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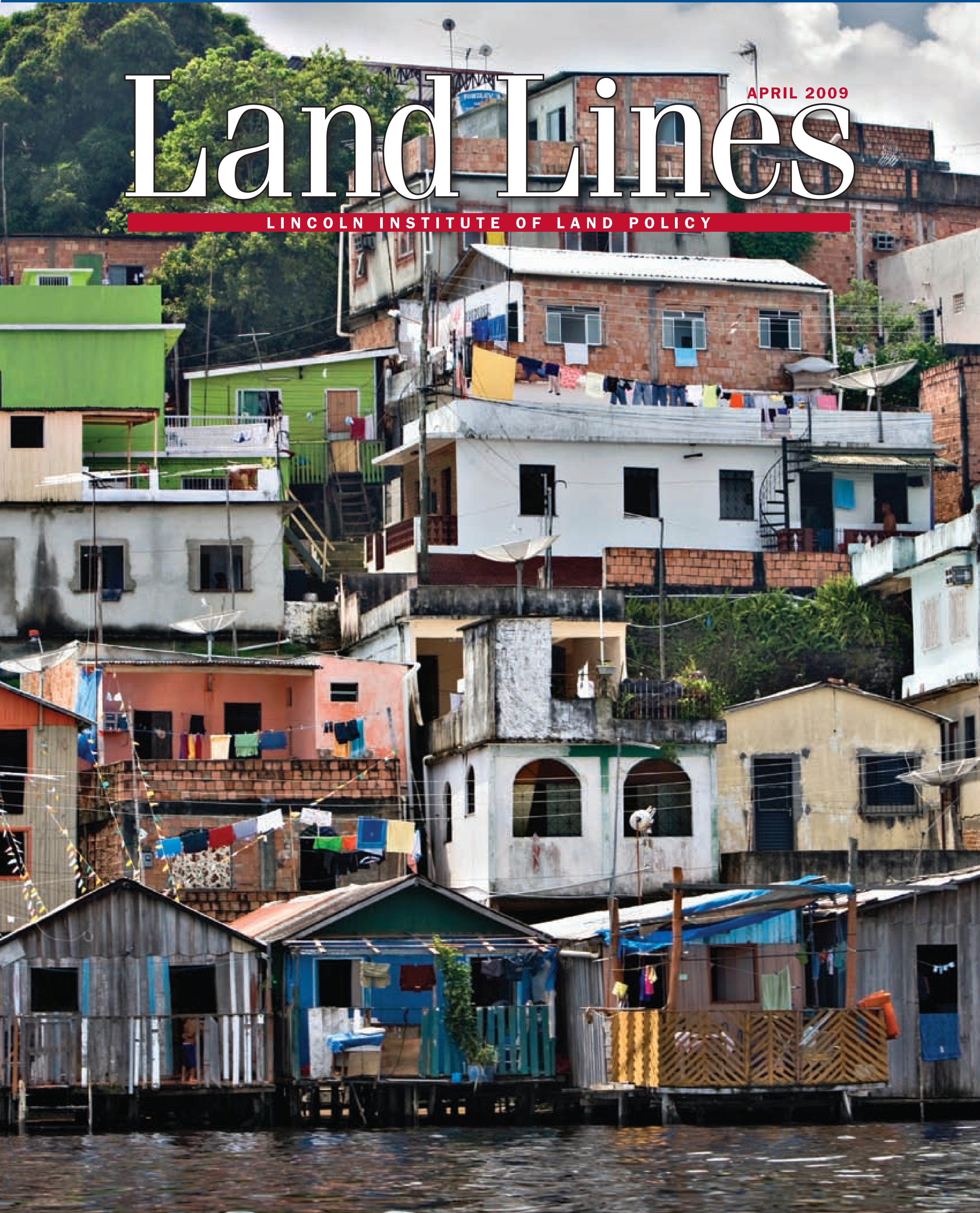
Land Lines

APRIL 2009

LINCOLN INSTITUTE OF LAND POLICY



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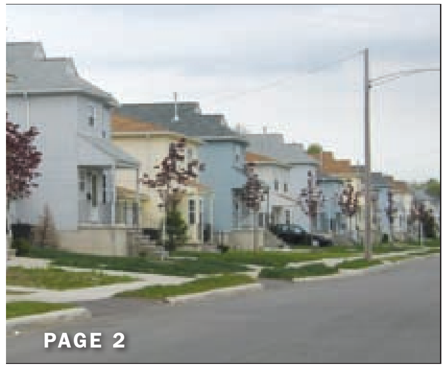

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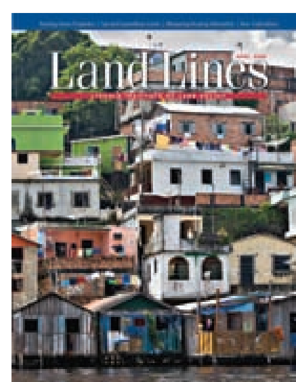

Manaus, a town in the northern Brazil, in the middle of Amazonia
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Learning What Works

Gregory K. Ingram

To learn which policies achieve their stated goals when implemented, the Lincoln Institute initiated policy evaluations a few years ago. Three of the publications announced in this issue of *Land Lines* report on what works.

The first book, *Smart Growth Policies: An Evaluation of Programs and Outcomes*, evaluates statewide smart growth programs implemented in the United States over recent decades. The second book, *Land Value Taxation: Theory, Evidence, and Practice*, assesses this approach to property taxation, including empirical work and the practical requirements for its implementation. The third publication, *Property Tax Circuit Breakers: Fair and Cost-Effective Relief for Taxpayers*, is the Institute's latest policy focus report. It reviews and evaluates a policy instrument designed to provide relief to low-income households with high property tax burdens.

These publications have a common evaluative perspective: to assess the extent to which each program, policy, or instrument achieves its stated objectives. In each case, the review of experience shows at least partial achievement of relevant objectives. Each volume then summarizes and makes recommendations on what can be done to improve the performance of those programs or policies.

Smart Growth. Growth management policies have been applied by many state and local governments for nearly four decades. These policies are now seen as important mechanisms for addressing new environmental objectives, yet little is known about how effective they have been. This evaluation compares four states (Florida, Maryland, New Jersey, and Oregon) that put statewide smart growth policies in place by 2000 with four other states (Colorado, Indiana, Texas, and Virginia) that did not, but that do have a range of local smart growth initiatives.

The evaluation examines achievements on five smart growth objectives: promote compact development; protect natural resources and environmental quality; enhance transportation options; supply affordable housing; and generate good fiscal impacts. It also addresses two key questions. First, does the presence of a state-level smart growth program result in objectively measurable improved performance? Second, to the extent that smart growth programs are successful, what underlies this success, and conversely, what causes shortcomings? The evaluation reveals that states performed best in their respective priority areas, and that the state-level "treatment" varied greatly across the four statewide programs—producing a range of outcomes that often overlap with the outcomes in states without statewide programs.

Land Value Taxation. Because the amount of land is fixed and unaffected by a tax on its value, a tax on land value raises revenue without distorting consumption or production. This volume addresses the existing theoretical and empirical evidence of claims made for such a tax. Some of the benefits (in addition to efficiency) are that a land value tax reduces speculation in land; increases the density of urban development when it replaces a typical property tax; promotes economic development generally; promotes investment in real property; and fosters compact development.

The book also assesses the practical implementation of land value taxation and the legal framework required to support it. An important result of the analysis is that empirical evidence supporting many of the claimed effects of land value taxation is not strong, or indicates that the impact of the tax is likely to be modest.

Circuit Breakers. The property tax is among the most unpopular of taxes, in part because it is not based directly on the taxpayer's current ability to pay. In response to taxpayer discontent, lawmakers in more than half the states have passed property tax relief measures. Circuit breakers provide property tax relief to low-income households whose property tax bills are large relative to their incomes. This report shows that, among several widely used tax relief measures, circuit breakers are the most effective at targeting relief to tax-burdened, low-income households. Among circuit breaker designs, multiple-threshold or sliding-scale alternatives perform best. While 33 states have circuit breaker programs, most are much less effective than they could be at providing low-income households with protection from high property tax burdens.

Challenges in Reusing Vacant, Abandoned,

© Margaret Dewar

U-SNAP-BAC, a CDC working on the east side of Detroit, built this single-family housing on vacant land, most of it purchased from the city.

Margaret Dewar and Kris Wernstedt

Nonprofit and community-based developers can play important roles in reusing vacant, abandoned, and contaminated properties to help revitalize cities. These developers include community development corporations (CDCs), nonprofit housing corporations, organizations that house populations with special needs (such as senior citizens, homeless people, and others in transition), faith-based developers often operating from churches, and national organizations such as Habitat for Humanity.

By "vacant" we refer to both empty lots and unoccupied structures, while "abandoned" means that the owner has walked away from the property and no longer spends resources on maintenance. Abandoned property often becomes publicly owned due to the owner's failure to pay property taxes. "Contaminated" property includes land and buildings with known or suspected pollution or other hazards from previous uses.

Why are nontraditional developers so important in reusing vacant, abandoned, and contaminated properties? These sites are often located in low-income areas of cities that have lost population and jobs, and where the long-term decline in demand for housing and for commercial and industrial property has led to abandonment. Nonprofit and community-based developers are usually the only developers interested in investing in real estate projects in areas with chronically weak demand. Many of them have a strong commitment to a place and remain dedicated to transforming that place over a long period of time. Unlike private developers, they are not looking around the city or region for the best location or real estate project that will realize the highest return.

A second reason for the key role of nonprofit and community-based developers is that their missions often focus on improving neighborhood

and Contaminated Urban Properties

quality of life. In their construction projects, such developers aim to reuse property to benefit residents and local businesses. They also can help to empower local constituents to act as partners in guiding investment in their communities.

Furthermore, reuse of troubled properties, especially if concentrated in areas with potential for market viability, can create neighborhoods that will attract future private investment. These developers can undertake bellwether projects that demonstrate the potential for profit where risk-averse private developers do not see that possibility.

Finally, nonprofit and community-based developers can facilitate the reuse of property by private developers. They can assist with land assembly for new uses, and help access subsidies for reuse of property—still an essential ingredient in many redevelopment projects in struggling markets—for which private for-profit entities may be in eligible (Heberle and Wernstedt 2006). They can also reduce the costs of development by doing the needed background research on property ownership and environmental status (Dewar and Deitrick 2004).

Our research examines factors that help and hinder nonprofit developers in carrying out this work. What are the advantages and disadvantages that nonprofit and community-based developers face compared with other kinds of developers in reusing such property, and why are they more successful in some cities than in others? What conditions in different cities or neighborhoods affect the success or failure of these developers in reusing properties, even when market demand is similar?

Advantages and Disadvantages of Nonprofit Developers

The legal, socio-political, and environmental landscapes that nonprofit developers face in reusing vacant, abandoned, and contaminated properties are identical in many respects to those faced by for-profit developers. As with any real estate project, uncertainties may exist in development timelines due to complications in land acquisition, fluctuating construction costs, the ease of accessing entitlements, opposition from neighborhood residents, weak market demand, and competition from other developers, among other factors. In the case of previously used properties, environmental investigations, demolition of existing structures, interaction with environmental regulatory authorities, and cleanup may introduce further complications (Wernstedt and Hersh 2006). However, because for-profit and nonprofit developers have different structures and missions, these challenges can pose different opportunities and barriers.

Many nonprofit developers engaged in reusing vacant, abandoned, and contaminated properties also function as community-based organizations with a broad array of social service responsibilities beyond housing development. These commonly include support for families and individuals to improve their economic situation through skills training, interventions with chemical dependencies, youth work, and day care provision.

What are some of the barriers faced by nonprofit developers in this context? Our studies of nonprofit developers in such diverse cities as Denver, Indianapolis, and Portland (Oregon) indicate that even large community-based organizations with

The Detroit Catholic Pastoral Alliance built infill housing on vacant lots purchased from the city with financing from numerous sources.

© Margaret Dewar

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The Detroit Shoreway CDC, based in Cleveland, built townhouses using property purchased from the city's land bank.

dozens of full-time employees typically have only a handful of staff with real estate experience, so they can take on just one or two development projects at a time.

Yet, vacant, abandoned, and contaminated properties often present significant and unusual challenges—including clouded titles and uncertain demolition expenses—that demand considerably more staff time and specialized expertise than small organizations can provide. Even when a project can work financially, the developer fees that nonprofit developers may rely on to serve their larger organizational mission could be cut substantially.

