his 2004 vote share in rural America (Lang, Dhavale and Haworth 2004).

## Mega Policy Implications

Any new geographic category can reshape public policy. Given that megapolitan areas as proposed here redefine the space where two out of three Americans reside, their impact could prove significant. There are countless ways that megas may alter the policy landscape, but this discussion focuses on two issues: urban sprawl and transportation planning.

*Megapolitan Sprawl.* The emergence of megapolitan areas comes not only from rapid population growth over the past several decades; it also reflects how the nation is developing. Since 1950 the most significant urban pattern has been decentralization. Even by the time Gottmann observed the megalopolis extending north and south from New York City, the emergence of the "spread city" was apparent (Regional Plan Association 1960). Suburbs from Boston to Washington were racing toward one another, making the Northeast a single extended megapolitan space.

The different ways megapolitan areas develop also provide insight into how urban decentralization varies around the nation to produce distinct regional built forms. This knowledge can improve the way regions respond to the consequences of sprawl. As measured by built density, sprawl differs in character among regions from "dense sprawl" in places such as Los Angeles, where even the edge of the region may have subdivisions with small lots, to the edges of southern metropolitan areas that feature low-density development and constitute a quasi-rural environment (Lang 2002).

The percent of metropolitan residents living in "urbanized areas" (defined by the Census Bureau as having densities at or exceeding 1,000 residents per square mile) also shows variation in regional development patterns. A metropolitan area with a substantial number of residents below this threshold indicates a low-density urban fringe. Among the megapolitans, Southland is the most urbanized, with virtually all (98.17 percent) of the region's residents living in these areas. By contrast, just over two-thirds of Piedmont citizens live in urbanized places. The edge of megapolitan development in Southland is sharp and well-defined, as indicated by the very small share of people living in the nonurbanized fringe, whereas the Piedmont edge is amorphous, given that one in three people live outside its urbanized areas.

Nationally, nearly 25.8 million megapolitan residents live in low-density, nonurbanized areas, mostly east of the Mississippi. Even the intensely built Northeast—the place that inspired Gottmann—has more than 5.2 million residents living in places with less than 1,000 people per square mile. Piedmont has just over 6 million in these same places, while the Midwest mega has almost 6.7 million.

This analysis indicates that there is a Southland versus Piedmont style of megapolitan sprawl, which could affect regionwide strategies for addressing future growth. For example, given that Southland is already densely built, altering its pattern of sprawl could mean better mixing of land uses to facilitate pedestrian or transit-oriented development. The same strategy would not work in Piedmont where densities are low.

FIGURE 6
**The Megapolitans at a Glance**

| Megapolitan Area | Megapolitan States | Biggest Metro | Signature Industry* | Rep. vs Dem. Pres. Vote** |
|---|---|---|---|---|
| Cascadia | OR, WA | Seattle | Aerospace | Dem. |
| Gulf Coast | AL, FL, LA, MS, TX | Houston | Energy | Rep. |
| I-35 Corridor | KS, MO, OK, TX | Dallas | High Tech | Rep. |
| Midwest | IL, IN, KY, MI, OH, PA, WV, WI | Chicago | Manufacturing | Dem. |
| NorCal | CA, NV | San Francisco | High Tech | Dem. |
| Northeast | CT, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VA, WV | New York | Finance | Dem. |
| Peninsula | FL | Miami | Tourism | Rep. |
| Piedmont | AL, GA, NC, TN, SC, VA | Atlanta | Logistics/Trade | Rep. |
| Southland | CA, NV | Los Angeles | Entertainment | Dem. |
| Valley of the Sun | AZ | Phoenix | Home Building | Rep. |

Source: Adapted by authors from U.S. Bureau of the Census (2005)
* The industry most easily identified with leading metros in the megapolitan area.
** Political leaning based on the 2000 and 2004 presidential elections.

***Super MPOs and Transportation Planning.*** There are clearly cases where the megapolitan scale is the most logical one at which to address problems. Consider the recent debate over the fate of Amtrak, America's National Railroad Passenger Corporation. The Bush administration wants to eliminate all Amtrak funding in the 2006 federal budget. Defending this action, U.S. Secretary of Transportation Norman Mineta (2005) wrote in the *New York Times*, "The problem is not that Americans don't use trains; it is that Amtrak has failed to keep up with the times, stubbornly sticking to routes and services, even as they lose money and attract few users."

Amtrak is a national rail system with a profitable line connecting big northeastern cities, which offsets losses on service to remote rural locals. Megapolitan areas have two qualities—concentrated populations and corridor form—that make them excellent geographic units around which Amtrak could be reorganized. These megapolitans constitute an American Europe—a space so intensely settled that high-capacity infrastructure investment between centers makes sense.

If officially designated by the Census Bureau, megapolitan areas would be the country's largest geographic unit. Their rise could spark a discussion of what types of planning needs to be done on this scale. In Europe, megapolitan-like spatial planning now guides new infrastructure investment such as high-speed trains between networked cities. The U.S. should do the same. The interstate highways that run through megapolitan areas, such as I-95 from Boston to Washington, DC; I-35 from San Antonio to Kansas City; and I-85 from Raleigh to Atlanta, would benefit greatly from unified planning. A new Census definition would legitimize large-scale transportation planning and trigger similar efforts in such areas as economic development and environmental impact.

Federal transportation aid could be tied to megapolitan planning much the way it has recently been linked to metropolitan areas. The Intermodal Surface Transit Efficiency Act of 1991 (ISTEA) required regions to form metropolitan planning organizations (MPOs) in order to receive federal money for transportation projects. In a similar vein, new super MPOs could result from future legislation that directs megapolitan areas to plan on a vast scale.

At the moment there is no guiding vision of how to invest the nation's transportation funds. We are only keepers of past visions, most notably the Interstate Highway System, which for better or worse at least demonstrated a national will for investment. The interstates also completed a nationwide project, begun in the nineteenth century with canals and railways, to provide equal access and capacity across a continental nation. The investment paid off, as witnessed by the emergence of Sunbelt boomtowns such as Phoenix, but the next stage of American spatial evolution is at hand. The U.S. has moved beyond the simple filling in of its land and is now witnessing intensive megapolitan growth. Infrastructure investment must move beyond basic links across the entire country to focus on significantly improving capacity within megapolitan areas.

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# Stabilizing Property Taxes in Volatile Real Estate Markets

JOAN YOUNGMAN *and*
JANE MALME

Property taxes based on market value have many features that recommend them as a source of local government revenue. They promote visibility and accountability in public spending by providing property owners with a means of evaluating the costs and benefits of local government services. They can provide stable, independent local revenue that is not at the mercy of state budget surpluses or deficits. They are now considered to be proportional or even mildly progressive, in contrast to earlier economic views that presumed the tax to be regressive.

Against these strengths, the greatest challenge to a value-based property tax is political: taxpayers' strong and completely understandable resistance to sharp increases in tax payments that reflect rising markets but not necessarily rising incomes with which to pay the tax increases. The best known and most dramatic response to this situation was rejection of the value-based tax system in California in 1978. When voters approved Proposition 13, they changed the tax base to the value of the property at the time of purchase or construction, with a maximum 2 percent annual inflation adjustment. For property held by the same owner since 1978, the inflation adjustment is applied to its value on the 1975–1976 tax roll.

This change has greatly altered California's fiscal landscape. It has restricted the role of local governments, centralized service provision and decision making, and redistributed the tax burden from long-time residents to new property owners. Local governments now have an incentive to seek sales tax revenue by encouraging large retail establishments, such as auto malls, in what has been termed the "fiscalization of land use." Can the property tax achieve greater stability and predictability without such drastic social and governmental costs? Table 1 illustrates the wide range of residential property tax levies in large metropolitan areas, a factor that presents additional challenges to formulating uniform policies or practical recommendations.

A Lincoln Institute seminar in April 2005 brought together public finance and assessment officials, policy analysts and scholars to consider alternate approaches to the recurrent problems that volatile real estate markets pose for value-based property taxes.

