

Land Lines

Newsletter of the Lincoln Institute of Land Policy

Universities as Developers

Allegra Calder
and Rosalind Greenstein

Universities are involved in the development of their immediate neighborhoods for a variety of reasons. For some, it is a matter of self-preservation and marketing, as neighborhood deterioration and disinvestment can negatively affect student enrollments. Other institutions are driven primarily by the need for new or updated facilities, such as laboratories, classrooms, student housing or athletic fields, which require expansion beyond existing campus boundaries, or by a long-standing commitment to neighborhood redevelopment. However, in tight urban real estate markets, where renters and low-income households already feel the threat of displacement, university expansion plans can serve to intensify residents' apprehensions and lead to complicated land use disputes.



UIC SOUTH CAMPUS DEVELOPMENT OFFICE

Build-out sketch of the 85-acre University Village development at the University of Illinois at Chicago.

Universities have responded to disinvestment and dilapidation in their neighborhoods by using a variety of strategies. These include the acquisition and rehabilitation of abandoned buildings or vacant properties; support of faculty and staff home ownership in the area; improvement of local public services, including public schools and public safety programs; redevelopment of key nonresidential and commercial properties; and, at times, the encouragement of community involvement in the redevelopment process. New development often requires a fresh approach to architecture and urban design, since historically many institutions deliberately cut themselves off from their neighbors. Steve Cottingham, of Marquette University in Milwaukee, refers to this new approach as “weaving in, rather than walling out.”

Even when universities succeed in securing new development sites, they have to balance many competing demands. For example, donors favor signature buildings;

the city requires regulatory compliance; neighborhood activists call for input into the school's expansion plans, as well as benefits from that expansion; parents want a safe environment for their children; and students desire retail and entertainment options, as well as housing and security. Meeting all of these demands is difficult and none of the possible responses speaks directly to furthering the core educational mission of a university.

Roles and Responsibilities of Urban Universities

Last February, the Lincoln Institute, the Great Cities Institute of the University of Illinois at Chicago and the Urban Land Institute convened a group of executive-level university administrators involved in real estate decision making to address these issues. The seminar participants discussed specific real estate development cases as

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well as general concerns, such as finance and taxation, internal organizational structures, working with developers, and community involvement. Participants were interested in the technical aspects of urban development, but also in the expectations and accompanying responsibilities placed on universities in an urban context.

Universities remain one of the few examples of long-established, place-based institutions in urban areas, and they typically have a significant physical presence in their communities. While their faculty, staff and students place many demands on local public and private services, from increased traffic and police protection to escalating housing costs, universities also provide considerable cultural, social, intellectual and economic benefits. The well-known identity of most universities contrasts with that of private-sector corporations that frequently merge and relocate to suit their changing needs and to respond to the highly competitive, globalized economy.

Universities typically do not have this option, so they depend on (and contribute to) the health and vitality of their local communities to protect their vested interests. The quality of the surrounding environment directly affects the competitive advantage of a university, which is crucial to attracting and retaining the best students and faculty. In turn, communities increasingly look to universities to fill the gaps left by departed corporate leadership.

Broad Street Development in Columbus, Ohio, exemplifies this kind of university-community interdependence. Campus Partners, a nonprofit redevelopment corporation started by Ohio State University, has secured the purchase option for this 1,400-unit, scattered-site public housing project. Broad Street's Section 8 contracts from the U.S. Department of Housing and Urban Development (HUD) have expired or are about to expire. Typically, when the federal government restructures or extends these contracts there is a significant reduction in the rent subsidy available to low-income households and little or no money available for rehabilitation of the properties. Campus Partners is working with local organizations to implement a better level of management and structural rehabilitation than is typical for Section 8 projects. Although this housing

redevelopment is unrelated to Ohio State's mission, and the university was initially reluctant to take on the responsibility, when faced with the likelihood of continued physical decline near the campus, the university decided there was no other option than to pursue the project.

As universities expend resources on local revitalization projects, they often set other forces in motion that may alter or threaten the cultural and demographic identity of the neighborhood. Real estate development can contribute to increases in the value of the land and community amenities, but it can also displace existing residents and businesses that cannot compete in tighter and more expensive land and housing markets. Seminar participants debated the responsibility of universities

coupled with high turnover of rental units, can lead to rapid deterioration in the housing stock. This behavior can either start or reinforce the process of declining property values and neighborhood deterioration—a process that fails to benefit either the university community or the neighborhood. Such a situation recently motivated the University of Pennsylvania to enter into a partnership with the Fannie Mae Corporation, First Union Bank and Trammell Crow Company to preserve and develop moderate-cost rental housing options for the broader community, and to provide high-quality management of the units.

Employer-assisted housing (EAH) strategies have also been used by the University of Pennsylvania and other universities to promote home ownership



Rendering of University Village in Chicago, which will include housing for staff, faculty and community residents, as well as retail, office, academic and conference facilities.

to address neighborhood gentrification and housing shortages due to rising land markets in the same way they previously responded to neighborhood decline. The University of Chicago, for example, has long invested in making its neighborhood an attractive residential community. Now, that strategy is being challenged because many long-term residents, both university employees and other urban dwellers, can no longer afford to live there.

