

# Land Lines

Newsletter of the Lincoln Institute of Land Policy

## Farming Inside Cities

Jerry Kaufman and Martin Bailkey

When people think of growing food in the United States, the images that come to mind are vast stretches of vegetable and fruit tree farms in California's Central Valley, golden fields of wheat in the Plains states, and cows grazing on verdant rural landscapes in the Midwest and New England. Rarely is the image one of farming inside American cities. Yet, in an increasing number of cities today—especially those substantially affected by structural economic change and population loss over the past several decades—community-based organizations are growing food for the market on vacant lots, in greenhouses, and even in abandoned warehouses. Some of these groups market their products at local farmers markets, roadside stands, restaurants and supermarkets. Others convert their harvests into value-added products like salad dressings, jams and salsas for sale in regional markets.



Starter plants for community gardens are grown in this 3,000 square-foot greenhouse renovated by Milwaukee's Growing Power.

### A Conceptual Three-Legged Stool

Our recently completed study, supported by the Lincoln Institute, explored the characteristics of entrepreneurial urban agriculture in the U.S., key obstacles to its practice, and ways of overcoming these obstacles. The study framework can be visualized as a wobbly three-legged stool that needs to be made sturdier. One leg of the stool represents inner-city vacant land and the government agencies and their policies that affect its disposition and management. The scale of the vacant land problem in many American cities, particularly in the Midwest and Northeast, is significant. Philadelphia, for example, has an estimated 31,000 vacant lots and as many as 54,000 vacant structures that, if demolished, would add considerably to its vacant land supply. Detroit's inventory of 46,000 city-owned vacant parcels is accompanied by an estimated 24,000 empty buildings. Even smaller cities are faced with a stockpile of vacant land. In Trenton, New Jersey, a city of 85,000 people, eighteen percent of the land is vacant. Despite the spread of gentrifying neighborhoods and new

in-town developments in many cities, considerable amounts of vacant land, especially in disadvantaged neighborhoods, will likely continue to lie fallow because of limited market demand.

The second leg represents for-market urban agriculture, a movement of individuals and organizations who wish to produce food in cities for direct market sale. The initiators of these projects are a diverse group—community gardeners, community development corporations, social service providers, faith-based organizations, neighborhood organizations, high schools, animal husbandry organizations, coalitions for the homeless, farmers with a special interest in urban food production, and profit-making entrepreneurs. Proponents of for-market urban agriculture put forth a wide range of benefits, such as instilling pride and greater self-sufficiency among inner-city residents; using vacant lots in disadvantaged neighborhoods to nurture growth rather than to collect trash; supplying lower-income residents with healthier



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## City Farming

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and more nutritious foods; providing local youth with jobs in producing, processing and marketing organically grown food; and reducing the amount of unproductive city-owned vacant land.

The third leg of the conceptual stool represents the institutional environment for urban agriculture within cities. Is it accommodating, neutral, skeptical or restrictive? The more that entrepreneurial urban agriculture is seen positively by local government officials, local foundations and the public, the greater the likelihood of a smoother future. But, when the institutional climate is indifferent or cool, then urban farming advocates will clearly encounter more difficulties. We found the overall climate for entrepreneurial urban agriculture to be mixed, with some supporters, many who seemed indifferent, some skeptics, and even a few who were decidedly hostile to the idea.

### A Medley of Projects

Our study uncovered more than 70 for-market urban agriculture projects throughout the country. Four representative examples are summarized here.

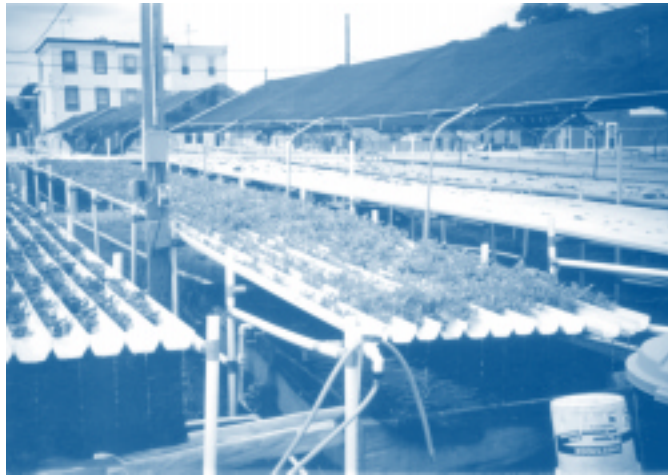
#### *Greensgrow Farms, Philadelphia.*

This small for-profit producer of hydroponically grown vegetables epitomizes the potential that agriculture offers as an urban land use. Greensgrow began in 1997, when two former chefs envisioned a practical way to meet the demand from Philadelphia restaurateurs for fresh, organically grown produce. Greensgrow occupies a three-quarter-acre site in North Philadelphia that has been cleaned of the contamination left from its former use as a galvanized steel plant. After a site lease was arranged through the New Kensington Community Development Corporation, the partners built an extensive hydroponic system to produce gourmet lettuces.

Greensgrow has since taken advantage of an EPA sustainable development grant and a donated greenhouse to grow and market lettuce, heritage tomatoes, herbs and cut flowers to 25 area restaurants after the outdoor growing season ends. The for-profit side of Greensgrow expects to break even in 2000 with revenues of \$50,000.

Its community-based side has hired three welfare-to-work participants and intends to develop a job training and entrepreneurial program in collaboration with the nearby Norris Square CDC.

*Growing Power, Milwaukee.* In some cities, farm sites may be part of a larger enterprise. For example, inner-city youth in Milwaukee are providing horticulture



**Water pumped into plastic gutters irrigates lettuce that will be marketed to local restaurants by Greensgrow Farm in Philadelphia. This hydroponic system sits on the site of a former galvanized steel plant.**

and landscaping services on a number of central city sites under the auspices of Growing Power, Inc., which is co-directed by an African-American farmer and a woman active in youth gardening and training. The organization aims to help inner-city youngsters attain life skills by cultivating and marketing organic produce, and to operate a community food center that can serve the broader community through education and innovative programming.

Growing Power's nerve center, on a 1.7-acre site on Milwaukee's north side, is a collection of five renovated greenhouses that were in dilapidated condition when purchased from the city in 1992. The center also features a farmstand, a vegetable garden and fruit trees, and an area where food waste from a local supermarket is being converted into compost. The greenhouses contain thousands of starter vegetable and flower plants, ten three-tank aquaculture systems (where tilapia, a freshwater fish, grow in inexpensive 55-gallon plastic barrels) and a vermiculture project consisting of wooden bins in which worm castings are collected by youngsters and sold back to Growing Power for use

in its city gardens. Marketing some of its products to the public is also part of Growing Power's mission.

*The Food Project/DSNI Collaboration, Boston.* The Dudley Street Neighborhood Initiative, a well-known example of community organization and empowerment, considers urban agriculture essential to the transformation of its section of Roxbury into an urban village. Since 1993, this effort has been aided by DSNI's collaboration with The Food Project, based in the Boston suburb of Lincoln. Like Growing Power, The Food Project aims to link youth development with the enhancement of urban food security. Its core activity is a summer program involving up to 60 high school students, some from the suburbs and some from Roxbury, in cultivating organic produce on a 21-acre farm in Lincoln and on two parcels within DSNI's target area.

Collards, tomatoes and herbs now grow within sight of the new housing units developed by DSNI's associated organizations. Much of the harvest is sold at a weekly farmers' market in the nearby Dudley Town Common. The young farmers have become proficient at presenting their activities to Bostonians visiting the market and at youth gatherings nationwide. For the future, DSNI and The Food Project have identified other sites in Roxbury on which to expand urban food production. In addition, DSNI will convert a former garage in the neighborhood into a 10,000 square foot community greenhouse.

*Village Farms, Buffalo.* A corporate presence in urban agriculture is rare, but a notable exception is Village Farms in Buffalo. The goal of Village Farms' parent corporation, AgroPower Development (APD), is simply to maximize profits, although it does provide jobs for central city residents. In its 18-acre greenhouse, the company uses a Dutch growing method whereby tomato plants are grown in porous, rock-wool blocks to produce up to eight million pounds of tomatoes a year, which are marketed primarily to area supermarkets.