TABLE 1
**Urban Homestead Property Taxes for a Median-Value Home, 2004**

| State/Metropolitan Area[a] | 2004 2nd Quarter Median Sales Price[b] | Net Tax | Tax Rank |
|---|---|---|---|
| **Top Ten Rankings** | | | |
| New Jersey, Newark | $370,600 | $8,637 | 1 |
| Connecticut, Bridgeport[c] | 234,238 | 6,393 | 2 |
| Florida, Miami/Hialeah | 271,900 | 6,096 | 3 |
| Michigan, Detroit | 172,298 | 5,516 | 4 |
| Rhode Island, Providence | 262,000 | 5,443 | 5 |
| Maryland, Baltimore | 241,600 | 5,399 | 6 |
| California, Los Angeles | 438,400 | 5,393 | 7 |
| Illinois, Chicago[d] | 263,300 | 5,082 | 8 |
| Maine, Portland | 231,200 | 4,971 | 9 |
| Wisconsin, Milwaukee | 197,300 | 4,912 | 10 |
| **Bottom Ten Rankings** | | | |
| Arkansas, Little Rock | 110,400 | 1,284 | 46 |
| Kansas, Wichita | 105,800 | 1,281 | 47 |
| Georgia, Atlanta | 156,800 | 1,236 | 48 |
| Colorado, Denver | 241,800 | 1,235 | 49 |
| Kentucky, Lexington/Fayette | 139,400 | 1,221 | 50 |
| Oklahoma, Oklahoma City | 107,000 | 1,196 | 51 |
| Louisiana, New Orleans | 137,500 | 1,126 | 52 |
| Alabama, Birmingham | 149,500 | 982 | 53 |
| West Virginia, Charleston | 115,100 | 943 | 54 |
| Wyoming, Cheyenne[c] | 111,208 | 740 | 55 |
| **Average of 55 MSAs** | **$195,515** | **$2,778** | |

Source: Adapted from Minnesota Taxpayers Association. 2004. *50-state property tax comparison study.* St. Paul, MN. Table 19.

a Metropolitan Statistical Area (MSA) with the largest city in 50 states plus five additional MSAs

b Before calculating the tax, the median value was adjusted for differences in assessment practices using the area's reported median sales ratio

c Estimated using the approximate two-year percentage increase in regional median prices of existing homes: Northeast, 29.7%; Midwest, 6.4%; South, 12.4%; West, 22.4%

d The Chicago MSA includes DuPage County/Naperville

## Problems Related to Market-Value Assessment

Discussion began with the incontrovertible observation, "Taxpayers do not like unpredictability." In theory, reductions in tax rates could balance increases in property prices to maintain stability in actual tax payments under market-value assessments. This approach faces two obstacles. The first and most straightforward is governmental reluctance to reduce tax rates and forego increased revenues when rising values provide a cover for greater tax collection. The second is nonuniform price appreciation in different locations and for different types of property. When one segment of the tax base experiences a disproportionate value change, a corresponding change in the tax rate applied to the entire property class will not maintain level tax collections. California faced both difficulties in the years preceding adoption of Proposition 13. There, rapid residential appreciation was not matched by the lagging commercial sector, and a $7.1 billion state surplus fueled taxpayer cynicism as to the actual need for increased government revenues.

While rapid market shifts are the most challenging source of unpredictable tax changes, taxpayer "shocks" can also be caused simply by long delays in reassessment. Maintaining outdated values on the tax rolls achieves short-term predictability in tax bills, but at the expense of uniformity, accuracy and even legality. Long-postponed reassessments have been followed by tax revolts in many jurisdictions, both in this country and overseas.

### Options for Addressing Value Shifts

Seminar participants reviewed the benefits and drawbacks of various measures to address these problems.

*Circuit breakers*, as their name implies, attempt to reduce a property tax "overload" by providing a refund or credit for taxes that exceed a set percentage of the property owner's income. When funded by the state and administered as part of the state tax system, they have the dual benefit of protecting local revenue and targeting aid to the most needy taxpayers. At the same time, they require state funding and administration, and taxpayers must file tax returns to obtain these benefits. Like all programs that require income information, they sometimes encounter taxpayer resistance and consequent underutilization.

*Homestead exemptions*, available in most states, reduce assessments on the taxpayer's primary residence. These exemptions are often granted without regard to taxpayer income, and so are not targeted to the most needy. In predominantly residential communities, this results in a significant loss of municipal revenues unless the tax rate is increased or the tax burden is shifted to other taxpayers. Like all preferential programs for homeowners, these exemptions fail to benefit renters, who bear a portion of the property tax burden and generally are less affluent than homeowners.

*Tax deferral measures*, often available to low-income elderly homeowners, permit unpaid taxes to accumulate as a lien against the property, to be paid after the residence changes hands. However, the desire to retain property clear of encumbrances has traditionally led homeowners to avoid making use of this option.

*"Truth in taxation" legislation* requires local governments to take various measures, such as publishing voter information and requesting ballot approval, to treat increases in tax collections in the same manner whether they are the result of growth in the tax base or increases in the tax rate. These enactments seek to counter the temptation to allow rates to remain constant while market values rise, thus increasing taxes and spending without budgetary accountability.

*Limitations on annual total property tax collection increases*, such as Proposition 2½ in Massachusetts, restrict overall levy growth but do not address unpredictable tax bill changes for specific taxpayers. For example, after several decades of tax stability, Boston taxpayers are now facing assessment shifts that reflect a downturn in the commercial property market with simultaneous explosive growth in certain residential values.

*Limitations on annual tax increases* for individual properties have enormous political appeal, but face three hazards. First, there is often pressure to make the phase-in period as long as possible, or even longer than possible. Montana provided for an extended 50-year phase-in of new assessments. Second, initial success at limiting increases to a certain percentage may lead to efforts to reduce that limit again. Oklahoma instituted a 5 percent limit and now faces pressure to reduce it to 3 percent. Finally, the "catch-up" of tax assessments when values stabilize or even drop elicits opposition of its own as taxpayers face increasing assessments while property values are flat or falling.

*Assessment "freezes"* take limitations on increases to their ultimate conclusion, prohibiting any increases despite changes in market values. They often are restricted to specific groups of taxpayers, such as elderly homeowners. Proposition 13 is a type of assessment freeze for all property, with only a 2 percent annual inflation adjustment in the tax base. These measures are in many respects equivalent to the long delays in reassessments that lead to nonuniformity and resistance to new valuations. After values are frozen taxpayers may seek to transfer that value to other family members, as they do in California, or to new residences, as in Texas.

### Possible New Approaches

Seminar participants discussed methods for utilizing these and other measures to address the problems of unpredictability while minimizing the problems of inequitable distribution of the tax burden and maintenance of collections. A major distinction was drawn between approaches that moderate tax bill shifts but maintain a market-value base and those that alter assessments themselves. Altering assessments by limiting increases in value can result in situations where owners of similar properties pay very different tax bills. Furthermore, over time properties with

The Lincoln Institute seminar on Property Taxes and Market Values—Responding to Post-Proposition 13 Challenges in April 2005 included participants from many states, including California, Illinois, Maine, Massachusetts, Michigan, Minnesota, New Hampshire, New York and Oklahoma. The discussion leader was Alan Dornfest, property tax policy supervisor in the Idaho State Tax Commission.

The Institute will continue this discussion at the International Association of Assessing Officers (IAAO) Annual Conference in Anchorage, Alaska, in September. Jane Malme will moderate a policy seminar on Property Tax Viability in Volatile Markets with speakers Alan Dornfest; Mark Haveman, director of development for the Minnesota Taxpayers Association and project director for its Center for Public Finance Research; and Andrew Reschovsky, professor of public affairs at the University of Wisconsin's LaFollette School of Public Affairs.

average or lesser value appreciation can experience an increasingly greater share of taxes compared with properties that have had larger market increases. As a result wealthier taxpayers are more likely than those of moderate or low incomes to benefit from assessment limits.

To maintain a market-value tax base, with its benefits of uniformity, understandability and administrative efficiency, participants offered suggestions to stabilize rapid increases in tax payments due to significant shifts in the assessment base.

- Eliminating stringent income limitations on eligibility for senior citizen deferral programs, expanding eligibility for circuit breakers and tax deferral, and including such measures in state rather than local tax relief programs would allow more taxpayers to participate. A state could establish a property tax deferral fund to reimburse local jurisdictions for delayed collections.
- Classification and taxation of property according to use is a common means of taxing commercial and industrial properties at a higher rate than residential properties. Changing the class rates to accommodate a shift in the value base can be an appropriate short-term remedy, but may have harmful economic consequences in the long term. In Massachusetts the permitted shift of the share of the total tax levy from residential to commercial property in a municipality is subject to statutory limits. The recent combined acceleration of residential values and downturn of commercial values would have resulted in a substantial shift of taxes to homeowners in the City of Boston and a few other urban centers. Thus the legislature permitted a temporary increase of the share to be borne by the commercial class, at local option, but required a return to an even more limited class share difference within a five-year period.
- Alternative methods of tax collection, such as credit card, direct debit or more frequent payment schedules, may offer greater financial convenience than the more common annual and semiannual billings.
- Shorter periods between revaluations avoid the "sticker shock" that accompanies dramatic shifts and increases in value when reassessment occurs infrequently. Annual reassessments using computer-assisted mass appraisals offer greater stability and uniformity. Tax bills that reflect current values, rather than fractional assessments or outdated figures, are easier for taxpayers to understand.

Even significant increases in assessed value, if relatively uniform across the jurisdiction, do not result in increased taxes for most property owners if the municipal budget requires no additional property tax revenues and the tax rate is reduced proportionately. Better information about the relationship between assessed value and the tax rate will make it less likely that taxpayers will place the blame for their higher taxes on the assessors and their assessments. They may consider instead the adequacy of funding sources available to local governments, the effect of exemptions that reduce the property tax base, and unfunded mandates that require additional local expenditures.

The property tax, as the most important source of autonomous local revenue, often bears the brunt of criticism for the social, economic and fiscal pressures on local communities. Among these pressures are increased costs of new educational, environmental and security requirements, reductions in state and federal assistance, changing demographics and economic conditions, and increasing numbers of exemptions. Attention to these issues can clarify the debate over the role and burden of property taxes and the effectiveness of various tax relief measures.