Universities also face challenges from falling land markets. For example, some universities are surrounded by privately owned housing that caters to students, and those landlords often engage in short-term management practices to maximize their profits. Substandard property maintenance,

for their faculty and staff. Jim Gimpel, of the University of Illinois at Chicago, underscored the value of developing housing for staff, including the custodial, clerical and food service workers who are crucial to a university's operation yet are among the lowest paid employees. With EAH, a university provides financial incentives, such as down-payment assistance, forgivable loans or a mortgage guarantee, to help employees purchase existing local homes. In some cases, a university may even develop the housing, but will rarely manage it. Sandra Lier, now at the University of Washington, drew on her experiences at the University of California at Irvine, which developed a faculty housing complex. After it was completed, an intermediary

took over the management of the housing so that applications and complaints would be handled by the management firm rather than the university itself.

Town-Gown Tensions

Increasingly, communities are holding universities accountable for their development actions that affect the surrounding neighborhood. Historical town-gown antagonisms, coupled with the high expectations that communities hold for universities, mean that good will is more easily eroded than earned. For example, in the mid-1990s, without public input or consultation, Marquette University decided to close a major thoroughfare to traffic and create new green space for the campus. Although the plan was never carried out, the university lost much of the good will it had gained through earlier, highly successful development projects.

Openly discussing university plans with the community can help keep a project on track and avoid compromising situations when unforeseen obstacles arise, according to Terry Foegler of Campus Partners in Ohio. For example, the University of Minnesota, Twin Cities recently implemented a mandatory Neighborhood Impact Assessment that makes the university's planning vision accessible to the public and requires the university to consider alternatives to its master plan, including the option to stop building in certain locations. However, while community groups want universities to make their plans known, university real estate developers are generally averse to publicizing their acquisition plans, and they commonly establish a 501(c)(3) nonprofit corporation when purchasing land or properties. By buying "blind" (i.e., blind to the seller), the university is protected from the likely premium that sellers would demand were the buyer (and its presumed deep pockets) known. This is an example of how universities are often held to higher standards of development, and it is one area where the university and the community will likely continue to disagree, according to seminar participants.

The contentious issue of tax-exempt status for nonprofit educational institutions was addressed at the seminar by Joan Youngman, senior fellow and director of the Lincoln Institute's taxation program, and Bill Stafford, finance director for the

City of Evanston, Illinois, the home of Northwestern University. After churches, universities are in the strongest legal position with respect to their tax-exempt status. Still, the issue is confusing because vested interests are clear, yet are clearly in opposition. In practice, the property tax is a hybrid consisting of a user charge for services and a wealth charge based on the property's value. Many municipalities favor user charges or fees-for-services, as opposed to property taxes, to obtain revenue from a university, and the race for revenue can lead municipalities to creative ideas. For example, one California city wanted to charge a university for its scenic view. Universities, on the other hand, feel there is some ambiguity with respect to what benefits they actually receive from municipalities, since universities provide many of their own services, such as street plowing and campus police protection.

Despite the controversial negotiations between universities and municipalities around property taxes and payments in lieu of taxes (PILOT), the actual payments may be relatively small, according to Youngman. Depending on the size of the city and the diversity of its local economy, the university payment may not be a meaningful share of local revenues, and several seminar participants confirmed this observation. Smaller cities tend to look to their universities as a more important source of revenue than do large cities, and controversy over tax-exempt status tends to escalate when universities expand their activities beyond their traditional and clearly academic roles. For example, when a university owns property that contains not only research offices and laboratories but also a bookstore, a Starbucks and a Kinko's, should it be tax-exempt? Frank Mares, of DePaul University in Chicago, described a mixed-use project in which specific university uses are tax-exempt while the parking garage and retail spaces are taxed, essentially creating separate taxing districts.

Stafford of Evanston pointed out that there are legitimate public policy questions regarding the uses and abuses of nonprofit organizations. The nonprofit status of universities stems from the long-held belief that they contribute to the public good. However, this privileged status was based on an implicit understanding that the university did not make a profit on its activities. There are currently numerous

examples of ways universities challenge this assumption. For example, when professors market themselves as consultants, working from their university-provided offices and capitalizing on the university's "brand name," are they acting in the public interest? Furthermore, the endowments of many universities exceed the operating budgets of the cities and towns in which they reside. Stafford concludes, "the university, at best, is a subsidized citizen."

Yet, from the perspective of the university, increasing competition has forced universities to walk a fine line between remaining faithful to their missions and vying with other institutions to recruit and retain students and faculty, and to meet ever-growing demands for newer athletic and academic facilities, bigger and better dorm rooms, or more sophisticated telecommunications resources. The role played by universities in their communities has altered considerably over the past few decades and, at a minimum, further clarification of public policy intent and tax law regarding tax-exempt status needs to be revisited.