A number of incentives lured Village Farms to a vacant 35-acre industrial site close to the downtown that sits in both a federal Enterprise Zone and a city econ-



omic development district. Although APD does not release sales figures, it is satisfied with the operation and hopes to replicate it in other cities. For its part, the city of Buffalo points to Village Farms as a success story—an innovative, nonpolluting business that is using vacated industrial land.

### Overcoming Obstacles

The obstacles to urban agriculture can be formidable, but persistence, organizational capacity, political savvy, outside support, and some good fortune have demonstrated that they are not insurmountable.

**Site-related Obstacles.** Several critical problems in producing food inside cities are tied to attributes of the sites themselves. First, vacant urban parcels give visible and sometimes less-visible evidence of past use. While they may be cleared of debris and rubble, almost all sites have some subsurface contaminants that may affect the safety of any produce harvested. This obstacle can be overcome through several approaches that together have come to characterize urban agriculture practice. Planting crops in raised beds of clean, imported soil is the most straightforward approach, and is less costly than the more involved practice of amending existing urban “soil” with truckloads of compost and humus. Soil-free hydroponic practices avoid the contamination issue, as in the elaborate Greensgrow system that sits four feet above cracked concrete, and give urban agriculture the cutting-edge feel displayed at Village Farms.

A second, more challenging site-related obstacle is lack of tenure, since the majority of urban agriculture activities are on sites owned by private landowners or public agencies who view urban food production as a temporary use. This is a common concern for community gardeners, and has carried over into entrepreneurial city farming endeavors. One solution is represented by the growing number of open space land trusts that acquire title to properties on which urban farming is already being practiced.

The logic of the urban land market results in a third site-related obstacle—the view that the value of a vacant parcel is primarily economic and that urban agriculture produces low revenues compared to other forms of land development. One way to overcome this perception is to emphasize that most urban agriculture activities are initiated by non-profit organizations

for the community good. Thus, city farming should be seen by the public as a combination of earned revenue (in the case of market operations) and less quantifiable social benefits that are equally if not more important to the community interest.

**Perceptual Obstacles:** The greatest overall obstacle to urban agriculture is skepticism among those who, in different ways, can support and influence its initiation and practice—local government, private landowners, financial supporters and community residents. Their skepticism is based on either a simple lack of awareness or the conventional means of valuing urban land based on market factors. Another group of concerns reflects doubts about the wisdom of growing food in cities because of site contamination, security and vandalism, or the “highest and best land use” argument. A related perception is simply that agriculture is a rural activity that does not belong in the city.

A key to effectively overcoming these perceptions is to understand that the future of city farming depends on the level of acceptance and support it can garner from institutions such as local and state governments, the federal government, local philanthropic foundations, CDCs, the media and neighborhood organizations. Time after time, the city farming advocates we interviewed stressed the importance of “packaging” their activities to decision makers and the public so that the multiple benefits could be seen and valued clearly.

### Conclusion

Both vision and reality informed this study. The vision foresees a scenario where vacant land in parts of American cities would be transformed into bountiful food-producing areas managed by energetic community organizations that market some or all of the food they grow for the benefit of community residents. Proponents of such a vision would clearly like to see urban farming’s small footprint enlarged in cities with increased supplies of vacant land. The reality, however, is more sobering. Many for-market urban agriculture projects are underfunded, understaffed, and confronted with difficult management and marketing issues. Nor is urban agriculture on the radar screens of many city government officials as a viable use of vacant inner-city land.

Yet, signs of a more hopeful reality are apparent. A diverse array of innovative for-market city farming ventures are making

their presence known, and pockets of support for city farming are found among local and higher-level government officials, community organizations, city residents and local foundations in several cities. Some entrepreneurial urban agriculture projects are beginning to show small profits, while many more are providing an array of social, aesthetic, health and community-building benefits. The legs of the nascent movement of for-market city farming are gradually becoming sturdier. **L**

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Jerry Kaufman and Martin Bailkey. 2000. “Farming Inside Cities: Entrepreneurial Urban Agriculture in the United States.” Lincoln Institute Working Paper. 122 pages, \$18.00, WP00JK1. Also available on the Lincoln Institute website: [www.lincolnst.edu](http://www.lincolnst.edu).

## Proposal Deadline Is March 1, 2001

The Lincoln Institute announces its annual funding cycle to select proposals for research projects, case studies, courses, curriculum materials and dissertation fellowships that focus on land use planning, land markets and land-related taxation policies. Proposals must be received at the Lincoln Institute by March 1, 2001, to be considered for funding during the 2002 fiscal year (starting July 1, 2001). To obtain a copy of the Request for Proposal guidelines, you can download the document from the Institute’s website ([www.lincolnst.edu](http://www.lincolnst.edu)), request a copy by email ([help@lincolnst.edu](mailto:help@lincolnst.edu)) or call 1-800-LAND-USE (526-3873).



# Dysfunctional Residential Land Markets: Colonias in Texas

Peter M. Ward

Low-income, self-managed homestead subdivisions, called colonias in Texas, are a rapidly expanding form of land and housing production in the United States. In a recently completed Lincoln Institute-supported study, I have analyzed the dysfunctional aspects of these land markets as measured by a high level of absentee lot ownership, modest lot and property transactions and turnover, and a lack of significant valorization (value increment) as settlements are built through and improved.

## Homestead Subdivisions

Colonias, the Spanish word for neighborhoods, were first identified in the poorest Texas counties along the border with Mexico. They comprise unserviced or poorly serviced settlements in which homesteaders have bought a lot upon which they place either a trailer-type dwelling, or its up-market and less mobile or portable form, the “manufactured home.” In some cases, families build their homes through self-help efforts, beginning residence in a shack, camper or second-hand trailer and later consolidating the home over time.

Colonias are not a small-scale phenomenon. According to the Texas Water Development Board, there are approximately 1,500 such settlements housing around 400,000 people, mostly in the border region. The Board’s data and my own survey results show that many similar types of homestead subdivisions exist elsewhere in Texas, so these population estimates are likely to increase as we learn more. Indeed, counties throughout Texas, and in other states as well, are beginning to recognize the problems of unregulated substandard subdivisions that offer one of the few affordable homestead options for low-income households.

Low income here refers to households earning between \$12,000 and \$25,000 a year, although many colonia households actually earn much less (see Table 1). These households are in poor labor market areas: either regions experiencing wage and labor polarization among workers, or where low-paid service sector jobs predominate.



Vacant lots, self-built dwellings, campers and a trailer are part of the Sparks Colonia in El Paso.

Housing costs in most cities place home ownership beyond the reach of households that seek accommodation within the lower end of the rental housing market, in apartments or in trailer parks. Yet, many of these households aspire to homeownership, recognizing the advantages of moving out of rental housing where they have no equity. Many of them favor homesteading in poorly serviced rural subdivisions where they can own and valorize property through mutual aid and self-help efforts.

Colonias are not homogeneous, however. They vary markedly in size, layout, mode of development, mix of housing types, lot dimensions, lot occupancy and residential turnover rates, level of servicing, ethnic composition, income levels, and levels of relative poverty. In Texas, there is no typical colonia, but rather a range of types that vary among counties.

These settlements are akin to so-called irregular settlements in less developed countries, and they have a similar rationality to explain their existence: a low-wage economy, a rising demand for housing, a lack of state housing supply systems capable of meeting demand, and a private sector uninterested or unable to produce housing at levels that people can afford. Like their counterparts in Mexico and Latin America, colonias offer low-cost unserviced land on the fringes of urbanized areas that is affordable and accessible to very low-income

groups. Most residents must commute substantial distances into the adjacent cities for work.

While colonias in Texas are rarely illegal, many aspects of the development process are informal or quasi-formal, most notably:

- the relative informality of the land sale and titling process, based on a Contract for Deed;
- the lack of legal title in some cases where lots have been sold several times over to different claimants, or where people occupy someone else’s lot by mistake, derived from ‘metes and bounds’ adjudication. (Both processes require ex-post informal dispute resolution or “regularization” of clouded titles.)
- their peri-urban location in fiscally weak and low-regulation counties;
- the lack of services and low-grade infrastructure that does not comply with prevailing city jurisdiction codes and norms;
- the self-help and/or self-managed nature of dwelling provision.