## Improving Educational Resources

There is an urgent need to provide government officials, lawmakers and the public with better information on property tax policy choices. Tax revolts and anti-tax initiatives make compelling news stories, but they should be balanced by concise and accessible information that sheds light on the problem and its solution. There is also a need for periodic research on such topics as:

- The effects over time of assessment and tax limits on the distribution of the property tax burden and on revenue growth, and the full costs to residents of additional fees and charges imposed to offset decreases in local property tax revenues.
- The effectiveness of property tax relief measures, and the distribution of their benefits across taxpayer classes.
- "Tax expenditure" studies to quantify the cost of exemptions, and exploration of the use of payments in lieu of taxes (PILOTS) for tax-exempt nonprofit property owners to pay for municipal services received.
- Assessment quality studies to evaluate both individual assessment equity and the distribution of the tax burden.

The Institute will be collaborating with the seminar participants and others in continuing these discussions and will undertake further research and the preparation of publications on these property tax issues in the coming year.

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# Property Tax Development in China

CHENGRI DING

Economic growth and institutional reforms in China over the past two decades have created profound changes within the society. The central authorities now need to set forth new policies and procedures for modern governance to address devolution of certain authority to local governments, rapid urban and rural development, and changes in land uses and land and fiscal policies. The national government's commitment to further modernization is most evident in the effort to develop and implement a new property taxation system.

This article describes the current system and challenges that must be overcome to implement a successful property tax policy in China. Given the complexity of this endeavor and the huge variation in economic development across the country, a gradualist approach, which has proved effective in China's modernization process, may be the best way to initiate property tax reform and development.

The Lincoln Institute's China Program was established several years ago, in part to develop training programs on property taxation policy and local government finance with officials from the State Administration of Taxation (SAT). The Institute and SAT held a joint forum on international property taxation in Shenzhen in December 2003, and more than 100 participants attended another course held in China in May 2004. In January 2005, 24 Chinese tax officials from 15 provinces visited the United States for additional programs; many of them are developing property tax systems in six pilot cities. The Institute also supports the Development Research Center (DRC) of the State Council to research property tax assessment in China, and they jointly organized a forum in February 2005.

### Current Taxation System

China collects 24 types of taxes (see Table 1). The central and local governments share the value added tax (VAT) and business tax revenues; the former tax is the primary revenue source for the central government, whereas the latter is the most important tax for local governments. Two other important tax sources for the central government are the consumption (excise) tax and the personal income tax. Twelve taxes are related to land and property, but most do not generate significant revenues. The business tax accounted for 14.41 percent of total central and local government revenues in 2002, but only a small portion of that amount was generated from property-related sources. The reason is that business and income taxes are collected only when land or property is rented or sold, and thus do not provide a steady stream of revenue. It is hard to imagine that any of the 12 property-related taxes could play a key role in resource allocation and local government finance over the long term.

*...the Chinese government appears committed to implementing property taxation reform. The application of the widely used and successful gradualist approach for implementing policy and institutional reforms will ensure that the development and institutionalization of the property tax system proceeds on course.*

An evaluation of the current tax system reveals additional concerns.

- The tax structure is out of date. The urban real estate tax was developed in 1951 and several other taxes, including the farmland occupation tax, the urban land use tax and the housing tax, were institutionalized in the late 1980s. Given the tremendous advances in economic and institutional reform since then, China's tax system needs to be updated to function effectively within this new context.
- Domestic and foreign entities operate under differing tax bases and rates. The Chinese government offers tax incentives to foreign entities to attract foreign direct investment that domestic investors do not receive. In addition, domestic land users pay the urban land use tax and housing tax, whereas foreign land users pay the urban real estate tax. Furthermore, structures used for commercial or industrial purposes in rural areas do not pay any land- or property-related taxes. As a result of these differing tax policies, the overall tax rate for foreign enterprises is generally 10 percent lower than that for domestic enterprises.
- Several of the taxes are redundant. For example, the business tax and housing tax are both based on housing rental income; the land value incremental tax, enterprise (corporate) income tax and personal income tax are all based on the net rental or transaction income from property.
- Land and property taxes are levied on transactions rather than asset holdings. This arrangement produces a market-dependent revenue stream and is vulnerable to fluctuations over time.
- The tax base is narrowly defined. Properties used for commercial purposes are subject to certain taxes, but residential properties are exempt.
- The tax system is not well equipped to address the complexities of emerging market development. For instance, current land and property taxes impede the development of real estate markets for mortgaging, re-renting and subleasing transactions.

The shortcomings in the current taxation system have resulted in major fiscal problems for the central government, such as declining revenue mobilization and ineffective use of tax policy to leverage macroeconomic policy (Bahl 1997). When the government conducted tax reform in 1993 to overcome some of the problems, one of the largest initiatives shifted responsibility for urban and public services to local governments.

This measure was successful in improving the central government's fiscal condition; however, the revenue share for local governments was not increased at a level commensurate with their increased responsibility. Consequently, many local governments face increasing budgetary deficits. Figure 1 illustrates the financial deficit for local governments after the 1993 tax reform. More than one-third of county-level governments have serious budget problems and over half of the local governments directly below the provincial level have budgets that merely cover the basic operations of public entities.

## Public Land Leasing

One of the means by which local governments increase revenues in the absence of an effective taxation system is through public land leasing. In the late 1980s and early 1990s, the state introduced market principles into the decision-making process regarding land use and allocation by separating land use rights from ownership. This separation promotes the development of land markets, which in turn have created tremendous impacts on real estate and housing development, urban land use and land allocation. Except for a short yet dramatic drop in the early 1990s due to a macroeconomic policy designed to prevent the national economy from overheating, the prices for access to land use rights and public land leasing rates have been increasing steadily.

Despite the significant number of land leasing transactions, the government closely regulates and controls the amount of land being leased by maintaining a monopoly on land supply (Ding 2003). Most land in rural areas still belongs to the collectives, and urban construction is prohibited on rural land unless it is first acquired by the state. Land developments that occur on collectively owned rural land are considered illegal, and administrative efforts such as monitoring and inspecting have been implemented to eliminate these violations.

General land use plans and regulations to preserve cultivated land further control the amount of land available for urban development. The land use plans determine the

TABLE 1

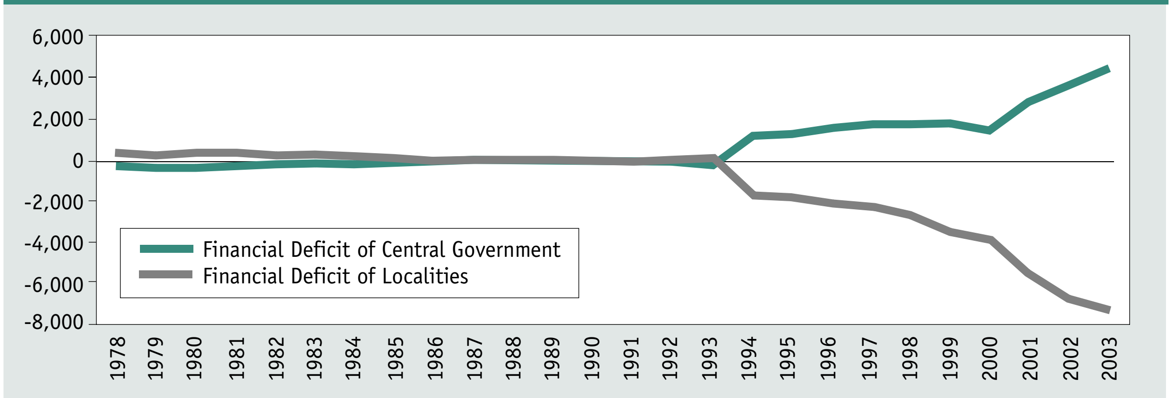
**Government Tax Sources, 2002**

| Taxes Related to Land and Property | Percent of Total Revenue | Government Level | Date Tax Established |
|---|---|---|---|
| Business Tax | 14.41 | Central and Local | Jan. 1, 1994 |
| Enterprise (Corporate) Income Tax | 11.52 | Central and Local | Jan. 1, 1994 |
| Personal Income Tax | 7.07 | Central and Local | Jan. 28, 1994 |
| Urban Construction and Maintenance Tax | 2.75 | Central and Local | Jan. 1, 1985 |
| Deed Tax | 1.40 | Local | Oct. 1, 1997 |
| Housing Tax | 1.40 | Local | Oct. 1, 1986 |
| Stamp Tax | 1.05 | Central and Local | Oct. 1, 1988 |
| Urban Land Use Tax | 0.45 | Local | Nov. 1, 1988 |
| Cultivated Land (Farmland) Occupation Tax | 0.33 | Local | April, 1, 1987 |
| Urban Real Estate Tax | 0.25 | Local | Aug. 8, 1951 |
| Land Value Increment Tax | 0.12 | Local | Jan. 1, 1994 |
| Others | 0.001 | Central and Local | |
| Subtotal | 40.75 | | |
| **Other Taxes** | | | |
| Value Added Tax (VAT) | 40.22 | Central and Local | Jan. 1, 1994 |
| Consumption (Excise) Tax | 6.22 | Central | Jan. 1, 1994 |
| Tariffs | 4.11 | Central | Jan. 1, 2004 |
| Income Tax on Foreign-owned Companies | 3.60 | Central and Local | July, 1, 1991 |
| Vehicles/Ships Purchase Tax | 2.12 | Central | Jan. 1, 2001 |
| Agricultural Tax | 1.71 | Local | June 3, 1958 |
| Special Agricultural Product Tax | 0.55 | Local | Jan. 30, 1994 |
| Resource Tax | 0.44 | Central and Local | Jan. 1, 1994 |
| Vehicles/Ships Use Tax | 0.17 | Local | Oct. 1, 1986 |
| Slaughter Tax | 0.06 | Local | Dec. 19, 1950 |
| Shipping Capacity Tax | 0.05 | Central | March 15, 1994 |
| License For Vehicles/Ships | 0.001 | Local | Sept. 20, 1951 |
| Subtotal | 59.25 | | |
| Total | 100.00 | | |