Moreover, if a redevelopment project entails contamination, anticipated cleanup costs of 2 or 3 percent of total development costs may be enough to make a project fail. And if costs exceed expectations because of unanticipated environmental cleanup problems, insurance to limit these overruns is not available for projects whose cleanup costs are less than one to two million dollars (Wernstedt, Meyer, and Yount 2003).

The mixed-use redevelopment model common in many projects that reuse vacant, abandoned, and contaminated properties also may pose a barrier to nonprofit developers. The pressure to undertake such redevelopment is due in part to the increased household and business demand in some areas for mixed residential and retail use. It also reflects the location of many of these distressed properties in areas that already host mixed residential, commercial, and light industrial areas. Nonprofit developers familiar with doing mixed-use development do not face particular obstacles in this context, but most of the nonprofit developers we interviewed in Denver, Indianapolis, and Portland—the bulk of whom indicated that they specialized in housing—have had difficulty adjusting to the new environment. Moreover, lenders and insurers with whom they typically worked on housing projects were reluctant to support these developers' entry into what for them was the unfamiliar territory of mixed-use ventures.

In addition, the reuse of distressed properties can complicate timing, a key factor in any development project. Such property may require a lengthy process to clear titles, emerge from tax sales, conduct environmental assessments, and/or interact with environmental regulators, yet most nonprofit developers are thinly capitalized and lack access to funds for predevelopment costs. Unusual delays can mean that material costs rise substantially or construction gets pushed back to winter months, necessitating more expensive site preparation such as gravel pads for staging heavy equipment. Delays also can jeopardize public funding if funding application windows are tight, and necessitate staff layoffs if developer fees are late.

Legislative and regulatory changes at the federal and state levels, particularly with respect to contaminated properties, have reduced some of the uncertainty of undertaking redevelopment on sites with environmental problems, and have made timing more predictable. Nonetheless, these uncertainties have not disappeared entirely. One experienced community-based organization in Portland, which has developed more than 1,000 units of low- and moderate-income rental housing over the last quarter century, conducted an environmental assessment after acquiring an attractive site from the county, only to find during actual site preparation that it would have to pull and dispose of eight underground storage tanks.

Notwithstanding these apparent barriers, nonprofit developers have some obvious advantages over for-profit developers at these properties. They typically have a longer-term, place-based presence in the neighborhood than private developers. As such, they may attract less opposition from residents to a redevelopment effort that changes the character of the property and neighborhood.

As noted earlier, nonprofit developers also may qualify for public subsidies for redevelopment of contaminated properties, and they may have preferential access to properties that have gone through tax sales and emerged without a buyer. The government offices that receive such properties may sell them at very low prices at auctions where community-based organizations may bid. After the tax foreclosure process closes without a sale, the government owner may offer the property at very low prices to community-based organizations while providing clean titles, often for a nominal fee of several hundred dollars at most.

Finally, one of the chief opportunities that vacant, abandoned, and contaminated properties provide to nonprofit developers is in robust markets where they have a vital role to play in the provision of affordable housing. In such markets, competition with better capitalized for-profit developers for prime properties is usually unrealistic. But distressed properties in strong markets can yield a competitive advantage for nonprofit developers, especially if they are accustomed to reusing sites that present many problems. In the words of one CDC director we interviewed, nonprofit developers are already "primed" to take on the challenge.

Characteristics of a City's Community Development System

Nonprofit developers operating anywhere would likely articulate similar issues that help or hinder them in reusing vacant, abandoned, and contaminated property. However, even nonprofit and community-based developers who face the same kinds of market conditions and project difficulties reuse much more land in some cities than in others. This suggests the importance of local institutional, social, and political conditions that have little to do with financial viability or the complexity of specific projects.

Detroit and Cleveland offer a way to examine this issue because their market conditions are nearly the same, but nonprofit developers in Cleveland have reused much more land than those in Detroit (Dewar 2008). What has enabled Cleveland nonprofit developers to do so well?

In both cities demand for land is weak, and for-profit developers have little if any interest in developing neighborhoods that have experienced abandonment. Both cities had lost about half of their populations by 2000, and well over half of their employment in retail and in manufacturing by the mid-1990s. One-quarter of each city's population lived in poverty in 1999, when many nonprofit developers in both cities were trying to reuse property. Recent census data show the poverty rate in the mid- to late 2000s at around 30 percent in Cleveland and 32 percent in Detroit.

However, nonprofit developers in Cleveland purchased and used much more abandoned city-owned land than did nonprofit developers in Detroit—3,393 properties versus 2,756. The difference of almost 650 properties amounted to about three times more parcels in relation to population and total properties in each city (table 1). More than 22 percent of the abandoned, tax-reverted properties purchased by nonprofit developers in Detroit remained unused so long after purchase that planned projects had certainly fallen through. Only about 5 percent of the properties purchased by Cleveland nonprofit developers remained unused after four years or more.

Close to 30 percent of the nonprofit and community-based developers who had purchased abandoned property in Detroit had reused *none* of it, while none of the nonprofit developers in Cleveland failed to use at least some of abandoned property they had purchased. At the other extreme, 80 percent of the nonprofit developers in Cleveland had reused nearly all the property they had purchased, while only about one-third of the nonprofit developers in Detroit had done so.

TABLE 1
Reuse of Tax-Reverted, Publicly Owned Properties by Nonprofit Developers

	Detroit (1983–May 2006)	Cleveland (1988–May 2005)
Number of city-owned properties purchased for development	2,756	3,393
Per 10,000 parcels of city property	71	208
Per 10,000 city residents	29	71
Percent of these properties remaining unused	29.2	27.3
Percent of properties purchased before 2004 remaining unused	22.5	4.6

Source: Dewar (2008, table 2).

© Kris Wernstedt

Community Partners for Affordable Housing combined a federal brownfields grant and low-income housing tax credits to help finance a mixed-use development incorporating senior housing, a community center, and office space on a formerly vacant site in Portland, Oregon.

A random sample of 30 nonprofit and community-based developers in each city showed that these developers had reused similar shares of vacant properties (more than 80 percent of the properties reused in both cities), but abandoned property made up a larger share of the properties reused in Detroit. Contaminated sites made up a small portion of the properties reused in both cities (table 2). One CDC in Cleveland reused a very large property that was not vacant, abandoned, or contaminated, thus affecting the percents of areas more than the percents of properties in that column.

Why do the nonprofit and community-based developers in the two cities have such different records of reusing vacant, abandoned, and contaminated properties under the same market conditions? The answers lie in the different character of the two cities' community development systems—the political, social, institutional conditions under which community development work proceeded.

Strong support from political leadership makes reuse of land more likely. In Cleveland, successive mayors have made production of new housing a major priority, and they worked with banks and foundations to provide subsidies. When city council members supported nonprofit organizations' projects, these were more likely to be implemented. The commitment of mayors and the city council meant that considerable amounts of Community Development Block Grants funding went to nonprofit developers, and cooperation from city offices facilitated the reuse of these properties. Attention of city officials to this issue led to streamlined procedures, especially with respect to the handling and sale of city-owned property in Cleveland, where the land bank had reliable information about the property in its inventory and sold land with clear title for low prices (Dewar 2006).

The character of intermediaries also differed between Detroit and Cleveland. Both cities benefited from the assistance of local offices of national intermediaries and the work of trade associations of nonprofit developers. However, in Cleveland locally created intermediaries took a very strong role in encouraging the reuse of vacant, abandoned, and contaminated land, and in implementing large-scale affordable housing development projects. Foundation and corporate leaders established Neighborhood Progress, Inc. (NPI) as an intermediary in 1989 to increase investment in CDCs and to increase the scale and pace of physical development in troubled neighborhoods.

In 1981 leaders of several community-based organizations founded the Cleveland Housing Network (CHN) to stabilize neighborhoods by saving housing, creating affordable homeownership opportunities, and promoting neighborhood-controlled development. CHN produced about $60 million per year of affordable housing development, thus advancing the neighborhood development plans of local CDCs. In Detroit no institutions like NPI or CHN existed (Yin 1998).

TABLE 2
Percent of Property and Area Types Reused by Sampled Nonprofit Developers

Property Type	Detroit	Cleveland
Vacant properties	84.8	83.1
Vacant area	83.6	65.9
Abandoned properties	75.9	57.5
Abandoned area	75.4	40.2
Contaminated properties	3.7	0.6
Contaminated area	6.4	5.6
Other properties	6.4	8.9
Other area	6.2	22.9

Note: N = 30 per city. Percents of properties and areas sum to more than 100 because numerous properties are classified in more than one type.

Sources: Dewar (2008, table 4); Cleveland data from Slavic Village CDC; Detroit data from *http://www.deq.state.mi.us/part201ss/*

Finally, working relationships among officials and community leaders differed considerably between the two cities. Cleveland's working relationships were cooperative; Detroit's were marked by distrust and conflict (Bockmeyer 2000). The differences seemed to be the legacy of the relationships between nonprofit developers and mayoral administrations from the early years of the nonprofit, community-based development movement in the 1980s. In Cleveland, leaders in community development moved among jobs in CDCs, foundations, intermediaries, and city departments. In Detroit, such movement was rare, so misunderstandings about the constraints and opportunities facing individuals in varied positions were more common.

Conclusion

What does this research say about the promise of nonprofit and community-based developers in reusing vacant, abandoned, and contaminated property?

On the one hand, the more difficult nature of distressed properties may overwhelm the capacity of such developers. The need for specialized expertise to address contamination costs, uncertain financing, longer project timelines, and pressure for mixed-use redevelopment can militate against nonprofit developers' success in undertaking these kinds of redevelopment projects. On the other hand, the ubiquitous presence of distressed properties in many neighborhoods where nonprofit developers work suggests that such developers must be key players if the properties are to be reused at all.

Policy and budgetary changes to support activity by these actors could significantly enhance the reuse of distressed properties. For example, the reform of state property tax law to move vacant, abandoned, and contaminated property more efficiently and fairly into tax foreclosure and subsequent sale to nonprofit developers would substantially increase the number of properties that could be reused. Some legal experts have argued that stricter enforcement of environmental laws might force more properties into the market in distressed communities where community-based organizations have a presence.

In addition, funding for local, nonprofit technical entities to support community-based developers in taking on the unusual challenges of such properties would extend the in-house capacity of these developers to redevelop distressed properties. Public creation and subsidization of insurance pools for community-based organizations undertaking projects on contaminated properties also would limit organizations' financial exposure. Revising federal programs to extend liability protection to nonprofit developers and make them directly eligible for federal support for redeveloping contaminated land could help reduce the financial burden and uncertainty of such redevelopment.

However, handling specific issues in nonprofit developers' efforts to reuse such properties is not enough. The character of institutions, political settings, and social relationships is critical in determining whether nonprofit developers are effective in reusing vacant, abandoned, and contaminated properties in their communities.

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Municipally Imposed Tax and Expenditure Limits

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Baltimore, Maryland, limits annual assessment increases to 4 percent.

Leah Brooks and Justin Phillips

For many years, researchers have puzzled over the causes and consequences of voter-approved tax and expenditure limits (TELs), a fiscal rule that weakens the ability of elected officials to raise revenues or make expenditures. While TELs vary widely in form and restrictiveness, they typically aim to restrain government spending and maintain a low tax burden. Advocates argue that, absent such a structural constraint, government officials cannot be trusted to curb the growth of the public sector. Opponents argue that in the long run TELs are bad public policy.

The Center on Budget and Policy Priorities (2005, 14) writes that TELs significantly weaken the ability of governments to "cope with unanticipated changes, initiate policy changes, accommodate voter and court mandates, or even maintain current service levels." Evidence suggests this has been true in the case of the nation's most famous TEL, the State of Colorado's Taxpayers' Bill of Rights (TABOR). This set of provisions limits the annual increase in state tax revenue to the sum of the state's population growth rate and its inflation rate, and led to a serious fiscal crisis following an economic downturn in 2001 and 2002.

State-imposed tax and expenditure limitations on municipalities have generated a great deal of media and scholarly attention (see Mullins and Wallins 2004). However, to date there has been no systematic examination of TELs adopted at the local level. Our recent study exploring whether municipal citizens have voted to limit their own government's ability to tax or spend found many such examples.

In a comprehensive survey of local officials, sponsored by Columbia and McGill universities and the Lincoln Institute of Land Policy, we contacted officials in a random sample of more than 300 U.S. cities to ask about local TEL adoption. Our results provide many insights regarding the frequency and features of municipal TELs, differences between TEL adopters and nonadopters, and the effects of TELs on cities' budgetary policies (for a more detailed and technical analysis, see Brooks and Phillips 2009).