Just over a decade ago, Texas became aware of the existence and proliferation of colonia-type subdivisions, and in biennial legislative sessions began to take action to stop their growth on the one hand, and to simulate upgrading on the other. Following are some examples of legislative action over the past decade:

- **1991:** Model Subdivisions Rules that require minimum service levels (later applied to grandfathered developments);
- **1991:** the appropriation of funds (only about half what is needed) for water and wastewater servicing provision;
- **1995:** consumer protection applied to Contract for Deed titling;
- **1995:** a moratorium on further lot sales in unapproved (unserviced) colonias, and a servicing “build-it” or “bond-it” mandate to developers;
- **1999:** greater coordination between government agencies, and an increase in the responsibilities of counties.

An underlying weakness in all these initiatives is that they apply only in the border region and in specially designated counties that form part of the state’s Economically Depressed Areas Program (EDAP). Elsewhere, the process continues essentially unabated.

### Vacant Lots and Absentee Ownership

A major indicator of land market dysfunction is the failure to occupy and develop a lot after it has been sold. The data show that between 15 and 80 percent of colonia lots may be vacant. Even in the largest and now often fully serviced settlements, as many as one-quarter to one-sixth of lots are held vacant by absentee lot owners. Moreover, relatively large lot sizes of one-eighth to one-half acre or more, together with prohibitions on lot subdivision and sharing, create very low densities of 10 to 12 persons per acre. This exacerbates the unit cost of providing services, reduces cost recovery, and weakens community cohesion and mutual aid. We estimate that there are over 26,000 vacant lots in Texas comprising more than 7,000 acres of unoccupied residential land. If these lots were fully populated, even at the prevailing low densities generally found in colonias, an additional 100,000 people could be housed in existing settlements alone.

A key question, then, is why so many low-income households do not occupy their lots? Conventional wisdom argues that the lack of services discourages potential residents, and that providing basic utilities would be a catalyst to lot occupancy. However, this argument begs the question why many people do occupy their lots from the outset. They can be asked about

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**TABLE 1.**  
**A Comparison of Absentee Lot Owners and Colonia Residents**

<b>Dimensions of Analysis &amp; Comparison</b>	<b>Absentee Owners</b>	<b>Colonia Residents</b>
<b>Total Cases (N)</b>	173	261
<b>Ethnic Characteristics</b>		
• Anglo	10% (16)	5% (13)
• Mexican born	49% (83)	67% (166)
• Mexican/American	36% (61)	27% (66)
• Years in US (Mexicans)	29.3 yrs.	18.3 yrs.
<b>Average Household Size</b>	3.761	4.531
<b>Total Household Income</b>		
• < \$600 per month	9% (13)	14% (36)
• \$600–1,000	20% (29)	32% (79)
• \$1,001–1,600	29% (43)	29% (73)
• \$1,601–2,500	12% (17)	14% (34)
• >\$2,500	31% (45) <sup>1</sup>	11% (26)
<b>Lot Purchase: Year, Size and Real Prices (at 1999 values)</b>		
• Before 1980	35% (52)	20% (51)
• 1981–1990	39% (58)	33% (857)
• 1991–1999	27% (40)	47% (120)
• average cost of lot in \$ <sup>2</sup>	\$9,498	\$13,281
• size of lot in sq. ft. <sup>3</sup>	18,622	15,482
• cost per sq. ft. ¢ (US) <sup>2</sup>	79¢	\$1.09
<b>Principal Reasons for Original Lot Purchase?<sup>4</sup></b>		
• a home in the long term	21% (49)	49% (169)
• to own property	3% (7)	4.9% (17)
• an investment	25% (60)	4.9% (17)
• an inheritance for children	24% (57)	9% (31)
• good deal/opportunity	17% (39)	8% (26)
• others	11% (25)	19% (64) <sup>5</sup>
<b>Reasons for Non-occupancy<sup>4</sup></b>		
• distance/location	9.7% (23)	Not Applicable
• lack of services	22.5% (53)	NA
• an investment	23.7% (56)	NA
• for children	11% (26)	NA
• moved elsewhere	9.3% (22)	NA
• lack of capital	2.9% (7)	NA
• other reasons	11.4% (27)	NA
<b>Intend to Move to Colonia in the Future?</b>		
• Yes	42%	NA
• No	58%	NA
<b>Housing Conditions</b>		
• current tenure: owner	81% (128)	ALL <sup>6</sup>
• current tenure: renter	19% (31)	
• previous home tenure: owner	NA	25% (58)
• previous home tenure: renter	NA	60% (138)
• sharer (kin)	NA	13% (29)
• number of bedrooms	3.033	2.816

1 Of this group, 44 percent had a total income of over \$50,000, compared with 18 percent of colonia residents who earned over \$2,500 a month.

2 Trimmed mean value (i.e., mean with the top and bottom 5 percent of readings omitted to provide a more accurate mean)

3 Trimmed mean value. Median is 13,250. Lots in many colonias vary between 1/8, 1/4 and 1/2 acre sizes (5,445; 10,890 and 21,780 square feet)

4 These numbers are greater than the sample size since they are cumulative responses for first and second responses, etc.

5 Other reasons were wide ranging. “To be close to family” was especially important.

6 The survey was targeted only at owners. Renting is prohibited, but there is a modest level of sharing lots/homes with kin. Fourteen percent of lot owners interviewed had kin sharing their lot, 41 percent of whom had some co-ownership rights to the lot.



## Colonias in Texas

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their motives and decision-making process, but it is more problematic to question absentee lot owners who are difficult to trace. Who are they? Where are they? What do they want from their land?

In spite of the methodological conundrum caused by the lack of a clear paper trail from property conveyance records and lot titles, we were able to develop a research strategy using property appraisal and tax records to track down some of these absentee lot owners. However, an estimated 8 to 10 percent of these records were discovered to be “bad” addresses, with the probability that the actual number of untraceable lot owners may be twice as high. Having walked away from the land they bought, these lot owners are in effect locking their property out of future land market transactions.

## Current Place of Residence of Absentee Owners

By using tax record data for some 2,713 absentee lot owners across 16 survey settlements (in border and non-border counties), it was possible to identify the current location of absentee owners.

Around three-quarters live locally, i.e., in the adjacent city or within 20 miles. The rest are non-local, split equally between those living elsewhere in Texas and those living out-of-state. While there was a broad spread of addresses across the state, most absentee lot owners lived in Houston (26 percent), Dallas (15 percent) and San Antonio (12 percent)—the three principal metropolitan areas of Texas. California, with 35 percent of all out-of-state absentee addresses, was the most frequently identified state, followed by New Mexico (14 percent), and the Chicago region (Illinois and Indiana with 12 percent).

## Characteristics of Occupants and Absentee Owners

This research reveals that colonia occupants and absentee lot owners are substantially different populations (see Table 1). Absentee owners are more likely to be Mexican-American, and are more ethnically diverse. While poor, they are considerably better off than colonia residents. Generally, the absentee owners purchased their lots earlier, and therefore paid less in real terms.

The most dramatic differences between the groups emerge in their residential search behavior and their motives for purchase. Absentee lot owner households are not waiting in the wings to move onto their lots once servicing has been provided. Quite the opposite: most of them (81 percent) are homeowners already and appear to be quite comfortable in their current residence. Moreover, some 49 percent indicated they bought their lot not for themselves but as an investment, as security,

## Call for Research and Conference Papers

The documented proliferation of *colonias* in Texas suggests that similar types of quasi-formal homestead subdivisions exist across much of the U.S. to provide access to home ownership for urban households earning less than \$20,000 a year. While there are significant private transport costs associated with living in poorly serviced communities several miles beyond the urban fringe, families of all ethnicities are quick to recognize the advantages of self-managed home ownership on relatively large lots compared to renting a trailer or apartment.

To investigate this phenomenon further, the Lincoln Institute is inviting researchers interested in quasi-formal homesteading to form a network to facilitate the collection and sharing of data. In addition, the Institute is sponsoring a conference to be held in Cambridge, Massachusetts, in Fall 2001 to pursue these three goals:

- 1) to develop a comparative research agenda to analyze quasi-formal homestead subdivisions;
- 2) to develop methodologies and data gathering strategies about the development of these subdivisions and land market performance; and
- 3) to develop policy instruments and approaches suitable for application in the U.S. and to learn from best practices in other countries.