Source: Adapted from Liu (2004)

FIGURE 1

**Financial Deficit of Central Government and Localities (in 100 million yuan) (1978–2003)**




Source: Development Research Center (2005)

total amount of land that can be added to existing urbanized areas through an annual land supply quota. At the same time, China's preservation policy for cultivated land influences both land supply and the location of land available for urban development. The Land Administration Law specifies that at least 80 percent of cultivated land should be designated as basic farmland and prohibited from land development. Land productivity is the dominant factor used to delineate the boundaries of basic farmland. Since most cities are located in areas with rich soil resources, farmland protection designations commonly exist in urbanizing areas. Thus farmland protection inevitably results in urban sprawl and leapfrog development patterns requiring costly infrastructure investments and land consumption.

***Financing Local Government.*** As a result of the government's regulations and monopoly on selling land use rights, local authorities use the public land leasing system to increase their revenues through land use conveyance fees. For instance, Hangzhou City, the capital of Zhejiang Province with a population of almost four million, is among the top five in per capita national income and GDP. The city generated land conveyance fees of more than six billion YMB in 2002, more than 20 percent of the total municipal government revenues. Interestingly, these fees were generated largely from selling to commercial users the right to access the state-owned land, yet commercial land development represented only 15 percent of total land uses in newly developed areas. The rest of the land was allocated to users through negotiation in which the sale price either barely covered the costs of acquiring and improving the land, or land was offered free to generate competition for businesses and investments.

Local governments can raise enormous revenues from limited-market transactions of land use rights, in part because land conveyance fees represent lump-sum, up-front land rent payments for a leasing period and in part because local governments exercise their strong administrative powers to require farmers to sell their land at below-market rates. When the government later resells the land at market rates, the price could be more than 100 times the purchase price. After considering the costs of land improvement, however, net revenues may be only ten times the total cost of the land.

Rising land prices resulting from the government monopoly allow local governments to use the land as collateral to borrow money from banks. These loans plus the revenue generated from conveyance fees accounted for 40 to 50 percent of the Hangzhou municipal government budget in 2002. In turn these revenues were used to fund more than two-thirds of the city's investments in infrastructure and urban services.

Hangzhou City specializes in textiles, tourism, construction and transportation, and generates substantial revenue from business and value-added taxes, although the city's share of income generated through the public land leasing system is also large. Many smaller cities and towns with fewer commercial and business resources use land leasing directly through land conveyance fees or indirectly as collateral to support up to 80 or 85 percent of their total investments in urban initiatives. These smaller cities must turn to land to generate revenues to fuel economic growth, launch urban renewal projects, and provide infrastructure and urban services that were neglected for a long time prior to the reform era. Land-generated revenue is also used to improve the overall financial environment, attract businesses and investments, and support the reform and reallocation of state-owned enterprises.

***Negative Consequences.*** Despite the importance of public land leasing for income generation, the practice of using this tool to finance local governments may have serious consequences in the long run. The fiscal incentives that compel local governments to control and monopolize the land markets will negatively impact real estate and housing development, industrialization and land use. Furthermore, land is a fixed resource and ultimately there will be no more land left to lease for revenue.

Increasing pressure to protect the rights of farmers also makes it more difficult and costly to acquire land from farmers. As a result, local governments must increase land prices or face reduced revenues from land leasing. Finally, not only does land scarcity and farmer compensation pose a challenge to income generation, but recent policy reform now permits land owned by a collective to enter the land market directly. This change will prevent local governments from acquiring collective lands and exacting conveyance fees for these transfers.

### Taxation Reform: Principles and Challenges

The fiscal deficits experienced by local governments and the problems with the resulting public land leasing system provided the impetus for the central government to restructure the entire taxation system. That reform is based on four guiding principles: (1) simplify the tax system; (2) broaden the tax base; (3) lower tax rates; and (4) strictly administer tax collection and management. The central authorities in charge of tax policy and administration offer several specific goals with respect to property-related taxes.

- Unify the tax system so that domestic, foreign, urban and rural entities are treated similarly.
- Terminate taxes at odds with efforts to foster the emergence of healthy land and real estate markets, such as the farmland occupation tax.
- Merge the housing tax, urban real estate tax, and urban land use tax into a single property tax, and treat domestic and foreign entities equally in levying this tax.
- Adopt a value-based property tax.

Considerable debate exists over the merits of the proposed property-related tax reform. Despite the lack of consensus as to the best option, the costs and benefits must be assessed to effectively guide the development and implementation of a new property tax system. In addition, several outstanding issues need to be resolved in order to implement the proposed land and property tax reform.

- What are the existing laws and statutes relevant to property rights and taxation, how will they be amended and how will new laws be developed to legislate the new system?
- What role will property taxation play in intergovernmental fiscal relations and local government financing?
- What will the objectives of property taxation be as a fiscal and land use tool?
- How should land and property taxation be tied to the concept of achieving value capture and financing urban infrastructure and services?
- How will the land and property tax system relate to and be consistent with land policy reforms such as public land leasing, land acquisition, and the development of land markets in urban and rural areas such as agricultural farming?

The implementation of a value-based tax also will require the assembly and cataloguing of massive quantities of data, which historically have not been collected systematically. Furthermore, the data that have been collected are stored in different locations and in paper format. The Ministry of Land and Resources records and handles land-related data and information, whereas the Ministry of Construction is in charge of structure-related information. Matching related records from different ministries and digitizing this data will take years if not decades and will require a huge investment of resources.

The Chinese public has limited understanding of property taxation systems, so education will be required to avoid potentially significant political resistance. Capacity building within the Chinese government also will require professional training in appraisal, evaluation, appeals and collection to achieve effectiveness and efficiency in the new tax system.

### Conclusions

Despite these unanswered issues and challenges, the Chinese government appears committed to implementing property taxation reform. The application of the widely used and successful gradualist approach for implementing policy and institutional reforms will ensure that the development and institutionalization of the property tax system proceeds on course. For example, data for industrial and commercial structures is more complete and of higher quality than data for residential structures. Furthermore, newer structures tend to have better records than older structures, and records are more complete for structures in urban areas than in rural areas. Thus, applying the property taxation system first to commercial and industrial structures, newly developed land with residential structures, and urban areas will allow the system to take hold before attempts are made to implement change in the areas with greater obstacles to overcome.

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# Housing Finance Policy in Chile: The Last 30 Years

As a visiting fellow at the Lincoln Institute and a Loeb Fellow at Harvard University Graduate School of Design during the 2004–2005 academic year, Mario Navarro has undertaken a critical analysis of the innovative housing finance policy developed in Chile over the last 30 years. The objective of the study, summarized here, is to help housing policy designers in developing countries understand the Chilean model as an alternative to provide housing to people from low- and moderate-income sectors.

MARIO NAVARRO

Until the beginning of the 1970s, housing programs in developing countries consisted of government-sponsored initiatives to design, build and sell houses using loans with subsidized interest rates. These policies were generally limited in scale, not affordable by or clearly focused on poor families, and often inefficient (Mayo 1999). Cognizant of these problems, international development organizations in the mid-1970s started to direct their loans and advice to developing countries based on the new "basic needs" strategy, which consisted of providing sites and services, slum upgrading and core housing (Kimm 1986).

At the same time and independently from these development organizations, Chile started several reforms in the financial sector and in social housing programs, among which was the creation of the first program in the world to subsidize the demand to buy housing (Gilbert 2004). This Chilean model was established ten years before the "enabling markets housing approach" promoted by international organizations such as the U.S. Agency for International Development (Kimm 1986), the Inter-American Development Bank (Rojas, Jacobs and Savedoff 1999) and the World Bank (World Bank 1993). Under this enabling policy governments generate incentives and act as a facilitator so the private sector will produce and finance the housing that the country needs.