Survey of Municipalities

We began in 2006 with a pilot survey of 60 randomly sampled cities to establish whether enough places had enacted a tax and expenditure limitation (TEL) to warrant a larger-scale investigation. We reviewed the charters of each sampled city and spoke directly with local budget officials. While responses to our investigation were varied, our early research and interviews suggested that locally imposed TELs are prevalent, and that these TELs are virtually impossible to identify simply by reading municipal charters and codes.

We subsequently expanded this effort to include all 246 cities with populations greater than 100,000 and a random sample of 100 cities with populations between 25,000 and 100,000 (slightly less than 10 percent of all such cities). We asked officials whether their municipality had adopted a TEL, what its characteristics are, and what the respondent perceived to be its effects on local budgetary policies. We contacted the city manager, finance director, and budget director for each municipality by phone or email. While the questions were not sensitive in nature, we assured all participants that their identities would remain confidential.

These officials were exceedingly helpful, and we received usable responses from 320 cities, a response rate of over 92 percent. We spoke with or received written responses from 45 states in all regions of the country. The aggregate economic and demographic characteristics of the cities that responded to our survey closely match those of the country as a whole. Thus, we are confident that our final sample is representative and that our results do not overestimate the extent of municipally imposed TELs.

We are also confident in our results because the respondents were professionals who understood the topic and were well-suited to provide accurate answers. Furthermore, when a response indicated that a local TEL was in effect, we verified its existence by searching the municipal charter and code, and sometimes contacted the city attorney's office for assistance. We located a legal reference for all but one of the cities coded in our dataset as having a TEL. We suspect that our survey underestimates the extent of municipally imposed TELs. While we were able to discard cities that incorrectly reported TEL adoption, we had no parallel method for verifying that TELs did exist when responses indicated they did not.

TEL Adoption

Forty cities, or one out of every eight that responded, have enacted a TEL distinct from (and more stringent than) any fiscal restriction imposed by their state government. While most of these cities have a single TEL, nine have more than one such restriction. Two cities in the West—Mesa, Arizona, and Colorado Springs, Colorado—have adopted four TELs each.

The survey results suggest that the adoption of municipal tax and expenditure limitations follows a different temporal trend than does the adoption of state-imposed TELs. There was a flurry of TEL adoption at the state level in the late 1970s through the early 1980s, the period in American politics most strongly associated with the voter revolt against taxation. This period was followed by a much smaller burst of TEL adoption in the mid- to late 1990s (ACIR 1995; Mullins and Wallins 2004).

However, only one-fifth of current municipal TELs can be traced to the period associated with the tax revolt. The plurality of the TELs identified by our survey respondents (more than 35 percent)

Colorado Springs, Colorado, has adopted four different tax and expenditure limits.

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TABLE 1
Tax and Expenditure Limitations (TELs) by Type

TEL Type	Number	% of Total
Assessment Limit	4	7.3
Property Tax Rate Caps	23	41.8
Property Tax Levy Limit	8	14.5
General Revenue or Expenditure Limit	3	5.5
Sales Tax Limit	5	9.1
Other	12	21.8
Total	55	100

TABLE 2
Sampled Cities with a Locally Imposed TEL, by Census Region

	All Cities		Cities with TELs	
Region	Number	Share	Number	Share
Northeast	61	17.6	3	7.5
Midwest	63	18.2	14	35.0
South	103	29.7	13	32.5
West	120	34.6	10	25.0
Total Responses	347	100	40	100

TABLE 3
Income, Home Rule, and State TEL Status, by Local TEL Status

	Number of Cities		Share of Cities	
	With TEL	Without TEL	With TEL	Without TEL
Quartile of Median Income				
1 (low)	11	64	23.4	27.5
2	11	66	24.1	27.5
3	13	67	24.5	32.5
4 (high)	5	77	28.1	12.5
City Has Home Rule Government				
Yes	31	132	79.5	54.8
No	8	109	20.5	45.2
State Has a Binding TEL				
No	8	82	29.9	20.0
Yes	32	192	70.1	80.0

were adopted well before 1970, with an average of just over 15 percent being adopted in each subsequent decade. This suggests that the adoption of TELs by municipal officials and local voters has been an incremental process that is separate from the state-level tax revolt.

Our survey also reveals a great deal of variation in the types of municipal TELs, particularly in the mechanisms used to restrain government fiscal behavior. Table 1 indicates the six categories of municipal TELs in our sample. The first three (assessment limits, property tax rate caps, and levy limits) apply to property taxation. Assessment limits are intended to restrict a city's ability to "automatically" increase revenues from rising property values or through administrative reassessments of value by capping the annual increase in property assessments. For instance, Baltimore, Maryland, and Washington, DC, limit annual assessment increases to 4 percent and 10 percent respectively.

Property tax rate caps set a maximum ceiling on the city's property tax rate, and levy limits constrain the total amount of money that can be generated from the property tax (independent of the overall tax rate). Examples of the former include Eastpointe, Michigan, whose charter caps the property tax rate at 1.5 percent of assessed value, and Corpus Christi, Texas, whose charter prohibits property taxes greater than $0.68 per $100 of assessed property. Both cities allow these rates to be exceeded only by referendum.

Property tax limits are, by a wide margin, the most common type of municipal TEL. Almost two-thirds of the TELs in our survey are designed to constrain the ability of local government to generate revenue from the property tax, with rate caps being the most widely adopted type of restriction. Property taxes are a natural target for municipal tax limits because historically they have been the largest source of local revenue in the United States. The property tax is also the target of most state-imposed TELs (Sokolow 1998).

The most restrictive and comprehensive type of municipal TEL in our survey is a general revenue or expenditure limit, found in 5.5 percent of the sample cities. Revenue limits cap the amount of tax that can be collected, while expenditure limits constrain government spending. Both are typically expressed as an annual allowable percentage increase. Anchorage, Alaska, limits increases in the total amount of municipal tax revenue to increases in inflation and population growth. Colorado Springs, Colorado, similarly limits revenue increases. Such TELs are very difficult to circumvent because they restrict revenue or expenditures from all sources, except for intergovernmental transfers.

The remaining TELs apply to the local sales tax rate or any number of other sources of government revenues. Tucson, Arizona, for instance, amended its charter to prohibit any transaction privilege tax above 2 percent, while Pomona, California, has adopted an ordinance limiting the amount of utility tax that can be charged to any one payer. Many, though not all, of the TELs that fall into the "other" category apply to sources of revenue that are less significant than the property tax, and therefore may not have the same impact on local budgeting practices.

Two additional variations in local TELs are worth noting, since they affect a city's ability to repeal or directly circumvent the restrictions. First, the vast majority of TELs (roughly 70 percent) were adopted as an amendment to the municipal charter; others were enacted as city council ordinances. Presumably, ordinances are more easily reversible than charters, so the predominance of charter adoption confirms that such TELs require more effort to be changed.

Second, tax and expenditure limitations often have override mechanisms that allow the city to increase taxes or expenditures above the specified amount, sometimes for a limited time period. For those local TELs for which the override mechanism is known, 74 percent require a majority vote of the electorate, another 6 percent require a super-majority vote of the electorate, and the remaining 20 percent require either a majority or super-majority vote of the city council.

Characteristics of TEL-Adopting Cities

We found a number of notable patterns in the geographic, economic, and demographic characteristics of cities that have adopted tax and expenditure limits. First, while municipally adopted TELs are relatively common, there exist stark regional differences in their rate of adoption. Table 2 displays the number of cities that replied to our survey by census region, as well as the number and share of cities with at least one TEL. Cities in the Midwest and the South are more likely to adopt a TEL than their counterparts elsewhere. Midwestern cities account for just over 18 percent of all cities in our sample, but 35 percent of cities with locally imposed TELs. In contrast, cities in the Northeast account for almost 18 percent of sampled cities, but less than 8 percent of the cities with TELs.

Cities that adopt tax and expenditure limitations are similar along many, but not all, dimensions to cities that do not adopt limits. Table 3 presents three categorical city variables by local TEL status —income level, home rule status, and existence of a state TEL. When all cities are divided into one of four quartiles by median income, we find that cities that adopt TELs are substantially underrepresented in the highest quartile. This is the first piece of evidence that is consistent with the hypothesis that voters adopt local TELs as insurance against increases in taxes or spending. In this case, wealthier voters, who may be better able to weather tax shocks, are perhaps less likely to need the kind of insurance a local TEL provides.

Cities with local TELs also are substantially more likely to have home rule government. A home rule city is one that has adopted its own charter, distinct from the basic rules that govern municipal behavior in a state. Again, this evidence is consistent with the hypothesis that voters adopt local TELs as insurance. Since home rule cities tend to have greater autonomy, voters may wish to add rules that restrict that behavior. This difference is statis-

Tucson, Arizona, cannot levy a sales tax that exceeds 2 percent.

TABLE 4
Characteristics of Cities With and Without TELs

	With TEL	Without TEL
Population	349,289	227,844
Share African-American	15.2%	15.2%
Share Hispanic	19.7%	18.4%
Share of People with 4-Year College or More	15.8%	17.3%
Share of People Aged 65 or Over	10.6%	10.9%
Number of Cities in Metropolitan Area	19.3	41.0
Own Source Revenues Per Capita	$1,471	$1,595
Property Tax Revenues Per Capita	$369	$417

TABLE 5
Effects of Tax and Expenditure Limitations in TEL-adopting Cities

	Number	Share
Has Your City Reached the TEL Cap?		
N/A	2	7.2
No, not close	9	38.8
No, but close	1	5.0
Yes, it is binding	11	48.9
Has the TEL Affected Practices in Your City?		
N/A	4	8.3
No clear effect	19	39.9
Other	8	16.0
City has increased borrowing	1	2.1
City has new revenue sources	6	12.8
City has reduced service provision	9	19.9
Affects long-term projects only	1	1.1

Note: Respondents could choose more than one way the TEL could affect their city's practices.

tically meaningful, and persists even when we control for the effects of other variables. In contrast, cities with local TELs are only somewhat more likely to be in states that have potentially binding state-imposed TELs, and the result is not statistically significant.

In terms of demographic characteristics, cities with local TELs are slightly larger than those without TELs, and their citizens are slightly less educated, but these differences are not statistically meaningful (see table 4). There are virtually no differences between the two groups of cities in terms of their minority or age composition. A comparison of total tax revenues also reveals relatively minor differences. Per capita revenues in TEL-adopting communities are $124 lower than those in non-TEL-adopting communities, although this difference is not statistically significant. About $48 of this difference is due to lower property tax revenue collections in cities with local TELs.

The one difference that is statistically meaningful, and which persists even when we control for other variables, is the number of cities in each municipality's metropolitan area. Cities that do adopt local TELs are in metropolitan areas with an average of 18 other cities; cities that do not adopt local TELs are in metropolitan areas with an average of 40 other cities. This finding is also consistent with our contention that cities adopt limits as insurance on politician behavior. In metropolitan areas with many cities, voters have insurance "built in" if their local politicians spend too much: they can move to one of the many other local jurisdictions. In metropolitan areas with fewer choices, voters do not have this type of insurance. Our results are consistent with the hypothesis that voters turn instead to the ballot box for insurance against higher taxes.

Does the TEL Constrain Behavior?

Systematically determining the effects of tax and expenditure limitations on municipal budgeting has proved difficult. Critics of these fiscal restrictions argue that TELs may lead to the underprovision of local public services. Existing studies in the social science literature have tried to evaluate this possibility through complicated statistical analyses, but have produced inconclusive results (Chernick and Reschovsky 1982; Downes, Dye, and McGuire 1998; Downes and Figlio 1999; Dye and McGuire 2001; Figlio and Rueben 2001; and Joyce and Mullins 1991). We explored the consequences of these fiscal restrictions by analyzing whether a city has reached the cap established by its TEL (i.e., whether it is now binding) and whether the TEL has affected the city's budgetary policies.

Table 5 shows that almost half of all municipal TELs are currently binding, with another 5 percent nearing the established limit. If a TEL is binding, the city must either turn to another revenue source to continue service provision at the same level, or decrease services. Furthermore, municipal tax and expenditure limitations appear to affect budgets. About 40 percent of the officials from TEL-adopting cities reported that their TEL has had no clear effect, with about 36 percent indicating it had altered some aspect of budgeting. Almost 20 percent of TEL-adopting cities reported that the TEL had reduced service provision, while another 13 percent said their city sought out new revenue sources. For example, a respondent from Minneapolis indicated that the city's property tax levy limit has forced some reductions in infrastructure investments. The City of Ann Arbor's ceiling on the property tax, which is coupled with a state restriction on assessment increases, has forced the city to lay off some municipal employees and seek greater efficiency in using its expenditures.