The target audience for the conference includes scholars and researchers, county officials or their equivalents, and legislators or their senior aides with an interest in land policy for self-help homesteading among the poor. The conference

planners are seeking participants to prepare papers on the following issues:

- labor market polarization and the changing nature of housing demand for homestead subdivisions nationally;
- an inventory and typology about the extent and nature of homestead subdivisions, their populations, and how different variables (social, economic and juridical) shape their structure, potential for development, and land market performance;
- methodologies for identifying and analyzing these subdivisions;
- the potential for urban productivity and value capture in homestead subdivisions, including opportunities for rent earning by homesteaders and for sustainable public and private sector interventions;
- land policy analysis of how sensitive regulation and intervention may benefit successful homesteading activities, such as land swaps, land readjustment and community land banking; and
- appropriate public policy supports (i.e., organizational, legislative, financial) that might enhance development opportunities in homestead subdivisions.

For further information about participating in the research network, contact Peter M. Ward ([peter.ward@mail.utexas.edu](mailto:peter.ward@mail.utexas.edu)). For information about participating in the conference, contact Rosalind Greenstein, senior fellow and director of the Program in Land Markets at the Lincoln Institute ([rgreenstein@lincolninst.edu](mailto:rgreenstein@lincolninst.edu)).

or as a future gift or inheritance for their children. Less than one quarter stated that the lack of existing services was an issue. More than half expressed no future intention to move onto the lot, and of those who do intend to move, very few plan to do so in the next 5 to 10 years. In reality I anticipate that few will ever move. Some even said they would sell at any time if the price was right.

Land market performance for both populations during the past two decades is unlike other residential land markets. Land value trends in colonias have remained “flat” in real terms, and the rate of return has been low, especially compared with other sectors of the land and housing market. This suggests that the poor are not benefiting significantly either from their land purchase investment or from their sweat equity (in the case of residents). Although a modest level of market sales continues to take place (more than was anticipated), colonia land markets are not being valorized significantly.

### Policies for Fixing the Market

Vacant lots are both a cause and an effect of this poor market performance. It is important to note that the “build-it-and-

they-will-come” notion is badly misconstrued. Policies to develop urban services in order to catalyze lot occupancy and densification may be helpful, but other land market interventions are also required to make land markets in colonias operate more efficiently. These might include revising legislation to facilitate urban productivity, such as allowing for some nonresidential land use for income production, or for subdivision and rental. Indeed, one reason why land is not being valorized is the restriction placed upon approved land uses. The 1995 moratorium on lot sales also limits development. Although the law is widely breached, doing so deflates prices, distorts turnover and drives sales underground. The prohibition upon internal lot subdivision (especially of large lots) inhibits rent-seeking and cost-sharing among kin.

Another need is to free up the landlocked areas that belong to owners who can no longer be traced. Sequestration of lots for nonpayment of taxes could be one approach, especially if tied to the creation of a public holding company or land trust that would subsequently promote the supply and redistribution of lots through mechanisms such as land pooling and land

readjustment. In Texas, at least, tackling the “problem” of large-scale absentee lot ownership would offer a number of positive outcomes and solutions.

Understanding and widening our analysis of homestead subdivisions in Texas and elsewhere offers the potential that policy makers will be better informed, and that we may begin to develop more sensitive and appropriate land policies to address the issue. In so doing, we may substantially increase the supply of homesteading opportunities to the most disadvantaged income groups in U.S. society. **L**

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# Participatory Budgeting and Power Politics in Porto Alegre

**William W. Goldsmith and Carlos B. Vainer**

Responding to decades of poverty, poor housing, inadequate health care, rampant crime, deficient schools, poorly planned infrastructure, and inequitable access to services, citizens in about half of Brazil’s 60 major cities voted in October 2000 for mayors from left-wing parties noted for advocacy, honesty and transparency. These reform administrations are introducing new hopes and expectations, but they inherit long-standing mistrust of municipal bureaucrats and politicians, who traditionally have been lax and often corrupt. These new governments also confront the dismal fiscal prospects of low tax receipts, weak federal transfers, and

urban land markets that produce segregated neighborhoods and profound inequalities.

The strongest left-wing party, the Workers’ Party (in Portuguese, the Partido dos Trabalhadores or PT), held on to the five large cities it had won in the 1996 election and added 12 more. These PT governments hope to universalize services, thus bypassing traditional top-down methods and giving residents an active role in their local governments. In the process these governments are reinventing local democracy, invigorating politics, and significantly altering the distribution of political and symbolic resources. The most remarkable case may be Porto Alegre, the capital of Brazil’s southernmost state, Rio Grande do Sul, where the PT won its fourth consecutive four-year term with 66 percent of the

vote, an example that may have encouraged Brazilians in other cities to vote for democratic reforms as well.

Porto Alegre, like cities everywhere, reflects its national culture in its land use patterns, economic structure and distribution of political power. Brazil’s larger social system employs sophisticated mechanisms to assure that its cities continue to follow the same rules, norms and logic that organize the dominant society. Because Brazilian society is in many respects unjust and unequal, the city must constantly administer to the effects of these broader economic and political constraints.

At the same time, no city is a pure reflection, localized and reduced, of its

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## Porto Alegre

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national social structure. Any city can bring about and reproduce inequality and injustice itself, just as it can stimulate dynamic social structures and economic relations. To the extent that the city, and especially its government, determines events, then the effects can be positive as well as negative. It is not written in any segment of the Brazilian social code, for example, that only the streets of upper- and middle-class neighborhoods will be paved, or that water supply will reach only the more privileged corners of the city.

### Participatory Budgeting

In Porto Alegre, a popular front headed by the PT has introduced “participatory budgeting,” a process by which thousands of residents can participate each year in public meetings to allocate about half the municipal budget, thus taking major responsibility for governing their own community. This reform symbolizes a broad range of municipal changes and poses an alternative to both authoritarian centralism and neoliberal pragmatism. Neighbors decide on practical local matters, such as the location of street improvements or a park, as well as difficult citywide issues. Through the process, the PT claims, people become conscious of other opportunities to challenge the poverty and inequality that make their lives so difficult.

Participatory budgeting in Porto Alegre begins with the government’s formal accounting for the previous year and its investment and expenditure plan for the current year. Elected delegates in each of 16 district assemblies meet throughout the year to determine the fiscal responsibilities of city departments. They produce two sets of rankings: one for twelve major in-district or neighborhood “themes,” such as street paving, school construction, parks, or water and sewer lines, and the other for “cross-cutting” efforts that affect the entire city, such as transit-line location, spending for beach clean-up, or programs for assisting the homeless. To encourage participation, rules set the number of delegates roughly proportional to the number of neighbors attending the election meeting.

Allocation of the investment budget among districts follows “weights” determined by popular debate: in 1999, weights were assigned to population, poverty, shor-

tages (e.g., lack of pavement), and citywide priorities. Tension between city hall and citizens has led to expanded popular involvement, with participatory budgeting each year taking a larger share of the city’s total budget. Priorities have shifted in ways unanticipated by the mayors or their staffs.

Participants include members of the governing party, some professionals, technocrats and middle-class citizens, and disproportionate numbers of the working poor (but fewer of the very poor). This process brings into political action many who do not support the governing party, in contrast to the traditional patronage approach that uses city budgets as a way to pay off supporters. As one index of success, the number of participants in Porto Alegre grew rapidly, from about 1,000 in 1990 to 16,000 in 1998 and 40,000 in 1999.

The participatory process has been self-reinforcing. For example, when annoyed neighbors discovered that others got their streets paved or a new bus stop, they wondered why. The simple answer was that only the beneficiary had gone to the budget meetings. In subsequent years, attendance increased, votes included more interests, and more residents were happy with the results. City officials were relieved, too, as residents themselves confronted the zero-sum choices on some issues: a fixed budget, with tough choices among such important things as asphalt over dusty streets, more classrooms, or care for the homeless.

Participatory budgeting in Porto Alegre is succeeding in the midst of considerable hostility from a conservative city council and constant assault from right-wing local newspapers and television programs, all of them challenging participation and extolling unregulated markets. The municipal government depends for its support on the participants and their neighbors, on radio broadcasting, and on many who resisted two decades of military dictatorship, from 1964 to 1985. In electing four consecutive reform administrations, a majority of the population has managed to pressure a hostile city council to vote in favor of the mayor’s budget proposals, keeping the progressive agenda intact.