The Chilean model has influenced housing policy in many countries of Latin America, and even those of other continents (Gilbert 2004; Gonzáles Arrieta 1997). Nevertheless, it has not been widely recognized as the first program in which the government plays the role of enabling the market. Gilbert (2002), an important scholar of the Chilean model and its influence on other countries, mentions that Chile "fits into" the enabling model, but my study shows that, more than only fitting in, the Chilean housing model was the precursor of the policy. The main characteristics of this program (one-time cash payments of a fixed amount) correspond "unquestionably to the type of subsidy [for housing] that is less problematic than others" (Angel 2000).

*The Chilean model has influenced housing policy in many countries of Latin America...{but} it has not been widely recognized as the first program in which the government plays the role of enabling the market.*

The Chilean government, through the Ministry of Housing and Planning (in Spanish, Ministerio de Vivienda y Urbanismo, MINVU), was the key actor in the success of the Chilean model. During the first 27 years of implementing this policy (until 2001), MINVU not only funded and managed the subsidy programs, but it also was the largest real estate firm and the second largest mortgage bank in the country, in terms of the number of houses built and the number of mortgage loans issued.

## Three Periods of Housing Policy

What have been the instruments and the amounts of public and private resources that were allocated to the construction and improvement of social housing in the Chile? My study is divided into six parts; the first three review distinct periods of housing policy over the past 30 years, and the next three parts describe the most relevant events in the evolution of this policy.

The first period, from 1974 to 1984, established the foundations of the enabling markets housing policy. During those 11 years, profound reforms were made in the banking system. The programs to subsidize housing were created and then significantly adjusted over time. However, few resources were devoted to housing programs, and the private sector participated only in providing housing for the upper-middle class. The public resources did not reach the poorest groups, so the housing deficit continued to growth.

The second period extended over 17 years, from 1985 to 2001, during which time the policy was consolidated with significant state intervention. The earthquake that shook the central zone of Chile in March 1985 marked the historic peak of the housing deficit, reaching more than one million units. This event precipitated increased attention to the design of housing and subsidy programs, as well as an increase in the level of resources allocated to these programs. These two factors were decisive in attracting the private sector to the social housing market. The continuity of housing policies implemented by democratic governments that started in 1990 was a strategic effort to consolidate the trust and knowledge required by the private sector to increase its participation in the market. The government continued its role in the construction and funding of housing for broad sectors of the population, and the focus of the resources improved with respect to the previous period. Although the commitment was still inadequate, the great accomplishment of this period was the reduction of the housing deficit to half of what it had been in the mid-1980s.

The third period, from 2002 to 2004, corresponds to the implementation of the enabling markets housing policy. Although Chile's housing policy received international recognition before 2001, only 25 percent of its resources were allocated to families below the poverty line. At that rate of performance, it would have taken 24 years to close the housing deficit (Focus 2001). MINVU was spending more than half of its resources on direct housing construction programs and was still working as a bank, providing mortgage loans, although more than 70 percent of payments were in arrears (División Técnica 2001).

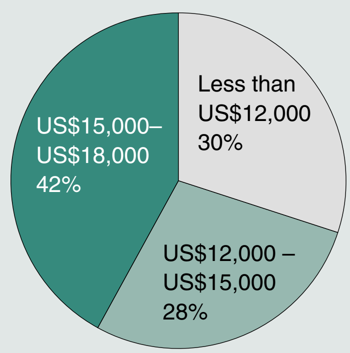
### Current Housing Policy

To improve the focus of its resource allocation, MINVU in 2002 started the most important transformation of its housing policy since 1974. At the same time, MINVU stopped giving mortgage loans and gave up the direct construction of houses. In 2004, 96 percent of resources were targeted to subsidy programs and only 4 percent to building programs. The most important housing programs for urban families under this new housing policy are described here.

For the poorest residents, MINVU created a subsidy program called *Fondo Solidario de Vivienda* (Funding for Cooperative Housing) with an up-front subsidy of US$8,400 per household. Applicants need US$300 of savings and have to present a specific housing proposal. The subsidy covers the cost of land, infrastructure and a 350-square-foot unit containing a bathroom, kitchen, multipurpose space and bedroom. This is considered to be the first stage of a house to be built progressively over time. The municipal building permit is pre-approved assuming the unit's expansion to a minimum of 550 square feet.

Families must apply in organized groups of at least 10 households and with the support of a managing organization, which can be a municipality, a nongovernmental organization or a consulting firm registered with MINVU. The ministry no longer decides where and what to construct, since the family groups present their projects and MINVU selects the best ones from a social, design and urban development point of view. The managing organization receives the funds to develop the project, implement a social action plan, and assist the families with technical support to expand their units.

FIGURE 1
**Distribution of Subsidies by Housing Price in 2002 and 2003**




Source: Based on data from MINVU

Families do not receive another subsidy for the expansion, but since they do not have to pay a mortgage they can save to finance the materials and labor required. The new program is flexible and also accepts projects that involve the purchase of existing houses or construction on existing open space within a lot to increase housing density.

The selection mechanism benefits people who buy used houses over those who build new houses. The goal was to open a new market for the very low-income sector by making it possible for them to purchase the houses that had been constructed by the government over the previous 30 years. This policy is also viewed as a solution to the traditional problems associated with moving families to new housing projects on the periphery of cities, far from social and employment networks and more expensive for commuting to work. This program is focused on people living below the poverty line (approximately 632,000 households in Chile, equivalent to 19 percent of the population). Nearly 30,000 such subsidies have been given each year since 2002.

The second subsidy program was designed for low-income people above the poverty line who were the main consumers of the former housing projects developed by MINVU until 2001. The subsidies can be used to buy new or existing housing or to construct a house on one's own land. The subsidy is US$4,500 for houses that cost US$9,000 or less and it decreases linearly to US$2,700 for houses up a price limit of US$18,000. Nearly 40,000 units have been granted annually under this program.

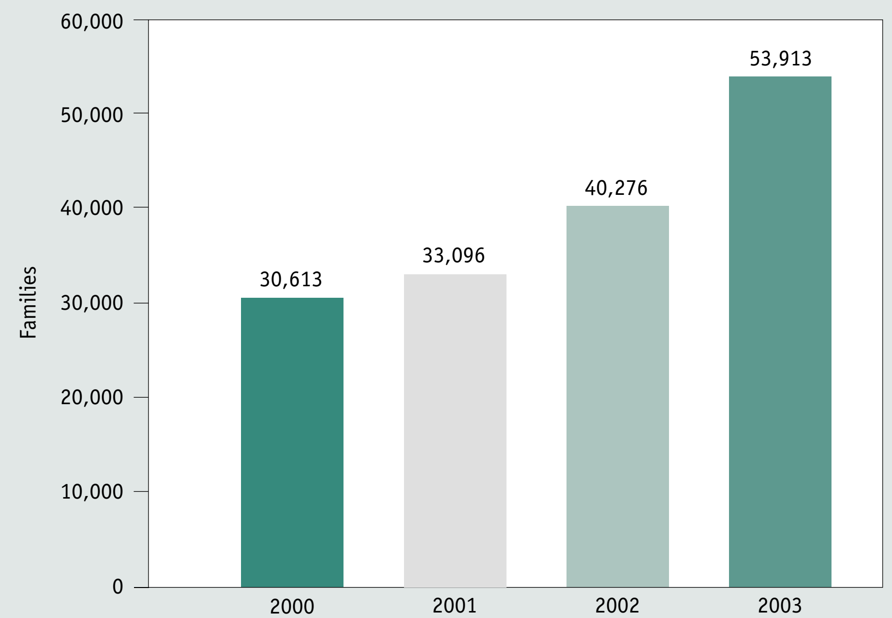
Because of credit enhancements offered by MINVU, six private banks signed agreements to deliver mortgage loans for housing valued under US$18,000. This policy was able to reduce the rent requirements and allow informal workers to qualify for mortgage loans. To reduce delinquency rates, the loans needed to be insured against fire and unemployment or the death of the principal. Three credit enhancements are included in MINVU's agreements with the banks.

1. Subsidy for closing costs: A fixed amount between US$300 (if the housing cost is US$9,000 or less) and US$120 (for housing values up to US$18,000) is given to the bank for each loan issued to finance a subsidized house.
2. Implicit subsidy: MINVU guarantees that the loan is sold in the secondary market at 100 percent of its face value. If that does not happen, MINVU pays the difference to the bank.
3. Default insurance: In case of foreclosure, MINVU guarantees that the bank will recover the debt balance and the cost of legal proceedings. Contrary to FHA loans in the U.S., the foreclosure is done by the issuer of the loan, not by MINVU.

Some constituencies were afraid that the subsidies would go only to the upper limit of the price allowed and that the market would provide neither housing nor credit for houses of less than US$15,000. The results showed that the progressiveness of

FIGURE 2

**Number of Poor Families Benefiting from Chile's Housing Policy, 2000–2003**




Source: Based on data from MINVU

the subsidies was sufficient to promote the market at all of the price levels targeted by the subsidy (see Figure 1).