Conclusion

The results of our survey allow us to draw two main conclusions about municipally imposed tax and expenditure limitations. First, these fiscal restrictions do exist and are widespread: one in eight cities surveyed has a local TEL. These limits focus substantially, but not exclusively, on the property tax, and are not used only by state lawmakers. Indeed, there is strong support in many areas for restricting the budgetary powers of local governments above and beyond the restrictions imposed by state governments, and the property tax, in particular, remains unpopular.

Second, we find evidence consistent with the hypothesis that voters may adopt a local TEL as a way to insure themselves against future tax increases. All the key ways in which TEL-adopting cities differ from the nonadopting cities—less wealthy, more likely to be home rule cities, and more likely to be in metropolitan areas with fewer cities—are consistent with this hypothesis. Voters in these cities may seek more insurance through the ballot box, since they are unable to self-insure (by income), insure by competition (many other cities in the metropolitan area), or insure through legislation (the limited ability of cities without home rule to make fiscal changes).

While this analysis sheds a great deal of light on the adoption and likely consequences of municipal TELs, we recognize that this research may be just the beginning of the exploration of TELs adopted below the state level. What are the systematic patterns of TEL adoption in counties, school districts, or other local jurisdictions? Future work may also consider how state-imposed and municipal TELs may interact to alter the fiscal practices of local governments.

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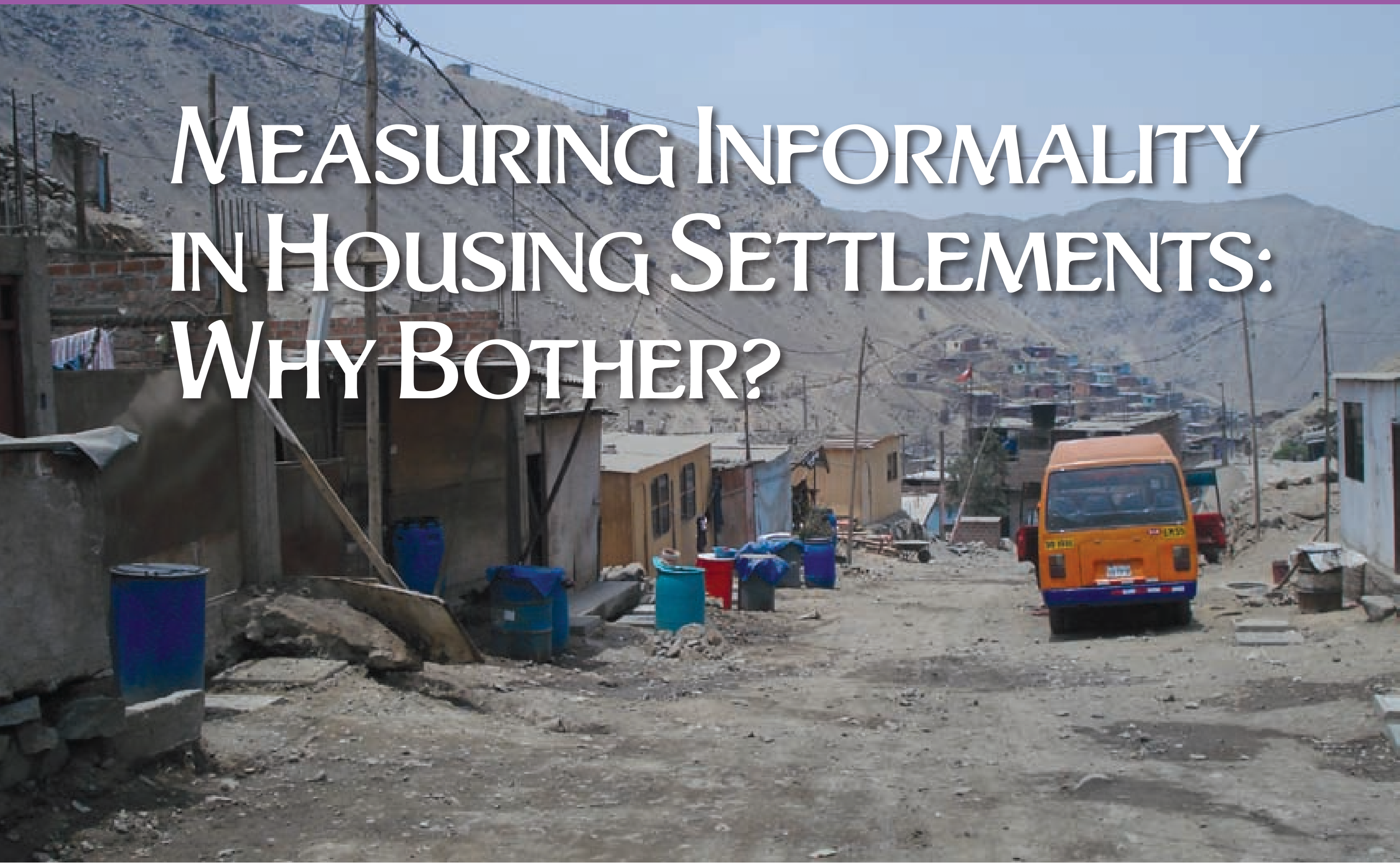
Measuring Informality in Housing Settlements: Why Bother?



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The residents of this informal settlement in the district of San Juan de Lurigancho outside Lima, Peru, have property titles but no access to sewer service.

Martim O. Smolka and Ciro Biderman

Measuring informality in housing is critical for effective policy design and assessment. This article examines operational definitions of housing informality as a measure of physical deficiencies and related lack of compliance to given urban standards (see Biderman, Smolka and Sant'Anna 2008). The first two of the following four proxies for informality are discussed in detail: security of tenure; access to public utilities (water and sewer systems); compliance with urban norms and regulations (plot sizes, street width, and public space); and the physical quality of the housing (building materials).

Existing proxies for informality vary considerably, making it difficult to prepare reliable diagnoses or to evaluate policy performance. The assessed magnitude of informality would be quite small if measured as the percentage of households with no access to electricity or the use of nonpermanent building materials (predominant proxies used in the past), but it would be high if the proxy were lack of connection to a shared sewer network. Furthermore if the proxy indicator were measured by failure to comply with urban norms and regulations, it would not be limited to low-income conditions, but would also include irregular or illegal high-income buildings, or housing where prohibited material such as lead paint is used.

Even within a proxy indicator the measures may vary considerably. For instance, data from the National Institute of Statistics (INDEC) in Buenos Aires indicates that the percentage of households without secure tenure jumps from 1.37 percent if it is defined as households not owning the land they occupy, to 10.19 percent if it is defined as the lack of a title or legal document proving one's tenure security.

Similar discrepancies are found for access to sewer services, when that is defined either strictly as a connection to the public network, or more broadly as a connection to either the public network or a septic tank. According to the Costa Rican Multiple Purposes Household Survey (EHPM) in 2006, 71 percent of households in Costa Rica did not have access to a public sewer network, but 67 percent had access to a septic tank. Thus, the measure would change from 71 percent to 4 percent depending on the definition. In absolute terms this result is more dramatic for comparisons of countries than for urban areas, because of greater discrepancies in urban versus rural access to services and infrastructure. For example, the percentages for strict versus broad definitions in several cities are 1 and 3 percent for Bogotá; 5 and 10 percent in Mexico DF; and 13 and 16 percent in Lima, respectively.

Assessing Perceptions of Informality

Because of these problems with proxy indicators, those involved with informality are often uninformed about basic measures (levels and changes), so they may disregard or misinterpret them. Furthermore, careful use of existing data can expose flaws in conventional wisdom regarding informality and the proper policies to handle it. Our study seeks to gauge the perceptions of public officials, practitioners, scholars, and other experts on the nature, magnitude, and trends in informality, and to evaluate the implications of these perceptions for designing and assessing public policies.

To analyze the perceptions and awareness of a cross-section of experts regarding alternative proxies, we prepared a survey that was sent to land policy colleagues in 18 Latin American and Caribbean countries (see page 18). The results indicate considerable confusion about the phenomenon of informality in housing. More than 52 percent of respondents could not easily provide statistics on informality. Although the questionnaire stated that leaving these fields blank would be interpreted as lack of familiarity or uneasiness with the data, many respondents filled in all other sections of the questionnaire except those requesting quantitative assessments. Furthermore, the multiple answers from which they could choose ranged in 5 percent intervals (e.g., 10 to 15 percent) so respondents had some latitude in their answers.

For each proxy indicator respondents were also asked to choose among alternative definitions, the information source, and the year of reference. To evaluate the quality of these assessments, we also collected the most recent information available from the national statistics department Web sites by country and city that would match as closely as possible the definition for each proxy. The obtained percentages are taken as "benchmarks" that vary according to the definition, proxy, and region.

We focused on three proxies (lack of tenure, lack of access to water, and lack of access to sewer service) for the countries and cities for which we had at least five respondents. Despite data limitations we were able to match 504 observations from the survey with these benchmarks (see table 1). Only 22 percent of all respondents were able to match statistics for these three factors to the same range as the benchmark source. The percentage of overestimates may be even higher that shown, since many respondents provided more recent reference dates than the benchmarks (three years on average).

Figures 1 and 2 show that overestimates for security of tenure by country and city were consistently higher than the benchmarks compared to the results for access to sewer service. The lower level of overestimates for access to sewer and water than for the security of tenure in table 1 may be related to their more straightforward definitions, and better evidence of improvements in water and sewer provision than in tenure security. Viewed another way, for every assessment of worsening conditions in tenure there were only 1.2 assessments of improvement, whereas for access to water and sewer services the ratios were 9.1 and 3.1 respectively. Even more important than the

TABLE 1
Comparisons of Survey Respondent Assessments to Official Public Data (Benchmarks)

	Tenure		Water		Sewer		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Overestimate	111	80	73	40	68	37	252	50
Underestimate	11	8	55	30	77	42	143	28
Match	16	12	54	30	39	21	109	22
Total	138	100	182	100	184	100	504	100

over-estimating bias is the low level of precision in the responses—30 percent or less for all three proxies. That is, a significant number of respondents could not match the benchmark even on the proxies of access to water and sewer systems.

In addition to a lack of precision in their estimates, respondents demonstrated great variance in their individual responses when compared to benchmarks. This is striking, considering that one would expect some degree of convergence for indices that should reflect public information. Coincidence among respondents was found to be shared by only 20 to 40 percent of respondents, depending on the definition considered for each proxy.

This apparent lack of consensus is also reflected in respondent evaluations of the most relevant proxy for housing informality in their own country or city. Respondents were asked to rank five proxies—security of tenure, access to water, access to sewer service, compliance with urban norms, and building construction—from 1 (low) to 5 (high) according to their relevance. If one proxy was consistently preferred by respondents, a high percentage of responses would appear in ranks 5 or 4; if the proxy was systematically rejected, the higher percentage would be in ranks 1 or 2. The actual result was an almost neutral distribution of preferences, with three out of five proxies (water, sewer and construction) showing a nearly inverted U-shaped distribution concentrated in the medium ranks 2–4 (see figure 3).

This result did not change significantly for countries or cities. Security of tenure was the most controversial, showing a wider distribution from low to high rankings in its upright U-shape. Compliance with norms was the factor most consistently rejected, as shown in its declining slope from low to high ranks. However, more respondents ranked norms than sewer or water service as the preferred alternative (rank 5). This lack of consensus on the relevant proxy indicator affects the degree of agreement on how to treat the problem, and jeopardizes attempts to compare levels of informality and policy performance across countries or cities.

Survey respondents were also asked to provide information on their assessment on the five proxies over time. Those who did so indicated overwhelmingly that conditions are improving, although they diverged again on the relative speed of change for each proxy. For any one perception of a worsening index there were more than two suggesting an improvement on all proxies, and this result is sustained across countries and cities. These figures contrast with the general rhetoric in the region of "worsening of housing settlement conditions," "the lost decade in infrastructure investment," and the like.