### Changes in Material Conditions

In 1989, despite comparatively high life expectancy and literacy rates, conditions in Porto Alegre mirrored the inequality and income segregation of other Brazilian cities. A third of the population lived in

poorly serviced slums on the urban periphery, isolated and distant from the wealthy city center. Against this background, PT innovations have improved conditions, though only moderately, for some of the poorest citizens. For example, between 1988 and 1997, water connections in Porto Alegre went from 75 percent to 98 percent of all residences. The number of schools has quadrupled since 1986. New public housing units, which sheltered only 1,700 new residents in 1986, housed an additional 27,000 in 1989. Municipal intervention also facilitated a compromise with private bus companies to provide better service to poor peripheral neighborhoods. The use of bus-only lanes has improved commuting times and newly painted buses are highly visible symbols of local power and the public interest.

Porto Alegre has used its participatory solidarity to allow the residents to make some unusual economic development decisions that formerly would have been dominated by centralized business and political interests. For example, in spite of promises of new employment and the usual kinds of ideological pressures from the Ford Motor Company, the nearby municipality of Guábara turned down a proposed new auto plant, arguing along political lines established in Porto Alegre that the required subsidies would be better applied against other needs. (A state investigation in August 2000 found the former mayor not “at fault” for losing the Ford investment.) The city also turned down a five-star hotel investment on the site of an abandoned power plant, preferring to use the well-situated promontory as a public park and convention hall that now serves as the new symbol of the city. And, faced with a proposal to clear slums to make room for a large supermarket, the city imposed stiff and costly household relocation requirements, which the supermarket is meeting.

However, daunting constraints in the broader Brazilian economic and political environment continue to limit gains in economic growth, demands for labor and quality jobs. Comparing Porto Alegre and Rio Grande do Sul with nearby capital cities and their states during the years 1985-1986 and 1995-2000, one finds few sharp contrasts. Generally, GDP stagnated, and per capita GDP declined. Unemployment rose and labor-force participation and formal employment both fell.





MARTIN SMOLKA

**Porto Alegre's new convention hall and surrounding park serve as a symbol of recent urban reforms.**

Given this limited extent of economic improvement, how can we account for the sense of optimism and achievement that pervades Porto Alegre? The city is clearly developing a successful experience with local government that reinforces participatory democracy. We believe the PT's success lies in the way the participants are redefining local power, with increasing numbers of citizens becoming simultaneously subject and object, initiator and recipient, so they can both govern and benefit directly from their decisions. This reconfiguration is immediately discernible in the procedures, methods and behavior of local government.

After 12 years, Porto Alegre has changed not just the way of doing things, but the things themselves; not just the way of governing the city, but the city itself. Such a claim is clearly significant. Porto Alegre offers an authentic, alternative approach to city management—one that rejects not only the centralist, technocratic, authoritarian planning model of the military dictatorship, but also the competitive, pragmatic, neoliberal model of the Washington Consensus, to which the national government still adheres. This model imposes International Monetary Fund (IMF) orthodoxy and requires such “structural adjustment” imperatives as free trade, privatization, strict limits to public expenditures, and high rates of interest, thus worsening the conditions of the poor.

While most Brazilian cities continue to distribute facilities and allocate services with obvious bias and neglect of poor neighborhoods, the reconfiguration of

power in Porto Alegre is beginning to reduce spatial inequalities through changes in service provision and land use patterns. We can hope that the effect will be felt in the formal structures of the city and eventually in other cities and in Brazilian society in general.

### **New Forms of Local Power**

Political and symbolic resources normally are monopolized by those who control economic power, but radically democratic municipal administrations, as in Porto Alegre, can reverse power to block the favoring and reinforcing of privilege. They can interfere with the strict solidarity of economic and political power, reduce private appropriation of resources, and promote the city as a collective and socially dynamic body. In other words, a city's administration could cease to honor the actions of dominant urban groups—real estate interests and others who use various forms of private appropriation of public resources for their private benefit. These actions may include allocation of infrastructure to favor elite neighborhoods, privatization of scenic and environmental resources, and the capture of land value increments resulting from public investments and regulatory interventions. Thus, a reconfigured, publicly oriented city administration permits access to local power for traditionally excluded groups. Such a change constitutes a quasi-revolution, with consequences that cannot yet be measured or evaluated adequately by activists or hopeful governments.

Are Porto Alegre's experiences with municipal reform, participatory budgeting and democratic land use planning idiosyncratic, or do these innovations promise broader improvements in Brazilian politics as other citizens build expectations and improve the structure of their governments? The Interamerican Development Bank (IDB) is urging localities throughout Latin America to engage in participatory budgeting, following Porto Alegre's example. Can reform-minded city administrations override the constraints of international markets and national policy? In recommending the formal and procedural aspects of the participatory budgeting technique, does the IDB overestimate the practical economic achievements and underestimate the symbolic and political dimensions of radical democracy?

The lesson of urban reform in Porto Alegre emerges not so directly in the economic market as in new experiences with power, new political actors, and new values and meanings for the conditions of its citizens. Even as citizens weigh their expectations against stagnating macroeconomic conditions, they can find hope in new visions of overcoming spatial and social inequalities in the access to services. These new forms of exercising political power and speaking out about land use and governance issues give the city's residents a new capacity to make a difference in their own lives. **L**

**William W. Goldsmith** is a professor in the Department of City and Regional Planning at Cornell University. **Carlos Vainer** is a professor in the Institute for Urban and Regional Planning and Research at the Federal University of Rio de Janeiro. They participated in a December 1999 seminar hosted by the City of Porto Alegre and cosponsored by the Lincoln Institute and the Planners Network, a North American association of urban planners, activists and scholars working for equality and social change. Contact: [wwg1@cornell.edu](mailto:wwg1@cornell.edu) or [vainer@novell.ippur.ufjf.br](mailto:vainer@novell.ippur.ufjf.br).

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# David C. Lincoln Fellowships for 2001

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

The fellowships announced here are the second group to be awarded under this program; several recipients are continuing projects from last year. The deadline for the third annual application process is September 15, 2001. For more information, contact [help@lincolninst.edu](mailto:help@lincolninst.edu) or visit the Institute's website at [www.lincolninst.edu](http://www.lincolninst.edu).

## **Alex Anas**

*Department of Economics  
University at Buffalo, New York*

### **"Application of a Dynamic Urban Simulation Model to Evaluate Land Value Taxation"**



The project will apply a dynamic urban simulation model in a realistic urban spatial setting to evaluate the effects of a revenue neutral switch from the ad valorem property tax to a land value tax. The results will show the inter-temporal effects of such a switch, including the speed by which capital for land substitution takes place and the extent to which the switch reduces excess urban sprawl. We also hope to compare the land value tax to alternative taxation schemes for financing infrastructure, such as impact fees on suburban development or congestion tolls on highways.

## **Peter K. Brown**

*School of the Built Environment  
Liverpool John Moores University, England*

## **Moira Hepworth**

*Institute of Revenues, Rating and Valuation  
London, England*

### **"A Study of European Property Taxation Systems"**



In the first year of this study we examined 23 countries and some 61 property tax systems. During the second year we will complete the study of the outstanding countries and will extend the research to put the individual taxes into the context of the organization of local government in Europe and the general tax systems that exist within each country. In addition, we will obtain statistical data to enable the significance and the importance of each of the taxes to be compared throughout Europe.

## **Richard England**

*Department of Economics and  
Natural Resources  
University of New Hampshire*

### **"Property Tax Reform in New Hampshire: Economic and Land Use Impacts of a Land Value Tax in the Granite State"**



The premise of this project assumes a need to coordinate state and local land use regulations with a state tax on land values if forests and other forms of open space are to be preserved. The study will analyze data on state and local regulation of land use and on the spatial distribution of land cover and uses. The impacts of a revenue-neutral shift from a statewide property tax to a land value tax will be simulated using the REMI regional econometric and policy simulation model. This project is being conducted in partnership with the Society for the Protection of New Hampshire Forests.

## **Riël C.D. Franzsen**

*Department of Mercantile Law  
University of South Africa*

### **"Property Taxation within the Southern African Development Community: Current Status and Future Role of Land Value Taxation"**



This study will report on land value tax (LVT) and other property tax systems, with the aim of establishing a network of property tax specialists within

the fourteen member states of the Southern African Development Community (SADC). Reflecting on policy, assessment and collection issues, research outcomes should provide valuable insights regarding the importance of LVT and other property tax systems within the region, benefiting policy makers and government officials within SADC, research and educational institutions, valuation agencies, investors and foreign aid and donor agencies.