While the university must address the concerns of its local community, it also faces pressures to respond to broader regional goals. Local governments increasingly view universities as engines of economic development—both programmatically and physically—and as "economic anchors" in the city. Norma Grace, of the University of New Orleans, remarked on a common expectation that universities will create jobs and help local entrepreneurs, yet due to increasing budget demands universities have few resources to support this community goal. As one participant put it, the university cannot be only a real estate developer, because there are consequences to its actions; it needs to be a community developer as well. Hank Webber, of the University of Chicago, stated, "We're not malevolent, we're just wrong a lot of the time."

Best Practices for the Future

Because most universities will remain in their current locations indefinitely, their futures will continue to be intertwined with their surrounding neighborhoods. However, the inevitability of future change and persistent development pressure highlights the differences between universities

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and the private real estate sector. Profit and speed motivate private developers—two qualities not usually associated with universities, particularly public institutions. Furthermore, given the broader mission of a university, short-term, market-oriented thinking is not always suitable. It is clear that future prospects for university expansion remain a complex challenge, especially in urban areas where land available for development is limited and expensive.

This seminar was intended to begin a dialogue among university officials responsible for campus development, and it will reconvene next year in an effort to add to our knowledge of the ways urban universities' real estate development activities contribute to the revitalization of their cities. Many seminar participants expressed an interest in institutionalizing community and real estate development practices, and they stated a preference for examining cases in depth, with input from city officials, community leaders and university administrators, to uncover the complexities of an individual project. Seminar cochairs David Perry and Wim Wiewel, of the University of Illinois at Chicago, have begun collecting such cases to use in future seminars and to broaden the ongoing debate on this topic. We invite interested university administrators involved in real estate decision making to contact us about participating in future seminars. **L**

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Value Capture in Latin America: Alternatives for Urban Development

Latin American urbanization is characterized largely by dramatic social inequalities, particularly in the access to urban land and services. These inequalities are expressed in formidable urban land price differentials that are associated with the process through which land value increments are generated, appropriated and used. In this context, it is not surprising that ideas such as the mobilization of land value increments to benefit the community, as inspired by the work of Henry George, have attracted so much attention in the region. Henry George was an American journalist, political economist and social philosopher writing in the late-nineteenth century who inspired many followers, including John C. Lincoln whose Lincoln Foundation established the Lincoln Institute.

Henry George proposed the creation of a single tax that would capture for public benefit the value of land attributed to community effort, rather than allowing that value to be capitalized by the owner. George proposed that such a tax would bring long-term benefits in equity and urban efficiency to counter the inequalities and poverty that typically accompany economic progress. The practical sense and concern for equity and efficiency that inspired Henry George are relevant to urban problems today, in Latin America and other regions.

These issues are examined in the recently published Spanish-language book, *Recuperación de Plusvalías en América Latina: Alternativas para el Desarrollo Urbano*, edited by Martim Smolka and Fernanda Furtado. The editors assembled eight essays by Latin American scholars who demonstrate that value capture policies are theoretically feasible and that legislation and tools for their implementation already exist in many countries. The case studies presented in this volume offer valuable lessons not only for Latin America and the third world, but also for the developed world. The authors and countries included in this book are: Nora Clichevsky (Argentina); Paulo Sandroni (Brazil); Samuel Jaramillo (Colombia); Carlos García Pleyán and Ricardo Núñez Fernández



(Cuba); Gonzalo Cáceres and Francisco Sabatini (Chile); Manuel Perló Cohen and Luis R. Zamorano Ruiz (México); Julio A. Calderón Cockburn (Perú); and Oscar Olinto Camacho and Adriana Tarhan (Venezuela).

The accompanying article on page 5 of this newsletter is based on the editors' introductory chapter. It provides an overview of the nuances of value capture, including common misconceptions and lessons that can be learned from innovative implementation of value capture policies by Latin American urban planners and government officials.

This book inaugurates the editorial collaboration between the Lincoln Institute and the Postgraduate and Research Institute of the School of Architecture, Design and Urban Studies of the Catholic University of Chile, which published the volume as part of its EURELIBROS series.

To order the book in Latin America, contact Gonzalo Cáceres in Chile at gacacere@puc.cl, (56-2) 686-5511 or 686-5539.

To order the book in the United States, contact the Lincoln Institute at help@lincolninst.edu or 800/526-3873.

ISBN 956-14-0620-9. 226 pages, paperback, US\$ 10.00.

Lessons from the Latin American Experience with Value Capture

Martim Smolka
and Fernanda Furtado

Over the past five years, the Lincoln Institute has supported the study of value capture policies and instruments in many Latin American countries. Notwithstanding the diversity of approaches and the variety of specific cases, we have identified seven substantive lessons that can help to clarify some of the confusion and misunderstandings associated with the implementation of value capture principles. Each lesson summarized below presents one or two examples drawn from the book, *Recuperación de Plusvalías en América Latina: Alternativas para el Desarrollo Urbano*.

1. Value capture is not a new concept in Latin America.

The Latin American experience with value capture has long-standing historical precedents. Public debates on the use of value capture and related instruments have been held since the beginning of the twentieth century in several countries. In the 1920s, the debate was triggered by concrete events, such as the problem of paving streets in São Paulo, Brazil, and the lack of external financing for needed public works in Colombia. In other cases, political and ideological factors have motivated national discussions. Representatives of the *Partido Radical* in Chile made several attempts to introduce the idea, and in the 1930s President Aguirre Cerda proposed legislation to create a national tax on *plusvalías* (land value increments) based on the ideas of Henry George.

