

Land Lines

Newsletter of the Lincoln Institute of Land Policy

Overcoming Obstacles to Brownfield and Vacant Land Redevelopment

Thomas K. Wright and Ann Davlin

June 22, 1998, saw an event that would have been improbable only a short while ago—developers, public officials and environmentalists gathered in Newark's Ironbound neighborhood to announce the opening of a new \$4.5 million state-of-the-art compressed gas packaging facility on an old brownfield site. Owned by Welco Gases Corp., the facility provides industrial and specialty gases to the welding, medical and research markets. It demonstrates how redevelopment of brownfield sites has been revolutionized, at least in some places.

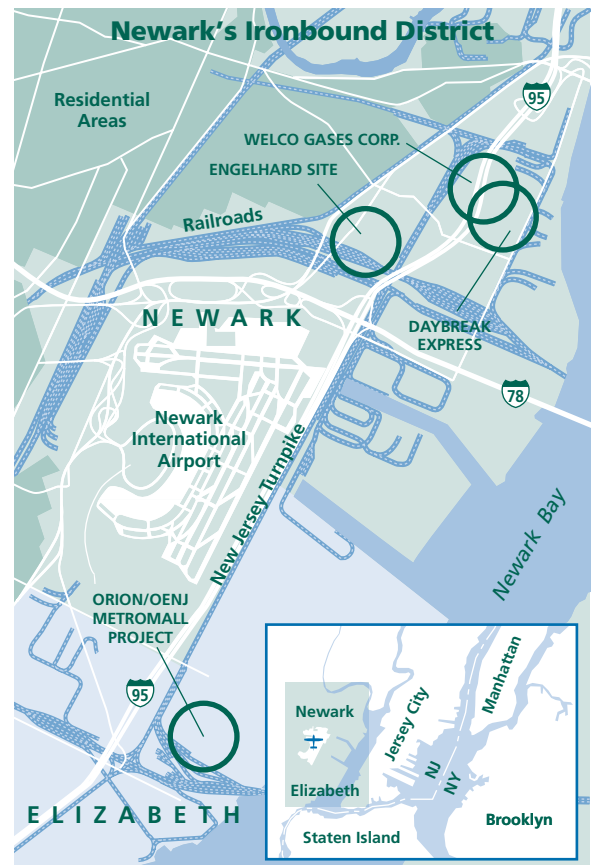
With legislation passed last January, New Jersey is one of the latest states to enact environmental laws intended to bring companies and investors into the redevelopment arena by offering them new assurances, incentives and assistance. While the site on Newark's Avenue "P" may seem an obvious choice for redevelopment—close to rail, air and sea facilities and in the middle of

a burgeoning metropolitan region with almost 20 million inhabitants and a half trillion dollar economy—its history of abandonment demonstrates how complicated redevelopment of contaminated sites has become.

The Welco project was one of four sites highlighted during a conference on *Land, Capital and Community: Elements of Brownfield and Vacant Land Redevelopment* cosponsored by the Lincoln Institute and the Regional Plan Association (RPA) last May. The conference goal, to identify the critical elements to successful brownfield and vacant land redevelopment, was achieved by visiting projects in various stages of redevelopment in Newark and Elizabeth, New Jersey. By examining different strategies for attracting private investment and public involvement, the conference focused attention on the basic components needed for any state or local redevelopment initiative.

In keynote remarks New Jersey Governor Christine Todd Whitman discussed RPA's Third Regional Plan¹ and how many aspects of its vision are incorporated in the New Jersey State Development and Redevelopment Plan, a central piece of her current legislative agenda. In particular, she mentioned the state's role in promoting the redevelopment of brownfield and vacant urban sites through planning and expedited permitting.

Governor Whitman cited the City of Long Branch, where a private organization prepared a master plan that was pre-



approved by the Department of Environmental Protection (NJ DEP) as meeting the requirements of the Coastal Areas Facility Review Act (CAFRA). This pre-approval (which took three years of negotiation with NJ DEP) ensures that any development project approved by the city automatically receives coastal area regulation approval as well. In an urban community that had seen a decade without a single real estate transaction in its downtown, developer interest in Long Branch has surged due to the promise of stream-



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lined CAFRA applications. While other issues also contributed to the city's success, such as the active involvement of the private sector and the quality of the master plan devised by Thompson Design Group, this example demonstrates that predictability is a vital component to any urban economic development strategy.

Another perspective was presented by Dr. Tomas Grohé who spoke about the Emscher Park International Building Exhibition, a redevelopment of brownfield and vacant sites in the heavily settled North Rhine/Westfalia region of Germany. The Emscher project is using a regional approach to identify remedies for communities and ecosystems damaged by decades of industrial activity. Through jury selection processes and extensive community involvement, the program is implementing restorative projects including housing, new industrial and commercial business parks, and river and forest restoration. This approach is different in many respects from the United States model of market-driven projects, but it also manages to include public/private partnerships, infrastructure investments, and other familiar components.