## **Robert Gloudemans**

*Almy, Gloudemans & Jacobs  
Phoenix, Arizona*

### **"Key Issues in Urban Land Valuation"**



Following up on a prior study of the use of quantitative methods in land valuation, this project evaluates two key issues in urban residential valuation: 1) whether

location features impact land or total property value; and 2) whether vacant land is better appraised using a model developed from land sales only or from sales of both vacant and improved land. Both issues impact specification of mass appraisal models, model results, and the allocation of value between land and buildings. They will be evaluated empirically using actual databases from several North American metropolitan areas.

# Planning Directors Meet on Big City Issues

**Frank Kelly and Jeff Wuensch**  
Nexus Group, Indianapolis, Indiana

## “Property Tax Reform in Indiana: Challenges and Issues”



Since the Indiana Supreme Court ruled that the state’s assessment manuals were unconstitutional nearly two years ago, only minimal progress has been made in implementing a more equitable and uniform assessment system. Policy makers have focused on creating new assessment manuals and on the ensuing tax burden shifts, while ignoring several underlying issues regarding state and local assessment administration procedures. This project will expand assessor training and certification opportunities and inform policy makers about issues critical to carrying out the state’s reform efforts.

**Anthony Vickers**  
Henry George Foundation of Great Britain

## “Preparing to Pilot Land Value Taxation in Britain”



The first stage of this project indicated strong support for pilots before a national decision on implementing land value taxation in Britain.

Liverpool City Council has requested permission from the UK government to be the laboratory for this pilot study, which will produce a video, book, seminars and a report. Research will draw on visits to Pennsylvania’s split-rate cities and to Denmark; surveys of property tax stakeholder views in economically depressed Liverpool and a prosperous control area; and a study of why previous attempts to pilot LVT in Britain failed. A key to public understanding of land rent as an economic factor and potential revenue source will be the use of ‘visualising landvaluescape’ through geographic information systems and urban modeling.

Major cities in the United States have been experiencing substantial new public interest and reinvestment in recent years as the country confronts the need for “smarter growth,” both in newly developing areas and in established urban centers. To discuss both shared and unique planning challenges facing their metropolitan regions, twenty senior planning directors from among the largest U.S. cities met in Cambridge, Massachusetts, on September 27 and 28, 2000. This forum was convened by the Lincoln Institute and Harvard University Graduate School of Design (GSD) as the first event in the development of an institute on the planning of large cities, modeled after the Mayors’ Institute on City Design.

During presentations and roundtable discussions, the planners and faculty exchanged perspectives, shared insights and information on exemplary practices and planning initiatives, and brainstormed policies for a renewed national commitment to urban development. Dean Peter Rowe of the GSD and President H. James Brown of the Lincoln Institute welcomed the planners and set the stage for the forum. Alex Krieger, chair of the GSD Department of Urban Planning and Design, and Armando Carbonell, senior fellow of the Lincoln Institute, developed and guided the program agenda. Other faculty participants were Alan Altshuler, José Gómez-Ibáñez and Richard Peiser of the GSD and Rosalind Greenstein, Joan Youngman and Martim Smolka of the Institute.

The program included a briefing on contemporary Boston planning issues at the offices of Mark Maloney and Linda Haar, director and planning director, respectively, of the Boston Redevelopment Authority. In the concluding forum event, held at Harvard, Alex Jones, director of the Joan Shorenstein Center on the Press, Politics and Public Policy at the John F. Kennedy School of Government, moderated a panel discussion before a large audience of planning professionals, students and interested citizens.

The following dialogue is an edited excerpt of the roundtable discussions that took place at Lincoln House. GSD stu-

dents Daniel D’Oca, Shana Murphy and Julie Koster took notes during the meetings and contributed to this report.

## Participating Planning Directors

Patricia Adaauto, El Paso, TX  
Andrew Altman, Washington, DC  
Paul Bernard, Detroit, MI  
Tina Christiansen, San Diego, CA  
Jeannie Fewell, Jacksonville, FL  
Charles Graves III, Baltimore, MD  
Robert Gray, Atlanta, GA  
Gerald G. Green, San Francisco, CA  
Maxine Griffith, Philadelphia, PA  
Christopher Hill, Chicago, IL  
Eloise Hirsh, Pittsburgh, PA  
Con Howe, Los Angeles, CA  
Robert Litke, Houston, TX  
Andrew Lynn, New York, NY  
Emil Moncivais, San Antonio, TX  
Hunter Morrison, Cleveland, OH  
Guillermo Olmedillo, Miami, FL  
Peter Park, Milwaukee, WI  
Maury Plambeck, Indianapolis, IN  
David Richert, Phoenix, AZ

## What is the single biggest issue facing your city?

**CLEVELAND:** Neighborhood livability. Viability. We’re an old city and we need to maintain the core.

**NEW YORK CITY:** We have large areas of the city zoned for manufacturing, where now there are vacant lots, empty buildings and little industrial activity. The critical issue is how best to open up these areas for new uses to accommodate the city’s growth.

**LOS ANGELES:** We’re facing huge growth pressure and we’re behind the curve. We’ve started rezoning to accommodate this growth pressure. Also, our core neighborhoods suffer from a lack of economic attention, so we need to promote economic growth in these areas.

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## Planning Directors

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**SAN DIEGO:** Money. The quality of life has everything to do with investment in infrastructure.

**PHOENIX:** Vision. The market is hot, but I cannot keep the private sector interested. The economy is so good that people don't pay much attention.

**SAN ANTONIO:** Inner-city revitalization.

**MIAMI:** Chaotic change, mostly because two-thirds of our growth is from immigration, and it increases when there are crises in Latin America. We have to control growth by infilling and mixing uses.

**EL PASO:** Core city decline. School districts in the suburbs are filled even before they are built.

**BALTIMORE:** Undercrowding. We have 65 percent of the state's poor. We have to redesign our neighborhoods and provide different kinds of housing. We have too much public housing, so our interest is in the private sector.

**PITTSBURGH:** Citizens cannot recognize the common good.

**LOS ANGELES:** We're too large, according to our own citizens. Therefore, we've created area planning commissions and neighborhood councils, but the surrounding 88 municipalities in the county have to learn how to deal with the larger problems. We're in this never-never land—we're too big and they are too small.

**INDIANAPOLIS:** We have to rethink regionalism.

**JACKSONVILLE:** Urban sprawl and livability issues are key.

**DETROIT:** In the last six years we grew all of a sudden—\$17 billion of private development. The challenge is to bring relevance to the master plan, which doesn't deal well with growth.

**WASHINGTON, DC:** We have to maintain our population. So how do we attract people back? Also, the diversification of the economy is important. We have to rebuild the government, and we have to reestablish the common good.

**PHILADELPHIA:** We have too many vacancies. How do you plan for this scenario? How do we piece the neighborhoods back together?

**MILWAUKEE:** The major problem we face in terms of planning is overcoming misconceptions of its fundamental purpose. Rather than being seen as a means to guide private investment in accordance with



LEVERING WHITE

a community vision, planning is often thought of only in terms of the "big project."

**ATLANTA:** We're the fastest growing area in the nation, but we have to reinforce core development without gentrification. How do we grow for new folks and old folks? How do we embrace smart growth? How do we encourage meaningful infill?

**SAN FRANCISCO:** We're suffering from prosperity generated by the technology industry, but with that growth comes displacement and a widening digital gap. This generates planning questions about maintaining the quality of life.

**HOUSTON:** We're 25 years behind in terms of problems, but we need to strengthen the public realm in a property rights, low-government state. How do we create institutional processes for planning and zoning?

### How do you deal with racism and diverse populations?

**PHILADELPHIA:** It's in everything. It's hard to isolate. Often we confuse race with economics. It's not always racial. Sometimes it's cultural, too. It's like a dance; it's hard to be linear.

**SAN DIEGO:** The demographics are changing. We have a very diverse populace. The struggle today is to get a consensus in this diversity. How can we cross-racial barriers? How can we understand and be understood by others?

**JACKSONVILLE:** We deal with racial

issues, but often they have to do with the fact that there is no public discourse. Too many times an issue that shouldn't be racial turns racial.