2. However, its application in the urban policy agenda is still limited.

Despite many reports of relevant experiences that integrate the principles of value capture, the issue is not well represented or even sufficiently acknowledged within the sphere of urban policy. In some instances, promising value capture initiatives have gained prominence in their own times, only to be forgotten later. An important example is the well-known *Lander Report* from Venezuela, which proposed in the

Value capture refers to the process by which all or a portion of increments in land value attributed to “community efforts” rather than landowner actions are recovered by the public sector. These “unearned increments” may be captured indirectly through their conversion into public revenues as taxes, fees, exactions or other fiscal means, or directly through on-site improvements to benefit the community at large.

1960s that land and its increments in value should be the main source of financing for urban development projects. That report formed the basis for recommendations on urban development finance included in the proceedings of Habitat I (1976).

In other cases, interesting opportunities to use value capture as a tool for urban policy are being lost or ignored. Currently, some Latin American countries are not taking advantage of potential unearned land value increments generated by major inner-city revitalization projects. While there is general acceptance of the notion of capturing increases in land values, in reality little of that increased value derived from public action has actually been recovered and redistributed.

3. Legislation often exists but is not implemented.

As in many other countries in the region, the variety of value capture instruments available in Mexico, ranging from the *contribución por mejoras* (a special assessment or betterment levy aimed at recovering the costs of public works) to taxes on *plusvalías*, illustrates the discrepancy between what is legally possible and what is actually implemented. Contrary to what is often alleged, the general problem is not that the planners or local officials lack legal or practical access to these instruments but that the following conditions tend to prevail.

- The legislation and instruments are often conceived and designed (sometimes intentionally) in such confusing and contradictory ways that they virtually paralyze

any operational policy initiatives. For example, the Venezuelan national expropriation law of 1947 prescribes the taxation of 75 percent of land value increments related to public works, whereas the general municipal constitution (*Ley Orgánica de Régimen Municipal*) limits taxation to 5 percent of the total value of the affected property. In reality, even this limited charge is not collected.

- Even when the law makes value capture feasible, it may be difficult to interpret. For example, the debate between eminent jurists in the 1970s in Brazil with respect to the constitutionality of the legislation on *solo criado* (an instrument based on the separation of land and building rights) reflected a basic lack of understanding of legal precedents regarding value capture and its associated instruments.

- The possibilities of the law are not always widely known, even in their respective countries. This seems to be the case in Mexico, where the traditional property tax in the city of Mexicali, based on the combined value of land and buildings, was successfully replaced by a tax based exclusively on land value (Perlo 1999). Other cities in Mexico do not seem to be aware of or have not taken advantage of similar provisions in their state’s legislation.

4. Resistance is more ideological than logical.

Even when value capture legislation and instruments are understood (or in some cases because they are understood), they may not be implemented fully due to the proverbial “lack of political will.” This resistance may take the form of misleading interpretations, stereotyped rationalizations and even pure ideological “preaching.”

It is not hard to find public justification that the application of such instruments is neither timely nor appropriate, especially if the justification is based on misleading interpretations. Some such arguments are that impositions on land values are inflationary and disruptive of well-functioning markets, or that they incur unacceptable taxation of the same base twice. Such mis-

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conceptions seem to lie behind the reluctance of the Ministry of Housing and Urbanism of Chile to promote the review and resubmission to the Congress of some value capture provisions in the country's new legal framework on urbanism.

Objections based on stereotyped rationalizations may use the following arguments:

- the corresponding revenues are not significant or are not justified when compared with the administrative costs incurred;
- the public administrations would not be competent in terms of technical and human resources; or
- the application of value capture instruments would be antisocial and regressive, since the poor population, which has the greatest need for more urban infrastructure, has the least capacity to pay.

Contradicting these arguments, however, are the development of successful participatory improvement programs in poor areas of many cities (for instance in Chile, Brazil and Peru). These programs have been technically and economically efficient and usually have strong support from the low-income population affected.

Finally, some objections are of a purely ideological nature. The resistance to the implementation of *participación en plus-valías* in Colombia, for example, is based on the allegation that this device, although recognized as technically well-formulated, represents one more unwanted public “interference” on urban real estate business, such as a higher fiscal burden, limitations on property rights or more regulation (Barco de Botero and Smolka 2000). This position has been replaced recently by a broad consensus among politicians, business leaders and the general public that acceptance of this instrument is a better option than the imposition of additional property taxes.