The third type of subsidy is for houses between US$18,000 and US$30,000, to promote mixed-income units in private housing projects. Only 6,500 of these subsidies have been given each year. The subsidy offers up-front capital of US$2,700, but the credit enhancements were eliminated because many private banks were already originating mortgage loans in this price range.

The last three parts of the study analyze (1) key issues to generate an enabling markets housing policy, including transaction costs, access to bank financing, savings for housing, and support to families so they can take advantage of the subsidies; (2) the impact of the housing programs on family income and the distribution of national income; and (3) lessons on housing finance learned from the Chile's experience over the last 30 years.

## Conclusion

My study analyzes the Chilean housing policy since 1974, to better understand how it became possible to incorporate the participation of the private sector and improve the focus in allocating resources to the poorest sector. The study explores both good and bad decisions that were made over the past 30 years, and particularly in the past three years, and it identifies the roles of different social and economic actors in the process. The early results are encouraging. Using the same budget for subsidies in each of the last four years, MINVU increased by 57 percent the number of families from the poorest three income deciles who have benefited from government housing subsidies (see Figure 2).

Despite the great breakthrough in social housing in Chile, many tasks remain. A report by MINVU estimates a housing deficit of 543,000 units in 2000 and suggests that 96,000 new units of housing are needed each year just to accommodate new family demand (Ministerio de Vivienda y Urbanismo de Chile 2004).

The effects in terms of land use are also remarkable. Until 2001 all the housing units built for low-income families in the Greater Santiago area were developed by MINVU in new infill projects on the periphery of the city. The Funding for Cooperative Housing program established in 2003 encouraged acquisition of existing houses and increased density of housing within already urbanzied areas. As a result, the percentage of these types of housing began to shift dramatically, from zero in 2001 to 23 percent in 2003 and up to 63 percent in 2004, with a corresponding decrease in the percentage of new infill units being developed on the periphery.

It took Chile more than 28 years to fully implement the enabling markets housing policy. I hope this study can help other countries to formulate their housing policies so that all citizens, without regard to their socioeconomic condition, can have access to opportunities to own a decent home.

MARIO NAVARRO *was director of housing policy in Chile's Ministry of Housing and Planning (MINVU) from 2000 to 2004, when he was named Loeb Fellow at Harvard and visiting fellow at the Lincoln Institute. Contact:* Mario.Navarro@post.harvard.edu

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# Jack R. Huddleston

Jack Huddleston is professor of urban and regional planning and is affiliated with the Gaylord Nelson Institute for Environmental Studies at the University of Wisconsin-Madison. He received his Ph.D. in economics from Oklahoma State University and worked as chief economic development planner and chief of local fiscal policy analysis for the State of Wisconsin prior to joining the university. He teaches planning methods and financial planning in the graduate planning program at Madison and is a faculty member in the land resources, water resources management, and energy analysis and policy programs within the Gaylord Nelson Institute. His recent research has focused on applied local government finance issues in the U.S. and the former Soviet Union; energy subsidy schemes in the Dominican Republic and Indonesia; and watershed management and sustainable development in western Mexico. Contact: *jrhuddle@wisc.edu*

*Land Lines:* ***What do planners need to know about local budgeting, and why?***

*Jack Huddleston:* Planners tend to think narrowly within the boundaries of the functional or physical areas for which they plan. For example, planners charged with preparing and implementing land use plans often are mainly concerned with forecasting land use needs, reconciling land use conflicts, and developing and administering implementation tools such as zoning ordinances. They are not overly concerned with such facts as over the last decade the city's tax base has been growing at only one percent per year, city spending has been growing by three percent per year, and the city's bond rating has slipped from Aa to B. The thinking is, "planners plan; others budget."

Arguably, planners have more impact on the fiscal health of cities and regions than any other civil servant or elected official. They set the path for tax base growth and local government spending patterns far into the future. The things planners do on a daily basis—land use planning, transportation planning, environmental planning, social services planning and so forth—directly affect local government budgets.

When planners approve development on the urban fringe, for example, they have just affected economic conditions throughout the region. Decisions to approve commercial rather than industrial development have similar impacts. The final development project will determine the specific impact on local government revenues and spending, but the decisions made by planners set the direction and relative dimensions of the tax

base and local government spending impacts that will occur later. Thus, it is important that planners understand what the local government budget represents, how it is composed, and how it changes over time if they are to understand how their activities affect local budgets.

*LL:* ***What kinds of direct impacts can planners have on the community budgeting process?***

*JH:* The local budget serves both existing development, such as current residents, businesses, churches, commuters and visitors, and new development. Public revenues from property, sales and income taxes and user charges from existing activities are relatively stable over time, after adjusting for the impacts of inflation. Similar stability exists for local government spending to support existing activities.

Planners have their greatest impact on local government budgets when they adopt or approve plans for new development. It is here that the dimensions of new tax base growth are determined. It is also here that local government spending patterns are established. Residential development will require new streets and schools; commercial development will require streets, storm water management, and transportation system improvements; and industrial development will require special kinds of fire protection, major shipping services, and so forth. All types of development will involve the exhaustion of excess capacity in existing public infrastructure and require investment in new infrastructure.

*LL:* ***How do you get planning board members and planning practitioners to become concerned about and interested in these issues?***

*JH:* There is actually very little need to get planning board members more interested in the fiscal side of planning than they already are. They feel the political pressure to keep taxes low on almost every decision they make. Their concern is largely how to measure the fiscal impacts of their decisions, in terms of both revenues and spending. In addition, they want to know how to evaluate the fiscal impact of their decisions against other goals and constraints, such as economic growth, social justice and fairness, environmental sensitivity, and so forth.

The knowledge/motivation gap for practicing planners is more significant and probably started during their graduate studies and training. Courses dealing with the fiscal side of planning, if available, are often the course taken after all the "useful and fun" courses are completed. After all, planning job listings often announce positions for "land use planners" or "transportation planners," but few advertise for "financial planners." The key to getting practicing planners more interested in the fiscal side of planning is to establish the view that good planning without good finance is largely nonsustainable planning. At the University of Wisconsin-Madison we have included financial planning in the basic toolbox of skills and knowledge we think all planners should command. These skills, which we call *intrinsic* planning skills, include other tools such as map making, public participation, public speaking and effective communications.

***LL:* What current trends in local budgeting are relevant to planning goals?**

*JH:* Most of the trends in local budgeting that directly affect attainment of planning goals come from external sources. For example, federal and state governments increasingly are getting out of urban development and redevelopment efforts. The need for such efforts has not diminished and, if anything, has increased, but higher levels of government have decided that such efforts are primarily of local interest. At the same time local governments are being required to fund new programs for efforts such as homeland security and environmental remediation. In general, pressures have been building for ever-increasing spending on the part of local governments.

On the revenue side of the local budget, state statutes limit the amount of revenues that local governments can raise. State governments have preferred reserving the high-yield income tax to fund state government, leaving the property tax as the primary source of funds for local governments. This reliance on the property tax has led to the property tax "revolts" and "restraint movements" that we read about across the country. In general, the sentiment to reduce property tax burdens has led local governments to find alternatives to the property tax, placing more importance on user charges and other locally based financial tools such as tax increment financing.

***LL:* How can planners address public resistance to property tax increases?**

*JH:* Planners will need to become part planner and part public educator. Citizens value the public goods and services provided by local governments, but they also perceive that the costs of government are getting too high. To some extent there is a disconnect between the value of public goods and services received by local residents and businesses and the need to fund these services. Most of us appreciate the fact that citizenship has a price, but we are more willing to pay when we understand the uses to which public resources are being put and the benefits that will be generated.

This is where the planner as educator comes in. As planners, we often think of our activities as acres of land, dwelling units per acre, traffic flow per hour, or biological oxygen demand of the river [BOD is a measure of water pollution]. These same concepts can be translated into fiscal terms. We need to be able to talk about how various planning activities will affect the local budget, both in the short run and in the long term. Comprehensive plans, for example, will affect the property tax base of a community for years into the future. Development patterns will affect how cities and regions spend their limited resources over time. Public infrastructure projects not only affect how and when development will take place, but they also place financial commitments on current and future residents. Sustainable development requires that planners be able to anticipate physical, social and financial needs and constraints, and that they are able to communicate these factors convincingly to interested citizens and decision makers.

***LL:* How is your work with the Lincoln Institute helping to broaden awareness about fiscal planning?**

*JH:* I am working with Roz Greenstein, co-chair of the Institute's Department of Planning and Development, on an effort to "train the trainers" in the fiscal dimensions of planning. The concept is to assemble leading scholars and practitioners in the fields of public finance and planning in order to develop educational materials that can be used initially in graduate planning programs and subsequently in professional continuing education programs. The materials will cover the basics of municipal budgeting and finance for planners and will stress both how the activities of planners affect local budgets and how local fiscal conditions affect the activities of planners.

The first year of this effort is producing educational materials on the legal and institutional context for local budgets, the intersection between planning and local budgets, the content and process for developing local government operating and capital budgets, property tax administration and policy, fiscal impact analysis and fiscal impacts of development. This material will be presented and discussed in a workshop at the Lincoln Institute in July 2005. Invited participants include senior and junior faculty and professionals from across the U.S. and Canada. This group will not only test the first phase of these materials, but also will develop the agenda for topics to be covered in future sets of materials.