**NEW YORK:** In the Williamsburg neighborhood of Brooklyn, the Hasidic Jewish community wants new zoning to permit more market-rate housing. The Hispanic residents don't want zoning changes without subsidized housing and community facilities. We resolved this impasse with a memorandum of understanding between the city and local elected officials, which provided an upfront commitment to give each group some of what it wanted."

**DETROIT:** We speak around race in Detroit. My role is to make sure we have an honest dialogue. Detroit is 75 percent African-American. My view is, let's get it on the table. What's best for the city?

**BALTIMORE:** We were asked how our master plan addressed diversity. I didn't really know, but I spoke of quality of life, mixed-income, lots of parks, safety, etc. But did the plan address integration? Should a plan address that?

**WASHINGTON, DC:** The city sees itself as divided. Much of it isn't even represented on the maps. Planning can establish the structure for dialogue.

**CHICAGO:** Race is more complex today. It's no longer a black and white issue. What does minority mean today?

**HOUSTON:** We have to bridge cultural and class issues first.

## What's happening in your city? Let's hear some success stories.

**CLEVELAND:** Some areas have lost a lot of residents and have lots of available space, but Cleveland has become competitive again. There is a change in demographics and attitudes. It's no longer a place to leave. This is a good time to be in city planning.

**MILWAUKEE:** We've established a stronger planning discipline that emphasizes public involvement and the importance of design. We've also begun to change attitudes toward the city by building on our strengths and unique urban form. For example, downtown is experiencing a hot real estate market and an unprecedented amount of new high-end residential development, much of it sparked by a new riverwalk. Several new restaurants and entertainment venues also have developed along the river, adding to the vitality. And, we're tearing down an elevated downtown freeway to make room for more development.

**HOUSTON:** The city was shaping its growth according to a suburban model, but we set up a structure to rewrite the subdivision ordinance. We created an urban and a suburban committee, and worked for a few years to develop it and get it approved. A year later, people have grown to like it.

**WASHINGTON DC:** We're in a turnaround. The city is not losing population, it's looking attractive, the region has a high-tech boom and a robust economic climate. But, there are still problems of segregation and 45 percent of the people living in the city are poor. The challenge is that in the euphoria of the boom, you don't want to lose track of the problems.

**SAN DIEGO:** We have several success stories, such as City Heights Urban Village, that are at the neighborhood scale. We are beginning to look at where communities want to build and develop more urban villages.

**LOS ANGELES:** In terms of acceptance, our success is in reconstructing ailing projects. Retail trends help us here, as old 1970s malls fall out of fashion and now are being replanned and rebuilt.

**JACKSONVILLE:** We found that in older districts, working with a zoning overlay helps, though designating historic districts is a battle. People are afraid of mixed-use and density. We dealt with parking and rooming houses. We had no space for parks, but we could provide performance stan-

dards. Then we ran into the political will. Before we did the zoning overlay, we had to go out there and pick up trash. We needed to get the peoples' trust back.

**PHILADELPHIA:** We've turned to visualization, paying attention to even small things. We also do projects in phases, so we don't get so far ahead of them.

**CHICAGO:** In Chicago we have some housing problems: you might know Cabrini-Green. What do we do with this area? We needed economic diversity, but HUD owns the land, so we came up with a plan so that everyone who lives in public housing will have a new low-rise home. The surrounding community liked it, but the residents sued us, and developers said it wouldn't work. But we did it anyway: 30 percent is affordable, 20 percent is public, and 50 percent is market. We're optimistic that this social engineering of economically integrated housing can work. The density is more than we wanted, but now we have some consensus.

**PITTSBURGH:** We had a similar Hope Six success, and we did get some good housing units built.

## How do you deal with land use conflicts and reaching consensus?

**NEW YORK CITY:** In many neighborhoods, there is pressure for downzoning to preserve neighborhood character. We are generally reluctant simply to reduce the permitted density, given the need for new housing. Often we reach a resolution by agreeing to the contextual zoning sought by the community on the condition that it is paired with a nearby upzoning on a wide street with mass transit that can support greater densities.

**MIAMI:** We're going through this now, too. People don't want more residential, as it leads to overcrowding in the school system.

**CLEVELAND:** Many cities have too much land and not enough market. How do you convince the market that there are dollars to be made? Our experience is that you have to subsidize in the beginning to get them going.

**ATLANTA:** In 1998 the city tried to get 13,000 jobs back to the city from the suburbs. One notable project was on a 47-acre site surrounded by six neighborhoods. The developer ran into opposition, so he brought in a third party and a mediation team. The deal was that if the mediation team agreed, consensus would be assumed.

They had many meetings, and in the end it was approved and it went forward, though the representatives who made up the mediation team ended up suing each other.

**BALTIMORE:** We have used facilitators, too. Often the third party standing in is successful. The key is agreeing to the terms in the beginning.

**SAN FRANCISCO:** The subject is parking. How do we convince people that there are alternatives? When we built our ballpark, parking was the last thing on people's minds. We wanted a downtown ballpark, like Baltimore's and Cleveland's. In the end, we got 5,000 parking spots and also some light rail. The result is that now we can convince people that higher density and public transit are OK.

## What is the future of metropolitan regions?

**LOS ANGELES:** We're a city in which the political pressures are to become smaller. Is anyone going metropolitan? I can think of Toronto, but that's it. To me, this means that issues of water quality, transportation, etc., won't be dealt with effectively.

**JACKSONVILLE:** In my city the MPO has been a difficult structure. It has boundaries that don't recognize where the growth is going to be. We want to expand them, but we need the tie-in with land use. Has anyone figured out the coordination? How does it work in terms of densities and the like? We talk about regionalism, but without legislation we don't know how it can work.

**MIAMI:** Our MPO includes 13 district commissions.

**INDIANAPOLIS:** Our MPO is part of our planning office. In the last year, the mayor has chaired the meetings, which has upped our profile. We've turned our economic development corporation of the city into a regional entity. There's much debate about this.

**ATLANTA:** The MPO under GRETA has much authority, as they have a veto power. They often veto development proposals and recommend zoning.

**PITTSBURGH:** Term limits will have huge impacts on regional planning, since regional planning is based on voluntary relationships.

**CHICAGO:** Look at state transportation agencies. The problem is that there is no dialogue about what kinds of decisions should be made regionally. **I**

# Valuing Conservation Land: A Choice of Curriculum Options

Over the past 10 years, the Lincoln Institute has developed courses and curriculum materials on the use of conservation easements, focusing on legal principles, valuation techniques and tax considerations. Conservation easements have become an important land policy tool because they provide permanent protection against development while keeping land under private ownership. This combination of open space protection and private property rights is a significant innovation that simultaneously addresses the conservation, planning and fiscal goals of landowners, conservation organizations and communities.

By restricting the future development of privately owned land, conservation easements offer a means of preserving land that has unique natural features or is environmentally sensitive. This conveyance has important consequences for the value of the property and for its tax assessment. However, the correct valuation of such property is often subject to dispute. That uncertainty impedes donations of conservation easements, fosters unnecessary tax litigation, and requires individual assessors to confront unresolved basic issues of land and tax policy.

## Core Course

The Institute offers a core course, "Valuing Land Affected by Conservation Easements," which presents practical information on the use of conservation easements, legal principles, appraisal theory and examples, and treatment of conservation easements for state and federal tax purposes, including tax incentives for landowners. Participants study current problems in the valuation of conservation land and learn how legislative and administrative decisions can resolve those problems. The Institute's faculty members present the core curriculum and local experts in property taxation and appraisal practices address the legislative and regulatory context of the state in which the course is held. This one-day course is designed to help assessors, appraisers, land trust members, local and state officials, and attorneys understand the basic legal and tax principles behind conservation easements.

The faculty members for the course are: **Armando Carbonell**, senior fellow and director of the Program on Land as Common Property at the Lincoln Institute. Previously he was executive director of the Cape Cod Commission, and a Loeb Fellow at Harvard University Graduate School of Design.

**James J. Czupryna**, an appraiser and consultant based in Townsend, Massachusetts. He has practical and teaching experience in property valuation, specializing in environmentally sensitive lands, and is an active member of the American Society of Appraisers.

**Charles J. Fausold**, a faculty associate and course developer for the Lincoln Institute. He is executive director and extension educator at the Cornell Cooperative Extension of Schuyler County, New York.