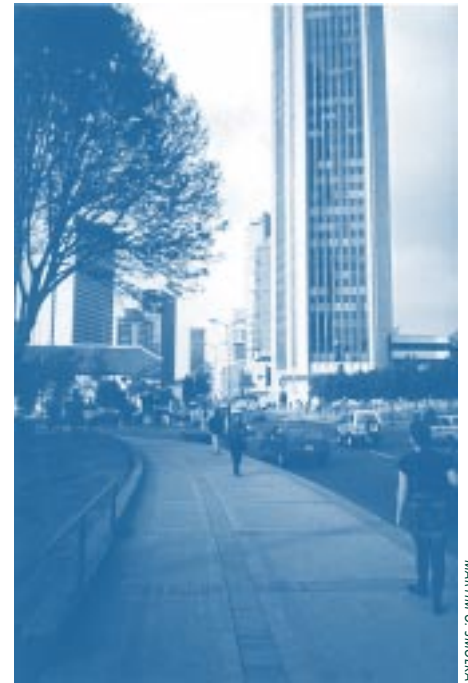
5. Value capture is gradually becoming more popular.

In spite of the obstacles and political resistance, recent Latin American experience with value capture shows a growing interest in the subject and in the conditions that would justify its utilization. Value capture is attracting the attention of municipal planners throughout the region, and it is beginning to be perceived as an important urban policy initiative. This growing popularity is related to several factors occurring in the region.

First, greater administrative and fiscal decentralization requires more autonomy in redefining and obtaining alternative sources of public funds to finance the urbanization process. The need for more local resources has been reinforced by the social demands and political pressures associated with current redemocratization processes and growing levels of popular participation. Formation of extra-budget funds to finance special social programs is linked to almost all new value capture initiatives and has been one of the most attractive reasons for implementing those policies.

Second, the redefinition of the functions of the state (including privatization), together with the decline of comprehensive planning, have set the stage for the development of more flexible public interventions and direct negotiations in land use regulation and public-private partnerships. The release of public areas to the private land market, as well as better coordination between real estate and public sector interests to promote new areas in the cities, are also significant. It is worth noting that even in Cuba one finds a vigorous program through which the Office of the Historian in Havana, operating as a kind of property holding company, refinances its state-owned operations with land value increments resulting from urban renovation projects in the form of rents charged to private development “partners” (Nuñez, Brown and Smolka 2000).

Other favorable factors include the conditions imposed by the agendas of multilateral agencies, which clearly promote the universalization of user charges and the recovery of the costs of public investments. The growing popularity of new value capture instruments can also be attrib-



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uted to some frustration with the poor results obtained from the application of taxes and other traditional charges related to urban land in past decades, in terms of both revenues and urban policy objectives.

6. Pragmatism overrides ethical or theoretical justifications.

A corollary to the preceding point is that the growing popularity of value capture seems to be inspired more by eminently pragmatic reasons than by ethical criteria, notions of equality, or theoretical and political justifications. Some reforms may even have been introduced without full political awareness of the process, or of its theoretical importance, as previously illustrated in the Mexicali case. The historical evidence shows that most value capture initiatives have responded above all to the need to face fiscal crises and other local problems in the financing of urban development. This is the case even in Argentina, where the need for revenues prevailed over established principles opposed to new taxes when a temporary five-percent increase in the property tax was used as one of the initiatives to finance investments in the new Buenos Aires subway system.

Nevertheless, one should not assume from the above examples that accumulation of experience is not important for the refinement of instruments and the evolution of value capture policies. A case in point is the Colombian experience with the *contribución de valorización* since the 1920s and the many attempts to overcome some of its limitations, especially in the past 40 years. The recently enacted *participación en plusvalías* is a more technically developed and politically acceptable version of an instrument targeted to capture the sometimes huge land value increments associated with administrative decisions concerning zoning, density levels and other urbanistic norms and regulations.

7. Value capture is not necessarily progressive or redistributive.

It must be noted that the reference to *plusvalías* is in no way a monopoly of the political left. Both Argentina's and Chile's recent experiences show clearly the disposition toward the subject in neo-liberal contexts. In addition, the *operações interligadas* (linkage operations) developed in São Paulo, and effectively applied by administrations of opposing political and ideological tendencies, put forward a convincing argument about the impossibility of labeling these instruments in advance.

Progressive local governments, on the other hand, are sometimes reluctant to apply these instruments, and may even reject the notion altogether, for three reasons. First, they may believe that such contributions would be simply a mechanism to impose additional fiscal charges with no redistributive impact whatsoever. Second, even when the resulting revenues are earmarked for the low-income population, they may be insufficient to reduce the absolute differences between rich and poor in the access to the serviced land (Furtado 2000). And third is the intergenerational argument that such charges are being imposed on newer, generally poor, residents who need services, whereas earlier generations were not charged for infrastructure services or amenities.

Thus, the progressive nature of such policies is not resolved by "taxing" land value increments or by focusing on high-income taxpayers. The "Robin Hood" image of such policies fades once it becomes clear that the part of the value actually captured in this way tends to be only a fraction, and often a small one, of what the owner actually receives in benefits. This point seems to have been well understood by many lower-income populations, like those in Lima where a successful program featuring some 30 projects used the *contribución de mejoras* to finance public works in the early 1990s.