The goal of the overall effort is to increase planners' understanding of the fiscal dimensions of planning. In concept, participants in the July workshop will be better able to incorporate fiscal thinking into courses at their respective institutions. Educational materials will also be made available to the broader academic community for the same purposes. The Institute's investment in this important initiative has the potential to enhance planning education in the near term, but more importantly to change the way planning practitioners think about the work they do on an everyday basis.

■ RELATED PUBLICATION

Venkatesh, Harini. 2004. *Local public finance: A glossary*. Working paper. Cambridge, MA: Lincoln Institute of Land Policy. *www.lincolninst.edu/pubs*

IN MEMORIAM

## Mario Lungo

We are deeply saddened to report that in early May the Lincoln Institute lost one of our key partners in the Program on Latin America and the Caribbean. Mario Lungo was knowledgeable, talented and prolific as a teacher,

researcher and author. Moreover, he truly understood the mission of the Latin America Program and how he could best contribute to it.

An architect, urban planner and social scientist from El Salvador, Mario was head of the Department of Spatial Organization at the "Jose Simeón Cañas" Central American University in San Salvador. He lectured on architecture, urban studies and planning and conducted research on large-scale urban development projects, immigration, risk management, urban planning and governance. He was previously director of the Planning Office of the Metropolitan Area of San Salvador in El Salvador between 1998 and 2003, and conducted research programs in Central America for more than 15 years. He published extensively in books and journals in different languages and taught in several countries of Europe, North America and Latin America.

Mario was the leader of the Institute's work in Central America and specifically on large-scale urban development projects. Martim first met Mario Lungo in 1988 in Quito at an international seminar on environmental and urban development issues. When we began organizing a Latin American network of scholars and experts to develop research and educational programs on land policy, Mario stood out as a key figure, not only in El Salvador, but in all of Central America. He was definitively one of the best known scholars in the region, as well as a respected and admired colleague.

**Martim O. Smolka** and **Laura Mullahy**
Program on Latin America
and the Caribbean
Lincoln Institute of Land Policy

In Central America the magnitude and impact of Mario Lungo's work has been significant since he introduced the field of urban land studies to the region in the 1990s. He had a great capability to organize local networks, to encourage young students to develop in the field, to understand Central America's urban problems, and to visualize ways to address them. Mario left behind an important heritage and with his death he encourages us to continue the work he started. We learned from him not only academic issues, but also his way of facing life.

**Silvia García Vettorazzi**
Program in Planning and Urban Development
Rafael Landívar University
Guatemala City, Guatemala

I had the opportunity to be with Mario in many different cities at different times. He is now in a city that I do not know, but I'm sure he's making marvelous observations about it.

**Alfredo Garay**
Under-Secretary of Planning
Province of Buenos Aires, Argentina

## Research Fellowship Applications Due by September 15

### David C. Lincoln Fellowships in Land Value Taxation

These fellowships were established in 1999 to develop academic and professional interest in land value taxation (LVT) through support for major research projects. The fellowship program honors David C. Lincoln, chairman of the Lincoln Foundation and founding chairman of the Lincoln Institute, for his long-standing interest in LVT. The program encourages scholars and practitioners to undertake new work in this field, either in the basic theory of LVT or its applications. These research projects will add to the body of knowledge and understanding of LVT as a component of contemporary fiscal systems in countries throughout the world.

### Research Fellowships in Planning and Development

This fellowship program was established in 2004 to encourage and support research on land planning and development topics related to the existing research agenda at the Institute. Among the questions of interest are: How can land value best be mobilized to benefit communities? How can we provide for equitable access to land? How do we sort out the competing claims of individuals and society on the use of land? Henry George wrote about these fundamental questions, and they remain central to our work.

All recipients of these fellowships are expected to present their research at a work-in-progress seminar at the Lincoln Institute in the spring of 2006, and to prepare a Lincoln Institute working paper on their completed work.

The deadline for the next annual application process for both fellowship programs is September 15, 2005; awards will be announced by November 15, 2005. For more information, contact *fellowships@lincolninst.edu* or visit the Institute's website at *www.lincolninst.edu/education/fellowships.asp*.

## Courses

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 fee and registration procedures, visit the Lincoln Institute Web site at *www.lincolninst.edu/education/courses.asp* or send e-mail to *rhoff@lincolninst.edu*. For more information about programs sponsored by the Institute's Program on Latin America and the Caribbean, visit *www.lincolninst.edu/aboutlincoln/lac.asp*.

**SUNDAY, SEPT. 18–MONDAY, SEPT. 19**
**Lincoln House**

### Universities and the City: Developers Working with Universities to Extend Their Boundaries

**Wim Wiewel, University of Baltimore, Maryland**

Universities and colleges around the country are extending their boundaries as demand for new laboratories, residential spaces, athletic facilities and other amenities increases. Schools must determine how to retain their core mission; provide amenities to attract students and faculty; and supply facilities for the university without neglecting its surrounding neighborhood. This presents great partnership opportunities for developers. Through case studies of developer-university collaboration in both public and private universities, the course addresses what developers need to know to work with universities.

**THURSDAY, SEPTEMBER 22**
**Lincoln House**

### 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 techniques for illustrating it. 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.

**THURSDAY, OCTOBER 6–FRIDAY, OCTOBER 7**
**South Freeport, Maine**
**FALL, TBA**
**Lake Tahoe, Nevada**

### Resolving Land Use Disputes

**Lawrence Susskind, Merrick Hoben and Ona Ferguson, The Consensus Building Institute, Cambridge, Massachusetts; Matthew McKinney, Public Policy Research Institute, The University of Montana, Helena**

Land use disputes are among the most contentious issues facing communities throughout the U.S. 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 and work with cases involving land development and community growth, designing and adopting land use plans and evaluating development proposals. Questions of when and how to apply mediation to resolve land use disputes are also explored.

**MONDAY, NOVEMBER 14**
**Portland, Oregon**

### Land Use and Property Rights in America

**Harvey M. Jacobs, Department of Urban and Regional Planning and Gaylord Nelson Institute for Environmental Studies, University of Wisconsin–Madison**

Since the early 1990s, the property rights movement has played a significant role in the land use and environmental arena at the national, state and local levels. The national coalition that helped pass legislation in 27 states to restrict the right of state and local governments to enact and enforce land use and environmental regulations has reshaped public dialogue on the appropriate balance of private and public property rights. This course acquaints land use planners, citizens and elected officials with the history and structure of the property rights movement; approaches to restrict land use and environmental planning and policy (such as Measure 37, an initiative passed in Oregon in 2004); strategies to engage land use planning opponents in constructive dialogue; cutting-edge policy techniques that address the concerns of property rights advocates; and the future of property rights in local, state and national politics.

**FALL, TBA**
**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, Massachusetts**

This program encourages state legislators, their staff and other policy makers to consider policy choices about state and local taxes from an economic perspective. Leading tax experts discuss current issues involving property, income, sales and business taxes, including the impact of pending and proposed federal policy changes on state and local tax revenues. Cosponsored with the Federal Reserve Bank of Boston.

**FALL, TBA**
**Salt Lake City, Utah**

### Two-Rate Taxation of Land and Buildings

**David Brunori, Institute of Public Policy and Law School, George Washington University, and Tax Analysts, Washington, DC**

This one-day program presents a variety of political and economic views on the taxation of land and buildings, and the rationale for applying different tax rates to land and buildings. Speakers address the economic impact of two-rate taxation, its history in Pennsylvania, and current issues in the assessment of land value.

## Conferences

The Lincoln Institute is participating in and sponsoring workshop sessions at several national professional and academic conferences during the summer and fall. For more information, see the Lincoln Web site or the organization Web site listed below.

**WEDNESDAY, AUGUST 17–FRIDAY, AUGUST 19**
**Portland, Oregon**
### 2005 National Community Land Trust Conference
**"Building Community...Learning Together"**
Contact: *http://www.lincolninst.edu/education/*

**SUNDAY, SEPT. 18–WEDNESDAY, SEPT. 21**
**Anchorage, Alaska**
### International Association of Assessing Officers Conference
**"Conquering New Frontiers"**
Contact: *http://www.iaao.org/events/annual_conferences.asp*

**FRIDAY, OCTOBER 14–MONDAY, OCTOBER 17**
**Madison, Wisconsin**
### Land Trust Alliance Rally
**"Conservation in the Heartland"**
Contact: *http://www.lta.org/training/rally.htm*

**THURSDAY, OCTOBER 27–SUNDAY, OCTOBER 30**
**Kansas City, Missouri**
### Association of Collegiate Schools of Planning Conference
Contact: *http://www.acsp.org/events/conferences.html*

## Audio Conference Training Program for Planning and Elected Officials

Continuing a long-standing collaboration, the Lincoln Institute and the American Planning Association (APA) broadcast a series of live audio conferences to a national audience via telephone and Internet, with corresponding packages of instructions, agendas and background reading materials. For registration information, contact the APA at 312-431-9100 or *www.planning.org*.