FIGURE 1
Comparison of Survey Results and Benchmarks on Access to Security of Tenure

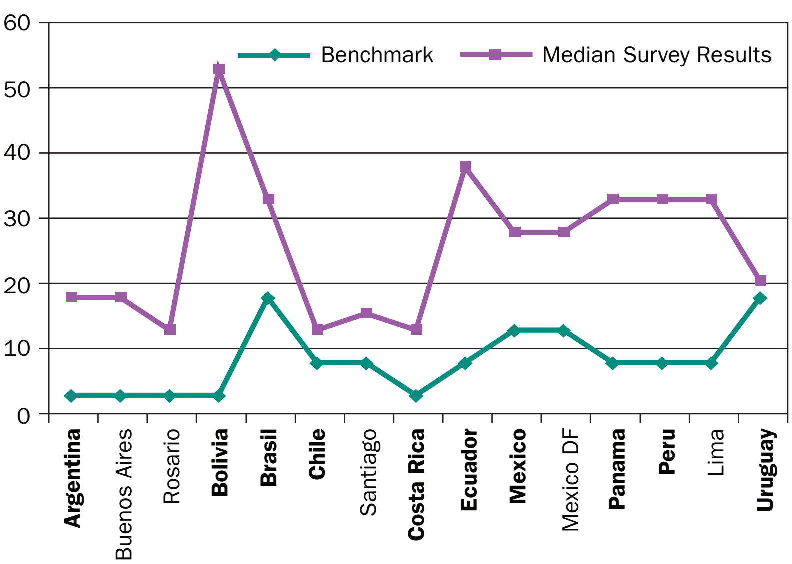
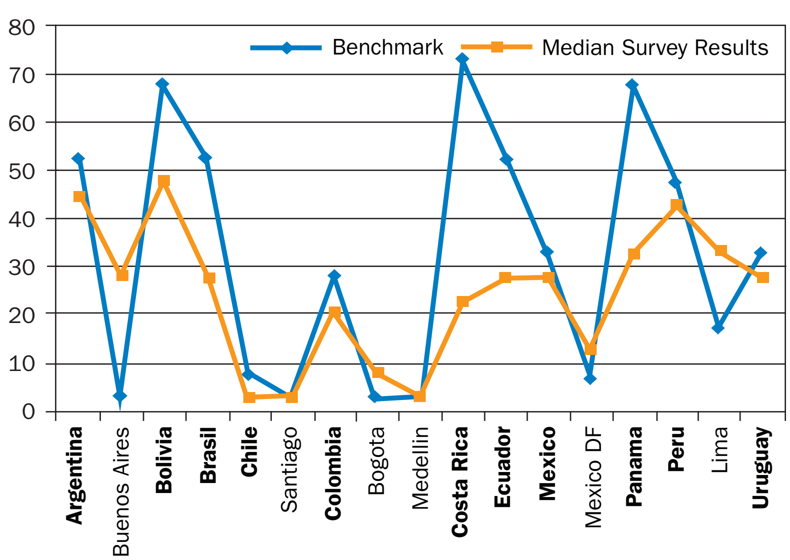


FIGURE 2
Comparison of Survey Results and Benchmarks on Access to Sewer Service



Dangers of Reliance on a Single Proxy

One should not jump to the easy conclusion that if all proxy indicators are improving then they must be strongly correlated. This view is implicit, for example, in the thesis that improvements in tenure security would inexorably transfer to other improvements (de Soto 2000). Table 2 illustrates diverse rates of change in security of tenure and access to sewer systems for a sample of 3,500 Brazilian municipalities from 1991 to 2000, classified in quintiles. Quintile 1 includes the municipalities that have reduced the percentage of untenured or unserviced households the most, while quintile 5 represents municipalities with the worst performance on both measures. Crossing both sets of cases, there are 106 municipalities experimenting with the largest reduction in untenured households (row 1), but also the worst performance on access to sewer service (column 5).

If there were no correlation among changes in these the two proxies, the expected number of cases in each cell would have been 140 (3,500 municipalities divided equally among 25 cells). Exact correlations of improvements in these two proxies would yield diagonal cells with 700 municipalities in each (3,500 divided into 5 cells), and all other cells would be zero. However, observing the number of municipalities in the upper right cell (106) and in the lower left cell (117), we can see that in many municipalities a relatively high improvement in titling was accompanied by a relative high deterioration in access to sewer service, and vice versa. Only 185 municipalities show a high level of progress on both proxies, while 172 show poor progress on both. The overall correlation coefficient between the rate of change in security of tenure and in access to sewer service among municipalities is no higher than 5 percent.

This analysis illustrates the dangers of using one single proxy for informality. The issue is not purely statistical, since improvements in one proxy may indeed induce either deterioration or improvement in another. Corzo and Riofrio (2006) argue that granting a large number of individual property titles to plots in Peru meant families no longer needed to occupy their land in order to own it. Consequently they did not have to share any collective action (or establish community bonds) that are usually critical to the demand for and provision of services. In Peru, this phenomenon has led to the so-called "tourist plot" syndrome of absentee beneficiaries of a titled plot, which in turn is largely responsible for sprawl into unserviced areas, as well as generating vacant land inside the settlement that received the titles.

FIGURE 3
Ranking of Five Proxy Indicators for Housing Informality

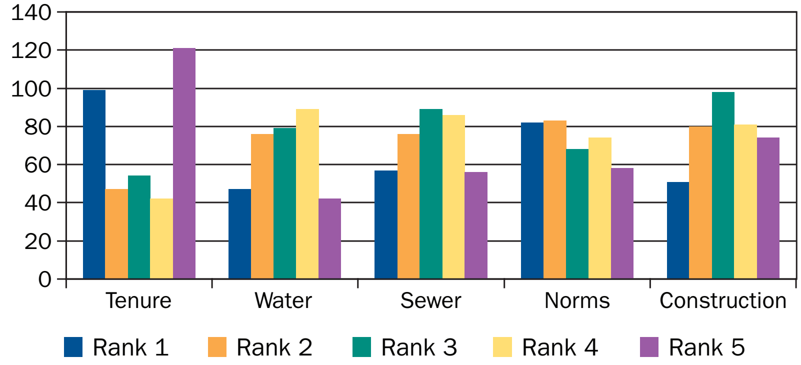


TABLE 2
Distribution of 3,500 Brazilian Municipalities by Rate of Change in Tenure and Access to Sewer Service, 1991 to 2000

		Quintile of Rate of Change				
		1 (low)	2	3	4	5 (high)
		Sewer Service				
Tenure	1	172	166	134	122	106
Tenure	2	164	140	140	125	131
Tenure	3	123	148	147	146	136
Tenure	4	124	131	141	162	142
Tenure	5	117	115	138	145	185

Source: Brazilian Census (1991; 2000), Brazilian Institute of Geography and Statistics (IBGE).

Misleading Results from Composite Proxies

In its commendable effort to provide a rough estimate of the number of slums for 316 countries around the world, UN-Habitat (2003) developed an ingenious solution for the lack of consensus on proxy indicators: a composite index of informality attributes. It counts as a "slum household" any group of individuals living under the same roof and lacking either:

- access to improved water: minimum of 20 liters/person/day costing less than 10 percent of household income and requiring less than 1 hour of effort/day; or
- access to improved sanitation facilities: sewage disposal system shared with a reasonable group of people; or
- sufficient living space: fewer than three people per habitable room; or
- structural quality and durability of dwellings: built in a nonhazardous location and protecting its inhabitants from climate extremes; or
- security of tenure: effective protection by the state against arbitrary unlawful evictions.

TABLE 3
Access to Tenure or Sewer Service in Brazilian Municipalities of 100,000 or More Inhabitants

Type	Percent	
	1991	2000
Titled, Serviced, Normal (not slums)	69.4	75.2
Slum Households	30.6	24.8
Untitled, serviced	5.9	8.5
Titled, unserviced	19.4	14.0
Untitled, unserviced	5.4	2.4

Source: Brazilian Census (1991; 2000),Brazilian Institute of Geography and Statistics (IBGE).

This effort to pool data resulted in a rough estimate for the number of slums worldwide. The ubiquitously cited estimate of 1 billion slum dwellers, the expected trend, and its regional distribution drew considerable attention from the media (see Davis 2006). The definition, however, is rather open-ended since countries may define access to services or lack of tenure differently.

Serious shortcomings emerge when, apart from its overall political importance, informality is examined in individual cities or countries for policy assessments and/or space-time comparisons. Misleading interpretations may result, as in this example of two areas (A and B) with 1,000 households each. Households in area A lack only security of tenure, whereas those in area B lack all five proxy indicators. Area B was formed at the same time that area A's tenure problems were resolved through a specific titling program. In principle, the amount of informality has not changed: 1,000 households in area A are no longer counted as slums, whereas a new group of 1,000 households in area B has emerged as a slum settlement. However, overall slum conditions are worse because those in area B lack all five indicators, whereas area A had lacked only four.

Table 3 presents data for tenure and access to sewer service for Brazilian cities of more than 100,000 inhabitants, and clarifies the downside of relying on composite proxies. For this group of cities, using a definition similar to the UN's, the number of households living in slums decreased by just 6 percentage points from about 31 to 25 percent from 1991 to 2000. Using the same data source for the country as a whole (not shown in the table), the share of households living in slums declined 13.6 points from 48.3 percent to 34.7 percent. The latter figures are compatible with the UN's numbers (45.0 and 36.6 percent in 1990 and 2001, respectively). The reduction in slums was largest in the titled, unserviced group, which declined from 19.4 to 14.0 percent.

The untitled, serviced group actually increased its share from 5.9 to 8.5 percent in the 1990s (as did this group in the country as a whole, increasing from 3.6 to 6.5 percent). This dichotomy illustrates that the definition of slums may lead to different

Survey Sample of Latin American Experts

Between January 23 and February 13, 2009, the Lincoln Institute sent an e-mail survey to 6,048 individuals in Latin American who are involved in land policy issues and are part of the Institute's distribution list; 912 surveys were returned.

The Lincoln Institute list includes "thought leaders" in urban planning, including professors, researchers, land policy practitioners (architects, urban planners, economists), and mid- or high- level public officials. More than 70 percent indicated that their professional involvement with informal settlements was either primary or indirect yet regular. Moreover, 36 percent declared that they work directly with regularization or housing programs. The respondents are considered to be representative of above-average qualified professionals involved with public policies regarding informal settlements.

Survey data was analyzed by geographical units (countries or cities) that had a minimum of 10 or 8 respondents, respectively, who had completed at least one assessment field. The following 15 geographic units emerged: 9 countries (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, México, Perú, and Uruguay) and 6 cities (Buenos Aires, Santiago, Bogotá, Medellin, Mexico DF, and Lima). In addition, the analysis included the countries of Ecuador and Panamá and the city of Rosario, Argentina, which all had at least five observations to compare with available benchmark data.

assessments of the dynamics of the problem. Although the "worse" type of housing (untitled and unserviced) is indeed declining (from 5.4 to 2.4 percent), certain categories of informal groups are actually increasing. By looking at the problem as multidimensional, we can observe changes that cannot be seen using a simplistic dichotomous definition.

For policy evaluation purposes, one can see that a more opportunistic way to show quick results with relatively little expense would be to give titles to the serviced households, thus reducing the number of slums by 8.5 percent in 2000. If the focus shifts to households in the worst conditions (untitled and unserviced) the percentage of slums in 2000 would have improved by only 2.4 percent. Both titled groups had about the same percentage in 1991 (5.9 and 5.4 percent), but Brazil apparently chose the more expensive program of ensuring sewer service irrespective of titles.

Summary and Implications

The survey shows that a significant number of land policy experts in Latin America cannot agree on the correct way to measure the phenomenon of informality and its magnitude, and they are not even familiar with standard official statistics on the issue.

One possible explanation for the apparent lack of knowledge about or access to quantitative information is that most housing policies focus on mitigating particular problems at the project level, rather than developing preventive initiatives that affect the overall process of informality. Clearly the indicators are less important to the former interventions because a project is considered successful when evaluated according to its original blueprint or design (e.g., number of public works executed, number of families assisted). The possible effect of a local project on informality in housing at large is hardly a matter of concern. Why should policy makers bother with city- or country-wide statistics on informality when their primary objective is immediate, tangible results for their own projects?

Another explanation is that many urban planning professionals are architects who are not trained in quantitative methods of analysis. This limited knowledge and interest in proxy indicators is compounded by the lack of quantitative treatment of housing issues in both academic research and official public documents.

Measuring security of tenure and access to services is important in the light of current regularization policies, however. The case of Brazil illustrates how misinformed experts can affect policy priorities. Conditions have clearly improved in access to sewer service, as acknowledged by survey respondents, although they overwhelmingly underestimated the situation and suggested it was better than the level measured in official benchmark data. In contrast, the overestimates for security of tenure indicates the opposite perception, with potentially negative consequences for housing policies. It could be argued that if titling is falling behind the success of service provision, then there should be a stronger titling effort.

The confusing and contradictory responses by Latin America experts who participated in our survey call attention to potentially misleading policies that might be fomented by erroneous perceptions and weak indicators. Will the recent experience of providing services even without titling, together with a massive recognition of titling rights, warrant an even larger reduction in the amount of titled yet unserviced housing, or will it lead to a new wave of informal occupations and further expand the untitled group? Better informed policy officials should answer….