This example and other strong evidence support the need to revisit the conventional wisdom regarding the tension between the principles of benefit and capacity of payment. In practice, the strategy of attracting some public intervention to one's neighborhood (even if it means paying for its costs) is more advantageous than the alternative of being neglected. This point should, nevertheless, be taken with caution, in light of certain experiences where the *contribución de mejoras* has been applied in low-income areas with purposes other than benefiting the occupants—for example, to justify the eviction or force the departure of those who cannot pay for the improvements (Everett 1999).

Final Considerations

In spite of the difficulties in interpretation and resistance to implementation outlined above, value capture policies are undeniably arousing new interest and growing acceptance. Efforts to utilize value capture have grown in both number and creativity, and its virtues beyond being an alternative source of public financing are becoming better understood. Public administrations are realizing the "market value" of their prerogative to control land use rights, as well as to define the location and timing of public works. They also see that the transparent negotiation of land use and density ratios reduces the margin of transactions that used to be carried out "under the table." As the link between public intervention and land value increment is becoming more visible, attitudes are changing to be more conducive to building a fiscal culture that will strengthen property taxes and local revenues in general.

However, there is still much to be done in two spheres: researching the complex nature of value capture policies and promoting greater understanding among public officials with regard to how it can be used to benefit their communities. More knowledge is required on certain Latin American idiosyncrasies, such as when significant land value increments are generated under alternative land tenure regimes that are outside the protection of the state, and in cases where the land represents an important mechanism of capitalization for the poor.

Beyond the traditional, structural constraints of patrimonialism, corruption, hidden interests, ideological insensitivity and the like, a considerable part of the "unexplained variance" in different experiences with value capture in Latin America can be attributed to lack of information. Toward that end of improving understanding of the principles and implementation of value capture, there remain many opportunities to document and analyze current experiences with alternative land valuation and taxation instruments. **L**

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NOTE

These *Land Lines* articles and many other papers on value capture in Latin America are available on the Lincoln Institute website, and most are available in English and in Spanish or Portuguese. (www.lincolninst.edu)

The Legacy & Works of Henry George in CD Format

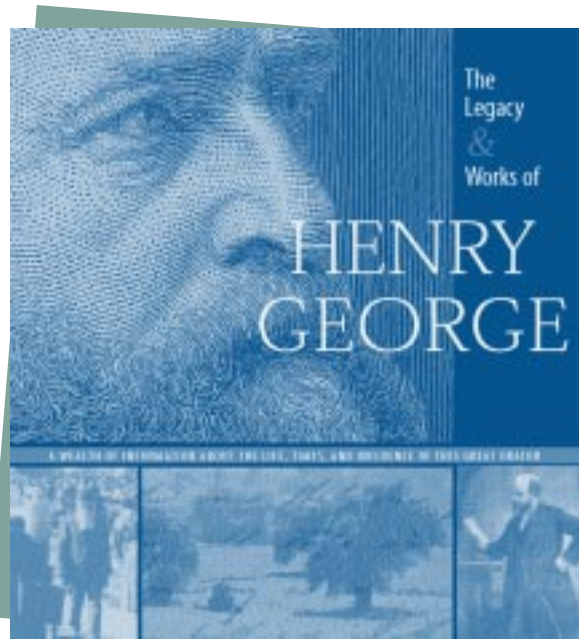
In its first venture into the medium of the CD-ROM, the Lincoln Institute is releasing an interactive two-disk CD packet this summer on the legacy and works of Henry George. These compact disks present a wealth of information about the life and times of this fascinating nineteenth-century social reformer, author and orator whose ideas have influenced economic and social thought for more than 120 years.

John C. Lincoln, a Cleveland industrialist and founder of the Lincoln Electric Company, was one of many people influenced by the ideas and philosophies of Henry George during the late nineteenth and early twentieth centuries. Lincoln established the Lincoln Foundation in 1947 to fund the study of land policy and land taxation based on Henry George's ideas. The Foundation, in turn, established the Lincoln Institute in 1974 as a school to study and teach land policy, including issues of land economics, planning and development, and valuation and taxation. The teaching programs of the Institute focus on the underlying concepts that George raised about land and taxation policy, which remain relevant to society today.

With funding support from the Lincoln Foundation, the Lincoln Institute has undertaken this CD project following several successful conferences and studies on land value taxation and related topics. This rich, interactive CD-ROM features historic documentation, photographic illustrations, music, audio clips and videos to explore George's legacy. It presents an abundance of information on his personal life and the intellectual climate of his time, and it provides digital copies of George's published books, selected speeches and other works.

The Legacy of Henry George

Henry George was born on September 2, 1839, in Philadelphia, Pennsylvania, and died on October 27, 1897. His remarkable popularity, coupled with his increasing



income from worldwide sales of *Progress and Poverty* and other books, enabled George to focus entirely on his writing and speaking about economic principles. He was largely self-taught and traveled extensively, gaining insights into other economies, political processes and societies. He used these experiences to deepen his own understanding of the relationship between land and wealth.

Disk One of the CD packet introduces Henry George and his legacy through the following major sections:

His Life and Times

- **Biography:** Takes a close look at George's personal life, including photographs and information about his family, entrepreneurial endeavors and political activities.
- **Timeline (1776-1898):** Places George's ideas, publications and activities in historical context.