**WEDNESDAY, OCTOBER 5, 4–5 P.M. (EST)**
### Planning Livable Communities for the Elderly

The elderly are a growing segment of the population with changing life span and habits. Learn about leading models for livable communities for all ages. An aging population presents specific challenges to planning in the areas of housing, access to shopping and services, and personal mobility. Find out how to accommodate the needs of those who are aging in place and how to achieve a well-balanced community. Presenters also discuss the extraordinary assets the elderly provide to communities. This program is cosponsored by the Center for Home Care Policy Research in New York and the U.S. Administration on Aging.

## Clinics on Regional Collaboration

During the past five years, the Lincoln Institute has focused on researching and teaching about regional approaches to land use and natural resources, including land development, transportation, water supply, open space and wildlife corridors. Two policy focus reports address the topic: *Regionalism on Purpose*, by Kathryn A. Foster (2001) and *Exploring Ad Hoc Regionalism*, by Douglas R. Porter and Allan D. Wallis (2002). In cooperation with several regional organizations, the Institute has also designed a two-day professional development course, "Regional Collaboration: Learning to Think and Act Like a Region." It is offered annually at different locations around the country.

To complement this skill-building course, the Institute provides two or three faculty to work with local sponsors who wish to organize and facilitate a clinic on regional collaboration. The purpose of a clinic is to either (1) provide a catalytic event for people from a common region—citizens, advocacy groups, government officials, and people from business and industry—to come together and begin the process of thinking and acting regionally; or (2) help people already engaged in a regional initiative overcome an impasse and otherwise build their capacity. In short, a clinic is designed to meet the unique needs and interests of the sponsor.

Any group of citizens, a nongovernmental organization or government agency may apply to sponsor a regional collaboration clinic. Recent sponsors include the following groups.

- Delaware River Basin Commission, West Trenton, New Jersey
- Regional Plan Association, New York, New York
- San Luis Valley Development Resources Group, Alamosa, Colorado
- U.S. Forest Service, New York-New Jersey Highlands Region, Newtown Square, Pennsylvania

If you are interested in hosting a clinic, you must submit a letter of application that explains the history, nature and status of your region and regional initiative; your regional goals and aspirations; and your expectations for the clinic. This program is coordinated by Matthew McKinney, faculty associate of the Lincoln Institute and director of the Public Policy Research Institute, The University of Montana, 516 N. Park Ave., Helena, MT 59601; 406-457-8475; *matt@umtpri.org*. For further information about the application and selection process, go to *www.umtpri.org*.

## Working Papers

The Lincoln Institute Web site hosts more than 380 working papers on a vast array of land use and tax policy topics by researchers whose work has been supported by the Institute. Some papers are available in Spanish or Chinese, and all papers can be downloaded at *http://www.lincolninst.edu/pubs/working papers.asp*. The following papers have been posted recently:

**An Annotated Bibliography on Property Taxes, Planning and Development**
Marshall M.A. Feldman, associate professor, Community Planning, University of Rhode Island

**Assessing the Distributive Impact of a Revenue-Neutral Shift from a Uniform Property Tax to a Two-Rate Property Tax with a Uniform Credit**
Richard W. England, fellow, Lincoln Institute of Land Policy, and professor, Department of Economics, University of New Hampshire; and Min Qiang Zhao, Department of Economics, Ohio State University

**Evaluating the Feasibility and Burden Shifting Impacts of a Statewide Land Value Tax on Commercial and Industrial Property**
Mark Haveman, program director, Minnesota Center for Public Finance Research, Minnesota Taxpayers Association

**Farmland Preservation in China: Status and Issues for Further Research**
Erik Lichtenberg, professor, Department of Agricultural and Resource Economics, University of Maryland, College Park; and Chengri Ding, associate professor, Urban Studies and Planning, and director, Chinese Land Policy and Urban Management Program, University of Maryland

**Measuring Patterns of Urban Development: New Intelligence for the War on Sprawl**
Gerrit-Jan Knaap, professor, Urban Studies and Planning, and executive director, National Center for Smart Growth Research and Education, University of Maryland; Yan Song, assistant professor, Department of City and Regional Planning, University of North Carolina at Chapel Hill; and Zorica Nedovic-Budic, associate professor, Department of Urban and Regional Planning, University of Illinois at Urbana-Champaign

**Regulating Subdivisions in Massachusetts: Practices and Outlooks; A Survey of Public Officials in Massachusetts**
Eran Ben-Joseph, associate professor, Landscape Architecture and Planning, Massachusetts Institute of Technology; with Kath Phelan, architect and urban planner, Australia

**Reinventing Conservation Easements: A Critical Examination and Ideas for Reform**
Jeff Pidot, visiting fellow, Lincoln Institute of Land Policy, and chief, Natural Resources Division, Maine Attorney General's Office

**Seeing the Elephant: Multi-disciplinary Measures of Urban Sprawl**
Gerrit-Jan Knaap, professor, Urban Studies and Planning, and executive director, National Center for Smart Growth Research and Education, University of Maryland; Yan Song, assistant professor, Department of City and Regional Planning, University of North Carolina at Chapel Hill; Reid Ewing, associate professor, Urban Studies and Planning, and research professor, National Center for Smart Growth Research and Education, University of Maryland; Kelly Clifton, assistant professor, Urban Studies and Planning, and researcher, National Center for Smart Growth Research and Education, University of Maryland

**The Value of Open Space: Evidence from Studies of Nonmarket Benefits**
Virginia McConnell, senior fellow, Resources for the Future, Washington, DC, and professor, Department of Economics, University of Maryland, Baltimore Campus; and Margaret Walls, resident scholar, Resources for the Future

**Valuing Land For Tax Purposes in Traditional Tribal Areas of South Africa Where There Is No Land Market**
Michael E. Bell, president, MEB Associates, Inc. and executive director, Coalition for Effective Local Democracy, McHenry, MD, and research professor, Institute for Public Policy, George Washington University; John H. Bowman, professor emeritus, Department of Economics, Virginia Commonwealth University; and Lindsey C. Clark, research assistant, Urban Markets Initiative, Metropolitan Policy Program, The Brookings Institution

## Educator's Kits

*Making Sense of Place–Phoenix: The Urban Desert* is a one-hour documentary film about urban growth and change in and around Phoenix, Arizona. The film is a timely and relevant resource designed to be a useful tool for educators who are teaching social studies and environmental science to grades 7–12. While Phoenix is the case study in this film, the issues it raises are applicable to many other cities and regions across the country. The lessons are intended to be adapted to the locations where they are being taught.

The Social Studies Educator's Kit is designed for courses in history, geography, economics, and civics and government. It raises issues about social equity, diversity, economic opportunity, urban development processes and environmental quality.

The Environmental Science Educator's Kit is designed for courses in environmental studies, ecology, and science in personal and social perspective. The lessons seek to educate students on the connection between science and the environment, and the impact of urban development on the natural environment.

Each kit includes the *Making Sense of Place* film in either DVD or VHS format. The DVD includes two optional features: captions for the hearing impaired and subtitles in Spanish. The kit also includes a CD-ROM featuring separate lessons for grades 7–8 or 9–12 in a printable PDF format, as well as a video viewing guide, transcript of the film, and vocabulary lists in alphabetical and chronological order.

**Social Studies Educator's Kit with DVD,** Code: SSDVD

**Social Studies Educator's Kit with VHS,** Code: SSVHS

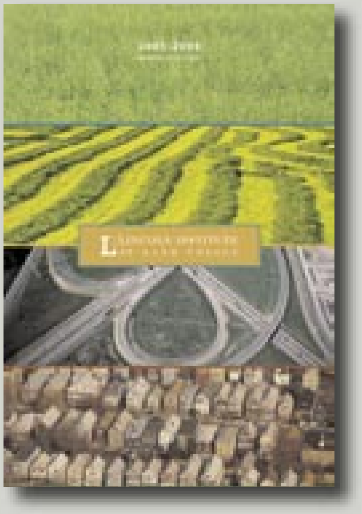
**Environmental Science Educator's Kit with DVD,** Code: SCIDVD

**Environmental Science Educator's Kit with VHS,** Code: SCIVHS

Each kit: $25.00 plus shipping and handling

*The film was produced for the Lincoln Institute by Northern Light Productions in Boston.*

For more information and to order any of the kits, visit the film Web site at *www.makingsenseofplace.org* or the Lincoln Institute Web site at *www.lincolninst.edu*.



## 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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### TRUST LAND IN THE WEST
The Lincoln Institute and the Sonoran Institute, based in Tucson, Arizona, have developed a Joint Venture partnership to assist diverse audiences in improving state trust land administration. The goal of this project is to ensure the integration of trust land stewardship, collaborative land use planning, and efficient and effective management on behalf of trust beneficiaries.

This new Web site, accessible from the Lincoln Institute site or at *http://www.trustland.org/*, features historical background and up-to-date resources on trust land in 23 states, as well as materials to broaden the range of information and tools available to land managers and stakeholders.

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