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Paulo Sandroni graduated in economics from the University of São Paulo in 1964, and was a junior professor in economics in the Catholic University of São Paulo (PUC) until 1969, when he left Brazil during the military dictatorship. He taught at the University of Chile in Santiago until 1973, and later at the University of the Andes in Bogotá, Colombia, until 1979. After returning to São Paulo he again taught at PUC until 2006, and also joined the Business School of Getulio Vargas Foundation (FGV).

In 1988 after the victory of Brazil's Workers Party (PT) he joined the administration of São Paulo Mayor Luiza Erundina, where he directed agencies dealing with urban development and public transportation. During a short period he was also vice-minister of administration in the federal government.

In 1994 he left municipal government to continue his teaching and research on urban development in Brazilian and other Latin American cities, and to publish articles and books about economics, including a dictionary considered a primary reference in Brazil on economics. He began his affiliation with the Lincoln Institute in 1997. He is currently a private consultant on urban development and transportation issues, and continues to teach at the FGV Business School and in programs sponsored by the Lincoln Institute.

Paulo Sandroni

LAND LINES: *How did you become interested in urban policy issues given your background in macroeconomics?*

PAULO SANDRONI: In 1988 as an assistant to Luiz Inácio Lula da Silva, now Brazil's President and then a candidate in the elections of 1989, I helped develop programs to address Brazilian macroeconomic issues. After the victory of Luiza Erundina as mayor of São Paulo in 1988, I was invited to direct the city's program of *Operações Interligadas* (Linkage Operations). This involved negotiations and partnerships between the public and private sectors regarding additional building rights and the use of proceeds from the captured share of land value increment for the construction of social housing for poor families.

I also participated in the development of *Operações Urbanas* (OU or Urban Operations), a form of intervention to revitalize large areas of the city that also involves value capture. I was fascinated by the challenge to join the group whose mission was to govern Brazil's largest city with a strong social agenda, and I also continued to assist President Lula da Silva in macroeconomic matters until 1998.

LAND LINES: *Why do you consider urban development projects to be so challenging?*

PAULO SANDRONI: The primary reason is that large projects dealing with historical, cultural, social, and environmental aspects of the city must consider the economic and financial issues as part of the challenge, not the primary goal. For instance, OUs that seek to avoid gentrification and produce a more balanced social environment may have to use valuable land for social housing. These projects require special attention because the land cannot be sold using typical highest and best use criteria. There is an important distinction in Brazil between large urban projects (*Grandes Projetos Urbanos* or GPUs) that can be introduced with or without the value capture tools provided by OUs. By using those tools, however, it is easier to implement GPUs that increase both financial and social benefits for the private and public sectors.

LAND LINES: *Please describe the financial instrument behind this policy.*

PAULO SANDRONI: Since 2004 the source of funds to underwrite social housing and other infrastructure investments in OUs has been an ingenious new value capture instrument known as CEPACs (*Certificados de Potencial Adicional de Construção* or Certificates of Additional Construction Potential). One CEPAC may represent a different amount of square meters of additional construction rights depending on the OU where it was issued. For example, CEPACs ranged from a minimum of 0.8 to a maximum of 2.8 m^2 in Faria Lima OU and from 1.0 to 3.0 m^2 in Agua Espraiada OU, because land prices vary among different plots, even within the same OU.

The public administration that creates and owns the development rights can sell them to developers who want to build at higher density than was previously allowed on those plots. The CEPACs are sold by auction via the stock market, and prices can increase if interest among developers is high. The public sector does not need to price the asset, because the market does that. The income from the sale of CEPACs is under a strict law linked to a separate account used to fund infrastructure and social housing projects inside the OU, so there is no added pressure on the city's budget.

Many observers are suspicious of this instrument because they fear it is a form of land speculation in the financial market. I think this is a mistake for two reasons. First, aggressive speculators generally invest in bonds with high liquidity and sharp price increases in the short run; CEPACs have none of these characteristics. Second and more important, the government controls the market at this stage of the process. If prices increase due to speculation, the public sector can either sell these rights at a higher price, thus increasing its income proportionally, or it can sell a larger amount of the stock, thus provoking a fall in prices and neutralizing the speculators.

LAND LINES: *How have CEPACs actually worked in practice?*

PAULO SANDRONI: Both OUs mentioned earlier have used this instrument to raise funds from developers. To date about 31 percent of the stock of square meters of CEPACs has been sold in the case of Agua Espraiada, and 32 percent in the case of Faria Lima. Agua Espraiada illustrates this bidding process and the influence of speculators. The city administration set up an auction in February 2008 for 186,740 CEPACs at an initial unit price of R$ 460 (equivalent to US$ 200). One party tried to buy them all, so the price rose to R$ 1,110 (US$ 480), an amazing increment of 141 percent.

Months later in October another auction offered 650,000 CEPACs for an initial price of R$ 535 (US$ 230), but only 379,650 were sold with no increment at all. From December 2004 to February 2009 the income from CEPACs in Faria Lima OU was R$ 567 million (US$ 244 million) and in Agua Espraiada OU it was R$ 642 million (US$ 276 million). If we compare this combined income of $ 520 million over four years with $ 1.25 billion collected in property taxes in 2008, we see that it represents more than 40 percent, or around 10 percent annually.

LAND LINES: *How can these examples be used to introduce support for alternative means to finance urban development?*

PAULO SANDRONI: The classic way to finance capital investment in infrastructure is through long-term borrowing and federal transfers; the property tax is generally used to maintain infrastructure and public services. But in Brazil, municipalities and states are subject to strict borrowing ceilings. The fact that CEPAC revenues are free of budget constraints adds significant financial value to the instrument.

In addition, as in the United States and elsewhere, raising taxes is very unpopular. In the last five elections in São Paulo at least three candidates have lost because voters considered them to be supporters of tax increases. Thus, to finance large urban interventions we have to assess the new value created, determine how to capture this value, and then create a win-win outcome. The CEPACs offer a viable alternative.

LAND LINES: *Are most large projects in Latin America prone to gentrification, and how can they be made more socially acceptable?*

PAULO SANDRONI: As long as GPUs focus on urban investments in infrastructure (construction of roads, bridges, malls, business centers, and the like), the price of land is likely to increase in certain affected areas, and thereby contribute to the expulsion of poor and even middle-class families. Nevertheless, these GPUs are public sector initiatives, so they can be designed to incorporate mechanisms to mitigate these exclusionary forces.

Brazilian legislation permits the establishment of ZEIS (*Zona Especial de InteresseSocial* or Special Zone of Social Interest) in areas occupied by slums inside the perimeter of GPUs. In these designated areas, the developer is allowed to build only new housing for the poor, even if the land price is very high. Of course the economic and social opposition created by this mechanism is considerable among landowners and real estate developers, but is vigorously defended by local organizations and residents. São Paulo now has ZEIS within four GPUs: Agua Branca, Faria Lima, Agua Espraiada, and Rio Verde-Jacu. The ZEIS in the Coliseu slum in Faria Lima and in the Jardim Edith slum in Agua Espraiada are interesting because they are located on the most expensive land within each of these projects (see Biderman, Sandroni, and Smolka 2006).

LAND LINES: *What are the downsides of these regulatory tools (CEPACs, ZEIS, OUs, etc.) that may leave loopholes for opportunistic behavior by well-positioned stakeholders?*

PAULO SANDRONI: Well, corruption and anti-social behavior may be found everywhere, and some conditions may facilitate it. But if you overload a system with regulations and norms, you may block initiatives to face new challenges and paralyze processes that can benefit the public interest. Reducing regulations and leaving more opportunities for negotiation is more risky, but you can mitigate the risk if you create norms on negotiation for which violation may result in very harsh punishment. At the same time, there are certain issues that demand precise regulation, as in the case of ZEIS, because the poorest groups in the city require public sector intervention.

LAND LINES: *Can these kinds of development projects in São Paulo be replicated in other Latin American cities?*

PAULO SANDRONI: We have to be careful in transplanting or repeating experiences that were successful in one country to another one. It is important to know two things first: the conditions in the city when these OUs were created; and the kinds of problems the planners wanted these projects to solve.

For instance, an important condition in São Paulo is the separation of building rights from property rights, which opens the way to charge for changes in floor area ratios. In large areas of the city the floor area ratio, which relates to the right to build based on the zoning law, is now very low, ranging from one to two times the area of the plot. Where it is feasible for this floor area ratio to be increased three or four times without great pressure on the infrastructure, a charge is imposed on the owners or developers for the additional rights to build at a higher density.

In other cities where the floor area ratio is already high, there is less flexibility for charges on additional development rights, so other policies or tools may be required. The key lesson is that these OUs in São Paulo have shown that charging the owners or developers for the additional rights to build was both reasonable and fair. It is no longer socially, politically, or even economically admissible to grant these development rights for free.

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New Lincoln Institute Book

Smart Growth Policies: An Evaluation of Programs and Outcomes

Over recent decades as concerns have mounted about the economic, social, and environmental impacts of sprawl, many states and localities began to put policies in place to shape settlement patterns. By the 1990s, these efforts—generally intended to encourage more compact development, greater transit use, and enhanced environmental protection—came to be known as "smart growth" programs.

Despite the widespread adoption of smart growth principles, there has been no systematic assessment of their effectiveness or consequences. To fill this need, the Lincoln Institute collaborated with 14 of the country's leading land use researchers and planners to measure outcomes in four states with statewide smart growth programs (Florida, Maryland, New Jersey, and Oregon) and four states without such programs (Colorado, Indiana, Texas, and Virginia). The analysis begins in the 1990s, the first decade for which detailed, consistent data are available, and focuses on five shared goals: promote compact development; protect natural resources and environmental quality; provide transportation options; supply affordable housing; and create positive fiscal impacts.

Organized and edited by Gregory K. Ingram and other Lincoln Institute staff, this evaluation has revealed that the states, their policies, and their priorities are very heterogeneous. The evidence does not sustain the widely held view that statewide programs are either necessary or sufficient to attain smart growth objectives. Nevertheless, most statewide programs clearly do make progress on one or more of the goals. Although the sample smart growth states only marginally outperformed the other selected states in the aggregate, a smart growth state performed best in each of the five target areas. At the same time, however, another smart growth state often performed well below average in that area, and some of the states without statewide programs performed well on specific measures.

Smart growth states tended to perform best in an area identified as a high priority.

Smart Growth Policies: An Evaluation of Programs and Outcomes
Edited by Gregory K. Ingram, Armando Carbonell, Yu-Hung Hong, and Anthony Flint
2009 / 320 pages / Paper / $35.00
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www.lincolninst.edu

For example, Oregon did best on growth patterns and transportation, New Jersey on affordable housing, and Maryland on environmental protection. Among the states without statewide programs, Colorado did well in achieving smart growth objectives because of supportive and enabling conditions that permit local governments to pursue their own objectives, essentially simulating a statewide program.

The programs adopted by both the smart growth and other case study states differ greatly in their details, even beyond their emphasis on specific objectives, but some common patterns and linkages exist. For example, the four states with the highest ranking in spatial structure also rank highest in transportation, supporting the idea that transportation and land use are closely related. The second strongest correlation is between environmental protection and fiscal dimensions, which suggests that land conservation occurs more frequently in states with strong fiscal balances and modest development in rural areas.

The findings of this evaluation support several recommendations that can be grouped under three headings: program structure and transparency; functional linkages and program design; and program sustainability and monitoring.

This volume offers an historical perspective and has relevance today as all levels of government struggle to manage growth and development in the context of high energy costs, unprecedented housing foreclosures, and a strong mandate to reduce greenhouse gas emissions. In fact, the policies that define smart growth—the creation of compact, transit-accessible environments—are precisely the same efforts that can also address these new challenges.

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Gregory K. Ingram is president and CEO of the Lincoln Institute. **Armando Carbonell** is a senior fellow and chair of the Institute's Department on Planning and Urban Form. **Yu-Hung Hong** is a fellow at the Institute and a visiting assistant professor at Massachusetts Institute of Technology. **Anthony Flint** is director of public affairs at the Institute.