**Paul V. O'Leary**, an attorney and accredited senior appraiser based in West Barnstable, Massachusetts. He is active in many appraisal, legal and real estate associations, including the American Society of Appraisers, and he lectures and consults on the valuation of conservation properties.

**Stephen Small**, a tax attorney in the Law Office of Stephen J. Small, in Boston. He was previously an attorney-advisor in the Office of Chief Counsel of the Internal Revenue Service, where he wrote the federal income tax regulations on conservation easements. He is the author of *The Federal Tax Law of Conservation Easements and Preserving Family Lands*.

**Joan Youngman**, senior fellow and director of the Program on the Taxation of Land and Buildings at the Lincoln Institute. An attorney who specializes in state and local taxation and the legal problems of valuation for property taxation, she has published many articles and the casebook, *Legal Issues in Property Valuation and Taxation*.

The next offering of this course will be in late summer 2001 in Logan, Utah, in cooperation with the Institute of Outdoor Recreation and Tourism at Utah State University. The course fee is \$75.

## Audio Cassette Packet of the Core Course

This core course was offered in May 2000 at Lincoln House in Cambridge, Massachusetts, where it was audiotaped and subsequently edited and prepared for distribution. The audio packet includes an album of three 100-minute cassettes, as well as the standard course resource manual containing background articles, federal and state regulations, and other supplemental information. The packet also includes a copy of the Lincoln Institute's 1998 policy focus report, *Open Space Conservation: Investing in Your Community's Economic Health*, by John Tibbetts. The price of a complete audio packet of the "Valuing Land Affected by Conservation Easements" course is \$25, plus shipping and handling.

## Case Study Course

The Institute is offering a new course this year titled "The Theory and Practice of Land Valuation: A Case Study Approach." Participants will learn the principles of land valuation through an intensive examination of a case study in which state agencies, town officials, and local and regional conservation groups joined forces to permanently protect 750 acres of open space in Dartmouth, Massachusetts. The core faculty members are James J. Czupryna and Paul V. O'Leary, as well as representatives of the state agencies and conservation trusts involved in the case.

Those attending this course, which is recommended for attorneys, appraisers, land planners and conservation trust members, will receive copies of the documents used to protect the site and a step-by-step "walk through" explaining how a very complex process succeeded in protecting an important resource in the fast-growing southeastern region of Massachusetts. This course will be offered at Lincoln House in Cambridge, Massachusetts, on Wednesday, April 4, 2001. The course fee of \$75 includes a resource manual of articles on protecting and valuing conservation land and documents about the case study site.

**FOR MORE INFORMATION:** Call the Lincoln Institute at 1-800/LAND-USE (526-3873) or 617-661-3016 x127, email to [help@lincolninst.edu](mailto:help@lincolninst.edu), or consult our website at [www.lincolninst.edu](http://www.lincolninst.edu) for additional information about either the core course or the case study course, or to order audio cassette packets of the core course.



# Program Calendar

Contact: Lincoln Institute, 800/LAND-USE (800/526-3873) or help@lincolninst.edu, unless otherwise noted. Consult www.lincolninst.edu for additional information about these programs.

## Economic Development and Changing Communities

FEBRUARY 7  
Audio Conference Training Program  
cosponsored with American Planning Assoc.

Contact: Jerieshia Jones at APA,  
312/431-9100 or jjones@planning.org

## Asset Valuation and Land Rent

JANUARY 29–FEBRUARY 1  
Havana, Cuba

## Universities as Developers

FEBRUARY 22–23  
Cosponsored with the Great Cities Institute of the University of Illinois-Chicago and the Urban Land Institute  
Lincoln House, Cambridge, Massachusetts

## Value Capture in Chile

MARCH 12–16  
Cosponsored with Catholic University of Chile and the Ministry of Housing and Urban Development  
Santiago, Chile

Contact: Gonzalo Caceres, gcacere@puc.cl,  
or Francisco Sabatini, fsabatin@puc.cl

## Urban and City Management

MARCH 25–APRIL 6  
Cosponsored with the João Pinheiro Foundation and the World Bank Institute  
Belo Horizonte, Brazil

Contact: Flavia Brasil, gesurban@fjp.gov.br

## The Theory and Practice of Land Valuation: A Case Study Approach

APRIL 4  
Lincoln House, Cambridge, Massachusetts

## Valuing Land Affected by Conservation Easements

LATE SUMMER  
Utah State University, Logan, Utah

## Lincoln Lecture Series

Lincoln House, 113 Brattle Street, Cambridge, MA. The programs are free, but pre-registration is required.

## Urban Sprawl and Environmental Justice

FEBRUARY 20  
Timothy Weiskel, Visiting Fellow, Lincoln Institute

## Easements, Covenants and Servitudes: Traditional Limitations and Future Trends

MARCH 7  
Gerald Korngold, Dean, Case Western Reserve University School of Law

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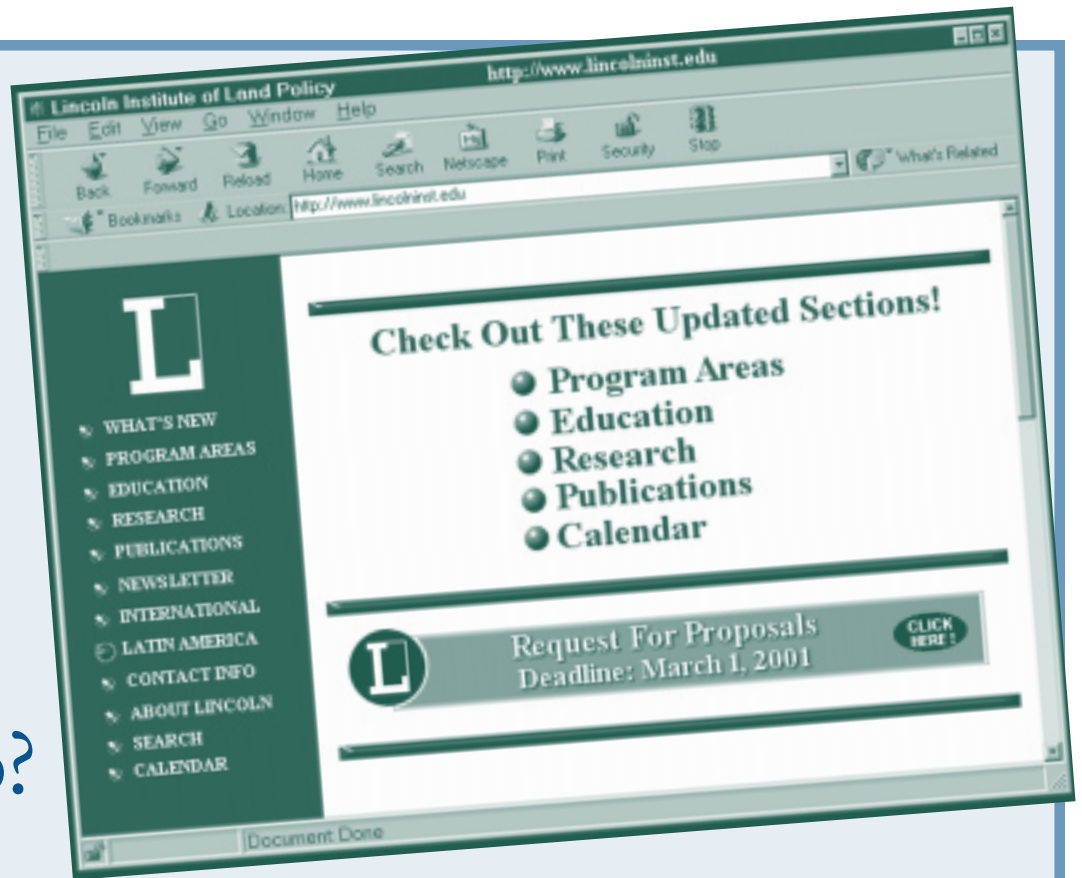
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# What's New on the Web?



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Institute brings together diverse viewpoints to expand the body of useful knowledge in three program areas: taxation of land and buildings; land markets; and land as common property. Our goal is to make that knowledge comprehensible and accessible to citizens, policy-makers and scholars, to improve public and private decisionmaking. The Lincoln Institute is an equal opportunity institution in employment and admissions.

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