- **Spheres of Influence:** Illustrates noted social critics, authors and economists who have been influenced by George's philosophies and writings, and includes a videotaped interview with his granddaughter, choreographer Agnes DeMille.

- **Places:** Explores the communities of Arden, Delaware, and Fairhope, Alabama, which were developed at the turn of the twentieth century to demonstrate the benefits of George's single tax system based on land value.

- **"Georgeopoly":** Looks at how the world-famous board game Monopoly was originated in 1904, based on Henry George's ideas about land ownership.

Current Issues

Noted scholars explore real-world examples of George's continuing influence on the following contemporary topics:

- Value Capture Around the World
- Henry George and the Environment: Property Regimes in Transition
- Sustainable Development
- Sprawl: Common Property and Community Value
- Free Trade
- Land Value Taxation in Emerging Economies

Land Value Tax

One of Henry George's most significant contributions to economic thought was his idea that the rental value of land should be taxed as a way of generating revenue to benefit the community at large, rather than the individual private landowner. This section presents several essays and studies of the application of land value taxation in contemporary societies around the world.

Research and Reference

This section contains additional resource information, web links and references on the background and influence of Henry George, including the following subsections:

- Glossary of Terms
- Economic Frameworks, including basic economic theories, intellectual predecessors to Henry George, and a primer on the property tax
- Henry George Genealogy

The Works of Henry George

Disk Two of the Henry George CD packet includes the complete texts of his seven published books, as well as numerous speeches and published articles. It also includes complete texts of several contemporary publications that explore George's ideas and influences.

Books (original publication date)

- *Progress and Poverty* (1879): This seminal book is still widely read today. George explores the causes and cures of one of the great paradoxes of his time—persistent poverty in the midst of increasing economic and social development.
- *Social Problems* (1883): A collection of 22 essays on important, timely social problems.
- *The Land Question* (1884): Viewpoint and counterviewpoint on the need for land reform; first published in 1881 as *The Irish Land Question* and later republished in many countries.
- *Protection or Free Trade* (1886): An examination of the tariff question with special regard to the interests of labor.
- *A Perplexed Philosopher* (1892): An examination of Herbert Spencer's various utterances on the land question, with some incidental reference to his synthetic philosophy.
- *The Science of Political Economy* (1898): A reconstruction of its principles in clear and systematic form.
- *Our Land and Land Policy* (1900): A collection including the title essay (originally published in 1871) and other speeches, lectures and miscellaneous writings, published by Henry George, Jr., after his father's death.

Major Speeches

- "The Single Tax: What It Is and Why We Urge It"
- "Why the Landowner Cannot Shift the Tax on Land Values"
- "The Land for the People"
- "Moses"
- "Ode to Liberty"

Other Resource Publications

- *Land Use and Taxation: Applying the Insights of Henry George*, edited by H. James Brown, Lincoln Institute of Land Policy, 1997.
- *An Anthology of Henry George's Thought, Vol. 1*, edited by Kenneth C. Wenzer, University of Rochester Press, 1997.

Further Information

The Henry George CD has a flexible design and is useable on Macintosh OS and Windows-compatible platforms, and it has an "interactive" format with links to other sites on the Internet. Disk Two is fully searchable in Acrobat Reader for easy reference to all publications.

For more information about Henry George and this CD product, consult the Institute website at www.lincolnst.edu

To order one or more copies of the Henry George CD, send email to the Lincoln at help@lincolnst.edu or phone 617/661-3016 x127 or 800/526-3873. The entire CD packet is available for \$50, plus shipping and handling. Discounts are available for libraries and other educational institutions.

David C. Lincoln Fellowship Applications Due by September 14

The Lincoln Institute of Land Policy invites applications for David C. Lincoln Fellowships in Land Value Taxation, a program designed to develop academic and professional interest in land value taxation through support for major research and curriculum development projects. The Fellowship honors David C. Lincoln, chairman of the Lincoln Foundation and founding chairman of the Lincoln Institute of Land Policy.

Projects may address either the basic theory of land value taxation or its application to domestic or international issues, with an emphasis on specific investigations, case studies and theoretical work rather than general discussions of land valuation and taxation principles. The research may deal with land value taxation from the perspective of economic analysis, legal theory and practice, political science, administrative feasibility, valuation techniques, or other approaches in order to achieve a better understanding of its possible role as a component of contemporary fiscal systems.

The Institute particularly invites proposals from scholars whose work has not previously addressed these issues. Funding for each approved project is between \$20,000 and \$40,000 per year, and may be renewed to support projects up to three years in length. Decisions on the renewal of funding for multi-year projects are made annually after an evaluation of interim research results. As part of the Fellowship program, each recipient will present a seminar at the Lincoln Institute and attend a symposium with other current Fellows.

The application deadline is September 14, 2001, and Fellowship awards will be announced by November 15, 2001. For more information and application guidelines, see the Lincoln Institute website at www.lincolnst.edu or send email to rffp@lincolnst.edu.