New Lincoln Institute Book

Land Value Taxation: Theory, Evidence, and Practice

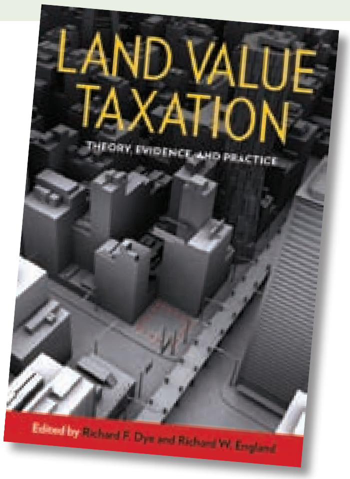
In his 1879 classic work, *Progress and Poverty*, Henry George proposed a tax on land values to reduce social inequality, discourage real estate speculation, and promote economic development. As an alternative to the property tax, a land value tax would increase the tax rate on land and decrease the tax rate on buildings. Since George's time, various forms of land taxation have been adopted (and sometimes repealed) in jurisdictions as far afield as Australia, South Africa, and Pennsylvania.

The property tax is an important source of government revenue in the United States and many other countries, but it is also controversial because of widely held perceptions that it is unfair and inequitable. Forty-three states have already enacted some form of legal limitation on property taxation to mitigate its impact. However, there are many ways to reform the property tax rather than by restricting or eliminating it. This book looks at a variety of approaches that suggest keeping what is best about the property tax—taxation of land value—and eliminating what is worst—taxation of the value of buildings and other improvements.

Intended for the general reader who is curious about land and its taxation, this volume brings together 12 leading scholars and practitioners who share their views on the theories and practice of land value taxation. Their challenge has been to survey the literature and synthesize their findings on global experience with this tax policy that serves as a point of reference for researchers, specialists, and practitioners. There is a wide-ranging and sometimes fugitive literature on land value taxation theory and measurement, and much implementation experience and empirical work has been done in countries other than the United States.

Edited by Richard Dye and Richard England, this collection provides guidance for additional empirical work by identifying areas where existing studies are weak or contradictory, and it informs new attempts to implement land value taxation. It also settles some debates about land value taxation and initiates new ones. Following are some of the questions that the chapter authors explore.

- What has been the historical experience with land value taxation in various countries?
- What predictions about the effects of land value taxation flow from modern economic theory?
- Does statistical evidence support these predictions derived from economic models?
- What can we say about the fairness or equity of land taxation?
- Do assessors and appraisers of real estate values have the tools needed to measure land values for tax purposes?
- Who are the winners and losers when a land value tax is implemented, and what political coalitions are likely to form in support of and in opposition to this kind of tax?



Land Value Taxation: Theory, Evidence, and Practice
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Richard F. Dye is Ernest A. Johnson Professor of Economics Emeritus at Lake Forest College in Illinois and adjunct professor at the Institute of Government and Public Affairs at the University of Illinois at Chicago. He is a visiting fellow at the Lincoln Institute in 2008–2009.

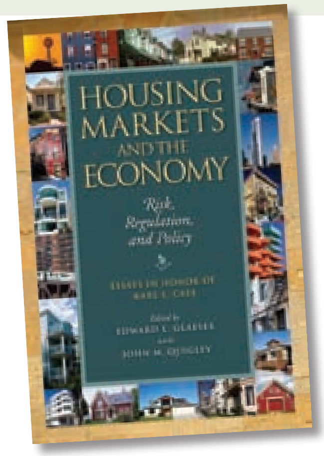
Richard W. England is professor of economics at the University of New Hampshire and visiting fellow at the Lincoln Institute in 2008–2009. His recent research has concentrated on how local property taxation and zoning rules affect land use change in the United States.

Housing Markets and the Economy: Risk, Regulation, and Policy

The timing of this volume could not be more opportune, as it is published during the ongoing deflation of the U.S. housing bubble and associated financial crisis linked to the contagion effects of subprime mortgages and their securitized investment vehicles. A 2007 Lincoln Institute conference on "Housing and the Built Environment: Access, Finance, Policy" and this book honor the work of Karl "Chip" Case, an influential economist at Wellesley College and a former member of the Institute's board of directors. Case is renowned for his scientific contributions to the economics of housing, his analytical contributions to public policy, and his formulation with Robert Shiller of the repeat-sales price index for housing. The topics treated in this book reflect many of the concerns raised in Case's academic writings.

Edited by fellow housing market scholars Edward Glaeser and John Quigley, this book brings together many other experts to analyze risk in the housing market, the regulation of housing markets by government, and other critical issues in U.S. housing policy. Home ownership entails financial risk as well as rewards, and several of the chapters address that risk. One chapter investigates derivative markets, while another explores the role that home equity insurance can play in reducing risk.

Still other chapters focus on the interplay between government policy and housing markets. Another chapter analyzes the role that the regulation of government-sponsored enterprises has played in extending credit to home purchasers in low-income neighborhoods, and the growth in the market for subprime mortgages. The unintended consequences of tax credit programs for housing construction and the impact of local zoning regulations on housing prices and new construction are also considered. The analyses such in this volume provide the foundation needed to increase understanding of how land and housing policy—both national and local—affects housing markets.



Housing Markets and the Economy: Risk, Regulation, and Policy
Edited by Edward L. Glaeser and John M. Quigley
2009 / 432 pages / Paper / $35.00
ISBN: 978-1-55844-184-2

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John M. Quigley is I. Donald Terner Distinguished Professor and professor of economics at the University of California, Berkeley. He holds appointments in the Haas School of Business and the Goldman School of Public Policy, and directs the Berkeley Program on Housing and Urban Policy.

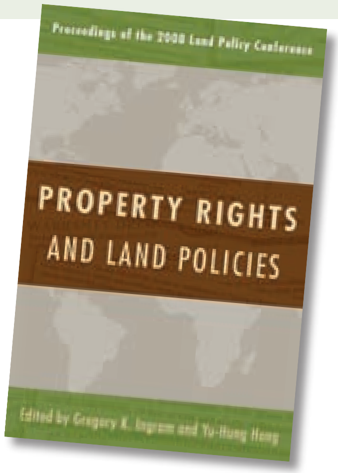
Property Rights and Land Policies

A good understanding of how international public and private property rights are conceptualized, applied, and balanced in different institutional environments is essential for making and analyzing sound land policy. To take stock of current research on this subject, the Lincoln Institute convened its third annual Land Policy Conference in June 2008 to explore these connections in the context of both developed and developing countries.

International scholars from disciplines including economics, law, political science, and planning discussed topics such as the use of eminent domain and expropriation in land assembly; the emergence of private property rights in transitional economies; natural resource management; and the impacts of tenure choice on land and housing development.

Ideas exchanged at the conference are grouped within three topics. First, the linkages between the design principles for property rights institutions and the political and cultural history of a country are examined in China, Estonia, Russia, the U.S., and Vietnam. Second, private property rights, the public interest, and compensation for eminent domain and regulatory takings are explored in Brazil, Colombia, Mexico, the U.S., and selected Western European countries. In the third section, authors debate the effectiveness and fairness of using varied property rights approaches to poverty reduction, environmental conservation, and affordable housing.

The authors contribute to three important areas of property rights research: the design of property rights institutions; their enforcement; and policy applications. The improved understanding of these institutional issues related to private property in general and property rights approaches as a policy tool in particular is invaluable to land policy making and research.



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Gregory K. Ingram is president and CEO of the Lincoln Institute. **Yu-Hung Hong** is a fellow at the Lincoln Institute and a visiting assistant professor at Massachusetts Institute of Technology.

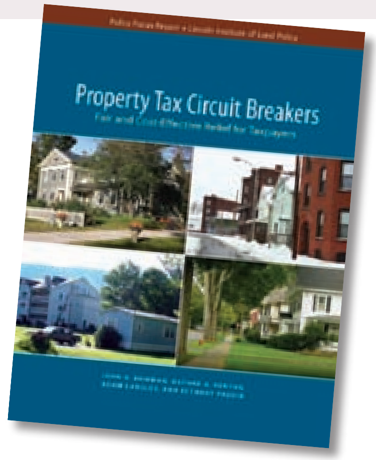
Property Tax Circuit Breakers: Fair and Cost-Effective Relief for Taxpayers

Surveys of public opinion consistently show that the property tax is either the most unpopular tax, or close behind the federal income tax in its level of public antipathy. However, property taxes are a vital source of revenue for independent local governments, so their elimination is not an option.

A common criticism of the property tax is that it is not based directly on the ability to pay taxes, assuming income is the best measure of ability to pay. The property tax can be particularly burdensome for low- and moderate-income families, families of limited means whose property tax bills have risen faster than their incomes, or those whose income has declined due to layoff, retirement, divorce, or illness. States can address these flaws of the property tax through the form of property tax relief analyzed in this report—the circuit breaker.

Property tax circuit breakers provide households with direct property tax relief that increases as household income declines. The term "circuit breaker" reflects the idea that, just as electrical circuit breakers prevent circuits from being overloaded by electric current, property tax circuit breakers can prevent taxpayers from being overburdened by property taxes. By targeting property tax relief to those most in need of relief, circuit breakers promote tax equity at minimal cost to the budget while preserving the basic nature and strengths of the property tax. Although circuit breakers have great potential for improving property tax fairness, the programs employed by many states fall short of ideal.

The report describes various types of circuit breakers and offers a number of recommendations regarding the best features. Ultimately, the best circuit breaker for a particular state depends not only on how high the state's property taxes are, but on the state's tax structure and the division of governmental responsibilities between the state and local governments.



Property Tax Circuit Breakers: Fair and Cost-Effective Relief for Taypayers
John H. Bowman, Daphne A. Kenyon, Adam Langley, and Bethany Paquin
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Policy Focus Report / Code PF019

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Provide Adequate Tax Relief and Reliable Funding. Without adequate, reliable funding, property tax circuit breakers cannot provide meaningful tax relief.

Cover Owners and Renters of All Ages. Property taxes are paid by people of all ages and by renters (indirectly) as well as by homeowners.

Use a Broad Definition of Income. Ignoring income from some sources, such as Social Security, clearly creates inequities among potential claimants.

Consider a Copayment Requirement. States with generous threshold circuit breakers may want to consider a copayment requirement so the program does not promote excessive spending.

Limit Tax Relief for Very High Value Homes. It is sensible to limit tax relief to the property tax on the portion of one's home value that is below some ceiling amount to avoid making large payments to people with very expensive homes who could borrow against their home equity to pay taxes.

Use State Funding. The proportion of taxpayers needing tax relief and the ability to fund it can vary dramatically across localities. State funding promotes equity by providing the same property tax relief for households of the same income throughout the state.

Use Different Procedures for Homeowners and Renters. With state-reimbursed property tax credits, the local tax bill for homeowners is reduced directly and the state reimburses local governments for the amount of the tax reduction. Because renters do not receive property tax bills, an alternative system is required, such as state-issued checks based on a separate application process.

Develop a Simple Application System. If the circuit breaker process is opaque and cumbersome, fewer eligible taxpayers will apply, and adequate property tax relief will not reach needy households.

Outreach. Because program participation tends to be low for circuit breaker programs, it is essential to establish and fund an outreach program to make them more accessible and effective.

ABOUT THE AUTHORS

John H. Bowman is Emeritus Professor of Economics at Virginia Commonwealth University. He is a widely published expert on property taxes, including *Property Tax Circuit Breakers in 2007: Features, Use, and Policy Issues*, the Lincoln Institute working paper that was the starting point for this report.

Daphne A. Kenyon is principal of D. A. Kenyon & Associates, a public policy consulting firm in Windham, New Hampshire, and she serves on the state's Board of Education. She is a visiting fellow of the Lincoln Institute.

Adam Langley is a research assistant for the Lincoln Institute.

Bethany P. Paquin is a research assistant for the Lincoln Institute and D.A. Kenyon & Associates.

Courses and Conferences

The education programs listed here are offered as open enrollment courses for diverse audiences of elected and appointed officials, policy advisers and analysts, taxation and assessing officers, planning and development practitioners, business and community leaders, scholars and advanced students, and concerned citizens.

For more information about the agenda, faculty, accommodations, tuition, fees, and registration procedures, visit the Lincoln Institute Web site at *www.lincolninst.edu/education/courses.asp*.

Programs in the United States

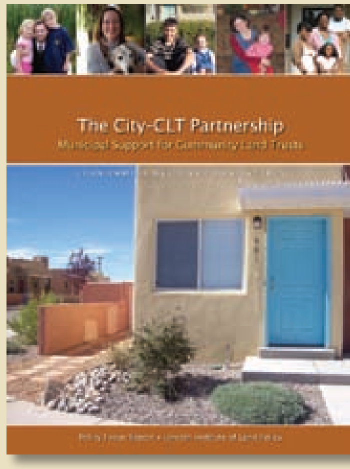
National Community Land Trust Academy

THURSDAY–FRIDAY, APRIL 29–MAY 1
Orlando, Florida
The City-CLT Partnership: Municipal Support for Community Land Trusts
Rick Jacobus, Visiting Fellow, Lincoln Institute of Land Policy, and Dev Goetschius, Housing Land Trust of Sonoma County, California

Participants learn about the key elements of the city–CLT relationship identifying some of the common pitfalls and best practices from throughout the country. Participants study the range of challenges that arise when local governments choose to support community land trusts and the best practices of local governments to help CLTs grow and develop. This course uses the Lincoln Institute policy focus report on *The City–CLT Partnership* published in spring 2008.

THURSDAY–FRIDAY, APRIL 29–MAY 1
Orlando, Florida
Financing CLT Homes
Julie Brunner, OPAL Community Land Trust, Washington; and Crystal Fisher, Orange Community Housing and Land Trust, North Carolina

Participants explore ways of structuring public subsidies, mortgage financing options and how to negotiate with banks to set terms protecting the borrower and the CLT. Prerequisites are a familiarity with the CLT Legal Manual and a working knowledge of housing finance.



The City–CLT Partnership: Municipal Support for Community Land Trusts
John Emmeus Davis and Rick Jacobus
2008 / 40 pages / Paper / $15.00
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Policy Focus Report / Code PF017

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THURSDAY–FRIDAY, APRIL 29–MAY 1
Orlando, Florida
CLT Stewardship
John Davis, Visiting Fellow, Lincoln Institute of Land Policy, and Joe Gray, JEG Urban Planning Associates

Participants examine the challenges that face a CLT after it is up and running. Discussions include monitoring and managing resales, keeping the community engaged, documenting performance and defending the CLT concept. Participants should have a working knowledge of the CLT model and have reviewed the CLT ground lease.

MONDAY–FRIDAY, MAY 4–8
Phoenix, Arizona
The City–CLT Partnership: Municipal Support for Community Land Trusts
John Davis and Rick Jacobus, Visiting Fellows, Lincoln Institute of Land Policy, and Burlington Associates in Community Development

Participants learn about the key elements of the city–CLT relationship identifying some of the common pitfalls and best practices from throughout the country. Participants study the range of challenges that arise when local governments choose to support community land trusts and the best practices of local governments to help CLTs grow and develop. This course uses the Lincoln Institute policy focus report on *The City–CLT Partnership* published in spring 2008. These sessions are offered jointly with the NeighborWorks Training Institute.

MONDAY–FRIDAY, AUGUST 17–21
Chicago, Illinois
Community Land Trust 101
Michael Brown, Burlington Associates in Community Development

This course covers the basics of the community land trust model. Participants learn the value of shared equity homeownership and the merits of permanent housing affordability.

MONDAY–FRIDAY, AUGUST 17–21
Chicago, Illinois
Financing CLT Homes
Julie Brunner, OPAL Community Land Trust, Washington

Participants explore ways of structuring public subsidies, mortgage financing options and how to negotiate with banks to set terms protecting the borrower and the CLT. Prerequisites are a familiarity with the CLT Legal Manual and a working knowledge of housing finance.

Other U.S. Programs

FRIDAY, MAY 1
Portland, Oregon
Building University–Community Partnerships for a Sustainable Regional Economy
Wim Wiewel, president, Portland State University; and Portland Mayor Sam Adams

Wiewel, Adams, and other regional leaders will headline a conference on how to create the most sustainable regional economy in the United States. Experts will speak on how universities contribute to sustainability and help develop a collaborative model to reach shared goals.

THURSDAY, JUNE 11
Baltimore, Maryland
The Humane Metropolis
Rutherford H. Platt, Ecological Cities Project, University of Massachusetts, Amherst

As metropolitan regions become the dominant living environment for humans, there is growing concern about how to make such places more habitable, healthy, safe, ecological, and equitable, in short, more humane. Diverse strategies to achieve more humane cities and metro regions are explored in this book edited by Platt. Such strategies include urban stream and wetland restoration, urban gardens on vacant lots and school sites, healthful outdoor activities (e.g., rail trails), brownfield reuse, environmental education, people-friendly parks and public spaces, green buildings and roofs, among other approaches.

Programs in Latin America

MONDAY–TUESDAY, APRIL 20–21
THURSDAY–FRIDAY, MAY 28–29
Guatemala City, Guatemala
Urban Land Management Module on Territorial and Urban Planning
Martim Smolka and Edesio Fernándes, Lincoln Institute of Land Policy; Eduardo Reese, General Sarmiento National University, Buenos Aires; Paulo Sandroni, Getulio Vargas Foundation, São Paulo; Jean-Roch Lebeau and Silvia García Vettorazzi, AGISTER, Guatemala City.

This module is part of the diploma program offered in collaboration with the Fundación Demuca, the Spanish Agency for Cooperation in Development, FLACSO in Costa Rica, the Institute of Cooperation for Sustainable Development (ICONDES) and the Educational Center of the Spanish Collaboration in Antigua, Guatemala. It is offered by the Lincoln Institute as part of its training activities that contribute to the analysis of land policies in Central America. The objectives are to give participants the opportunity to learn about the relationships among urban planning, land use regulation, the concept of property rights, the functioning and regulation of land markets, the effects of urban planning, and financing decision on land values.

TUESDAY–WEDNESDAY, MAY 5–6
Brasilia, Brazil
Legal Issues and Property Taxation
Martim Smolka, Lincoln Institute of Land Policy; Claudia De Cesare, Porto Alegre City Council; and, Eglaísa Micheline Pontes Cunha, Ministry of Cities, Brazil

Under the umbrella of the Lincoln Institute's Program on Capacity Building to Improve the Property Tax in Brazil, and developed in partnership with the Ministry of the Cities, this workshop focuses on discussing and analyzing legal matters related to property taxation. Key questions will be debated in light of constitutional and legal principles. Both fundamentals and problems of current jurisprudence on property taxation issues will be examined. The workshop provides an independent forum to support and critique municipal actions regarding property taxation.

THURSDAY–FRIDAY, MAY 7–8
Brasilia, Brazil
Property Tax Collection and Enforcement: Analysis of Cases and Experiences.
Martim Smolka, Lincoln Institute of Land Policy; Claudia De Cesare, Porto Alegre City Council; and, Eglaísa Micheline Pontes Cunha, Ministry of Cities, Brazil

This workshop focuses on alternatives to improve the efficiency of property tax collection in Brazil. Probable reasons for nonpayment of the taxes will be examined. Several municipalities will share their strategies to encourage and enforce better property tax collections. This session is also sponsored by the Institute's Program on Capacity Building to Improve the Property Tax in Brazil, and is developed in partnership with the Ministry of the Cities.

MONDAY–FRIDAY, MAY 4–8
La Plata, Argentina
Urban Land Law
Martim Smolka, Lincoln Institute of Land Policy; and María Mercedes Maldonado, National University of Colombia

This course examines the connections between legal systems and urban development in general, and the legal dimen-sions of urban land policy and management in particular. It provides a critical review of the traditional cate-gories of civil law and public law, and discusses the context and specifics of new legal frameworks such as Colombia's Law 388 and the City Statute in Brazil to address major land policy challenges.

Lincoln Lecture Series

This annual lecture series highlights the work of scholars and practitioners who are involved in research and education programs sponsored by the Lincoln Institute. The lectures are presented at Lincoln House, 113 Brattle Street, Cambridge, Massachusetts, beginning at 12 p.m. (lunch is provided). Consult the Lincoln Institute Web site (*www.lincolninst.edu*) for information about other dates, speakers, and lecture topics. The programs are free, but pre-registration is required. Contact *rsugihara@lincolninst.edu* to register.

WEDNESDAY, APRIL 22
Place-Based versus People-Based Community Economic Development
Randall Crane, professor and vice chair, Department of Urban Planning, University of California, Los Angeles

WEDNESDAY, MAY 6
Deciphering Sprawl: Global Changes in Urban Form
Shlomo Angel, visiting fellow, Lincoln Institute of Land Policy

What's New on the Web

LINCOLN LINKS TO VIDEO & YOUTUBE

LINCOLN LECTURES | The Lincoln Institute of Land Policy has begun a new effort to post video on its own Web site and to upload recorded segments of up to 10 minutes on YouTube. The first lecture available in these new media features former Massachusetts Governor Michael Dukakis, who spoke at the Institute on November 19, 2008, on the subject of America's rail infrastructure and investments to improve intercity service.

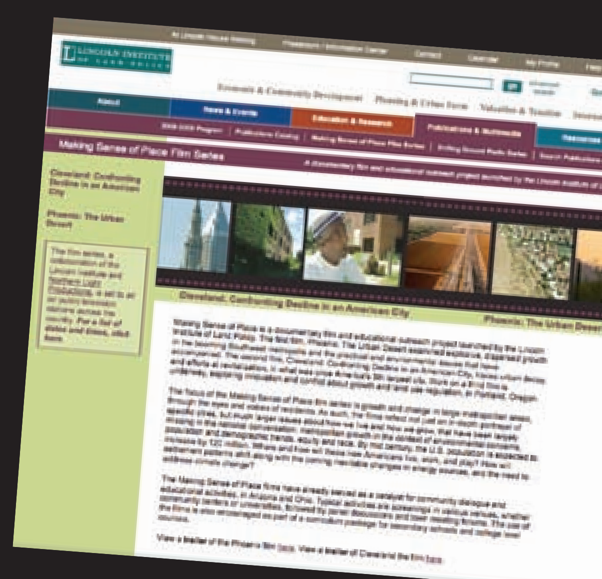
Linking Cities by High-Speed Rail: What the Future Holds, Michael S. Dukakis

America's rail infrastructure has long lagged behind Europe and Asia, but with soaring energy prices, a renewed focus on investing in infrastructure, and a new administration, the moment for high-speed connections between American cities may have finally arrived. Any new planning framework will likely be radically different from the experiences of Amtrak over the last several years, and transportation policy will be inextricably tied to land use. In this lecture, Dukakis, a professor of political science at Northeastern University in Boston and former vice chair of the board of Amtrak, analyzed the post-election results and discussed what it will take for an invigorated, well-functioning new high-speed rail system.

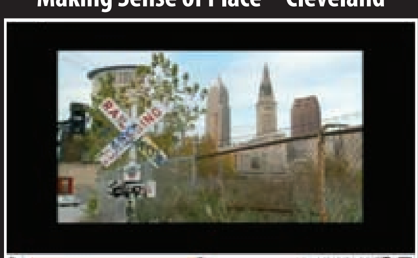
Additional Lincoln lectures, as well as other selected presentations that are part of Lincoln Institute conferences and events, will be available via streaming video on the Web site in the near future.

MAKING SENSE OF PLACE FILM SERIES |

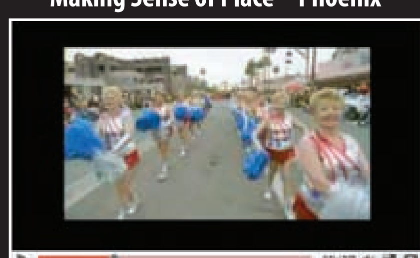
Trailers for the first two films in the Institute's documentary film series ***Making Sense of Place*** are also posted on YouTube. Both ***Phoenix: The Urban Desert*** and ***Cleveland: Confronting Decline in an American City*** can be accessed at the Making Sense of Place homepage at *http://www.lincolninst.edu/pubs/film_series.asp*. The trailer for the third film, ***Portland: Quest for the Livable City***, will also be linked on this page and uploaded on YouTube when it is available later this spring.



Making Sense of Place – Cleveland



Making Sense of Place – Phoenix



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Land Lines
APRIL 2009

Working Papers and Other Online Publications

More than 540 working papers are posted online for free downloading. These papers include the results of Institute-sponsored research, course-related materials, and occasional reports or papers cosponsored with other organizations. Some papers by associates affiliated with the Institute's programs in Latin America and China are available in Spanish, Portuguese, or Chinese. The Lincoln Institute Web site also hosts all issues of *Land Lines* published since 1995, and more than 20 policy focus reports published since 1995. Most of these reports are also listed in the Publications catalog and are available for purchase directly from the Web site. **The Web site search functions have been upgraded to help you find the title, author, or type of publication that you want. Go to *www.lincolninst.edu/pubs/index.asp* to begin your search.**

2009 Publications Catalog

The Lincoln Institute's 2009 Publications catalog features more than 100 books, policy focus reports, and multimedia resources. These publications represent the work of Institute faculty, fellows, and associates who are researching and reporting on a wide range of topics in valuation and taxation, planning and urban form, and economic development in the United States, Latin America, Europe, China, South Africa, and other areas. **To request a copy of the catalog, e-mail your complete mailing address to *help@lincolninst.edu* or call 1-800-LAND-USE (1-800-526-3873). The complete catalog is posted on our Web site.**

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