The New Spatial Order? Technology and Urban Development

The Lincoln Institute's *2001 Annual Roundtable* is the fourth such publication to address themes that form the heart of the Institute's work. This series of roundtable programs is an opportunity for the Institute to bring together a diverse group of scholars, policy makers and critics to identify and debate timely land use and taxation issues.

This year's roundtable, *The New Spatial Order? Technology and Urban Development*, was organized by Senior Fellow Armando Carbonell and convened on November 9, 2000, at Lincoln House in Cambridge. The roundtable focused on the impact of advanced information and telecommunications technology on the spatial form of urban and metropolitan areas. Several broad questions prompted the discussion: What are the trends in technological change affecting where people live and work, and what difference will these trends make in social, environmental and economic terms? Furthermore, who cares, should we be doing anything about it, could we do anything about it, and how would we try to accomplish any alternative changes?

Seven scholars and practitioners who are deeply involved in this field joined the Institute's senior staff to discuss and debate their views about the new spatial order and the consequences and implications of the new economy for planners and policy makers. Their observations and projections ranged along a spectrum from continued sprawling deconcentration to localization imperatives that favor more centralization in established cities and metropolitan regions. The publication presents an edited version of the transcribed discussion, as well as a bibliography and list of web resources on the topic. The invited participants are:

Robert D. Atkinson

Technology and New Economy Project
Progressive Policy Institute, Washington, DC

Elizabeth K. Burns

Department of Geography
Arizona State University, Tempe, Arizona



Andrew Gillespie

Centre for Urban and Regional Development Studies
University of Newcastle, United Kingdom

Thomas A. Horan

Claremont Information and Technology Institute
Claremont Graduate University, California

Deborah Hurley

Harvard Information Infrastructure Project
John F. Kennedy School of Government,
Cambridge, Massachusetts

Cesar L. McDowell

Center for Reflective Community Practice
Massachusetts Institute of Technology,
Cambridge, Massachusetts

Mitchell L. Moss

Taub Urban Research Center
New York University, New York

Volumes in the Annual Roundtable Series

The Value of Land:

1998 Annual Roundtable

The first Chairman's Roundtable report explores wide-ranging land use and taxation issues with internationally respected scholars and policy makers. Five short essays supplement edited excerpts from the discussion to provide a deeper analysis of several key themes and diverse points of view that arose out of the roundtable. These essays highlight current thinking about the social and economic impacts of sprawling urban development, recent experiences with regional governance systems, the controver-

sial issue of metropolitan tax base sharing, and the role of informal land and housing markets in developing countries.

1998, 36 pages, paperback, \$10.00.
ISBN 1-55844-132-8

Land Values and Property Taxation: *1999 Annual Roundtable*

The Institute's second roundtable focused on the property tax, the primary instrument used for appropriating a portion of private land value for public purposes. Seven scholars and specialists in public finance and property tax policy considered the property tax from perspectives of economic theory, political experience and governmental structure. They examined the tax as it exists today and discussed proposals for radically restructuring it. This publication includes each formal paper followed by the author's summary at the roundtable and the ensuing informal discussion.

1999, 64 pages, paperback, \$15.00.
ISBN 1-55844-136-0

Metropolitan Development Patterns: *2000 Annual Roundtable*

The third roundtable addressed the interaction of public policy and private preferences in shaping metropolitan development patterns. Nine scholars and practitioners in urban economics, planning and public policy prepared papers, which are included in this publication. The edited discussion includes debates around public interests vs. private interests; individual preferences vs. community preferences; what is cause and what is consequence.

2000, 88 pages, paperback, \$15.00.
ISBN 1-55844-143-3

The New Spatial Order? *Technology and Urban Development:* *2001 Annual Roundtable*

2001, 48 pages, paperback, \$15.00.
ISBN 1-55844-146-8

To order any of these publications, call the Institute at 800/LAND-USE (800/526-3873), fax the order form on page 11 of this newsletter to 800/526-3944, or email your order to help@lincolninst.edu.

Program Calendar

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For more information about these programs, consult the Lincoln Institute website www.lincolninst.edu.

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Lincoln House
Cambridge, Massachusetts

Mediating Land Use Disputes

JULY 30-31
St. John's College
Santa Fe, New Mexico

National Conference of State Tax Judges

SEPTEMBER 13-15
Salt Lake City, Utah

Informal Land Markets: Regularization of Land Tenure and Urban Upgrading Programs

SEPTEMBER 13-20
Lincoln House
Cambridge, Massachusetts

Colonias: Irregular Settlements and Self-Help Housing in the U.S.

SEPTEMBER 20-22
Lincoln House
Cambridge, Massachusetts

Infrastructure Planning and Urban Development

OCTOBER 1-NOVEMBER 9
International Center for Land Policy Studies and Training
Taoyuan, Taiwan

Conference in honor of Dick Netzer

OCTOBER 11-12
New York University
New York, New York

Mediating Land Use Disputes

NOVEMBER 1-2
Minneapolis, Minnesota

State and Local Taxation Seminar for Governors' Aides

Cosponsored with the National Governors' Association
NOVEMBER 2
Lincoln House
Cambridge, Massachusetts

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

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