Tiers of Redevelopment Potential

For the purposes of the public policy discussions at the conference, brownfield and vacant sites were categorized into three categories:

- tier one: sites that pose some contamination issues, but are economically viable development projects.
- tier two: sites that would be attractive but have higher contamination risks or less marketability, thus requiring some incentives for redevelopment.
- tier three: sites with high environmental risks that do not hold economic potential even if cleaned, due to poor location, lack of access or unclear reuse potential.

Many of the tier one sites in the region are being developed and do not require strategic planning. However, an important policy issue regarding these sites is that since their redevelopment does not require public incentives any available subsidies should be focused on other sites. Furthermore, their remediation and redevelopment

should be consistent with the surrounding community's zoning and planning.

The tier two sites hold the potential to move forward under market conditions, if the right level of incentives—tax abatements, remediation reimbursement, public assistance—can be provided. Making these sites attractive for private investment should be the primary objective of financial incentives, essentially bringing them into the tier one category. Once in that category, remediation and redevelopment plans should again be consistent with the surrounding community's zoning and planning.

The tier three sites require substantial public investment. To create a regional strategy for brownfield redevelopment, it is not sufficient to focus solely on sites with significant economic return. Tier three sites may, by their location in less-advantaged neighborhoods, their lack of access or other circumstances, justify considerable public or philanthropic involvement. Public policy and the majority of public investment dollars must concentrate on remediation and redevelopment of sites that pose health risks and deter economic development in lower-income communities.

Two panel discussions explored incentives to encourage redevelopment projects. The first focused on incentives to make tier two sites attractive for private investment, such as tax abatements, infrastructure investments or remediation reimbursement. These techniques are essential to bring private market forces into the brownfield redevelopment arena. Panelists

talked about the kinds of regulatory and financial mechanisms required to make marginal sites attractive to private investors who would be willing to remediate and redevelop contaminated or vacant land.

The second panel discussed tier three sites that would require greater public or community involvement. Just because some brownfield or vacant land sites may be risky investments does not mean they should be left out of regional redevelopment strategies. Techniques to focus on these sites include involvement of a community development corporation, a broader regional approach, environmental justice advocacy, and public investment on a federal, state or local level. Panelists shared examples of successful brownfield redevelopment as a community revitalization technique and outlined the actions necessary to spur these transformations.

Incentives and Planning Strategies

Tax Abatements. Tax abatements can be an important technique to help cover the cost of redeveloping a vacant site, but their implementation raises issues of planning and prioritization. New Jersey has a recently amended tax abatement law that creates Environmental Opportunity Zones (EOZs) where developers pay a reduced property tax rate for 10 to 15 years to help them recover the costs of remediation. While no communities are yet implementing the EOZ, participants discussed the particular types of projects that would most benefit



Rob D'Alessandro (center), President of Welco Gases Corp., celebrates the opening of his company headquarters with public officials and business associates.



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Daybreak Express (foreground) is one of several successful brownfield redevelopment projects in Newark.

from the incentive, and how municipalities should focus the program only to projects that really need such significant advantages.

Tax Increment Financing. Infrastructure may pose significant impediments to redevelopment projects, particularly when an entire neighborhood has been in decline for many years. For example, the Chicago metropolitan area has successfully implemented tax increment financing mechanisms to provide infrastructure for brownfield and vacant land redevelopment sites.

Site Valuation. Many brownfield sites become public property through involuntary tax foreclosure or other processes. To return these sites to productive use, municipalities often try to encourage private investment and economic development. However, real estate appraisers have difficulty quantifying the value of property where the cost of cleanup remains unknown, thus complicating the process of returning land to private hands.

Insurance Policies. Insurance packages can provide broad benefits to encourage the redevelopment of brownfield sites, but they need to become better understood and more widely used. Provided by the private sector, these tools are readily available to sellers, buyers and lenders involved in the redevelopment of brownfields. Participants discussed the new products now available for indemnification and cited

examples where these products could reduce the need for public assistance.

Community Participation. In many instances, a community-based organization can play an important role in identifying sites and implementing a community-driven remediation and redevelopment proposal. A case example in Trenton, New Jersey, showed how community advocacy and working with local government helped identify funding and develop innovative techniques to remediate a vacant lot in a residential neighborhood.

Advocacy Planning. Issues of advocacy planning such as environmental justice can change the entire dynamic of a site redevelopment program. In the case of brownfield sites, a community may feel it has been taken advantage of once already, by the polluter, and may approach new proposals with some hesitancy. How can environmental justice advocacy be targeted to promote redevelopment projects that are beneficial to communities? What types of projects can combine the effectiveness of community development corporation models, and yet emulate the scope and ambition of the European example?

Conclusions

Following the panel discussions, participants debated the merits of different approaches to brownfield redevelopment and identi-

fied five critical components: sureness of the process; flexibility of public agencies; effective local planning; political leadership and support; and involvement of the entire community.

Some participants felt that many of the case examples did not take advantage of the full range of state or local assistance packages. They suggested that public policy analysis should consider ways to incorporate environmental laws, community development and business interests into an understanding of why brownfield redevelopment leaders do not seem to be more aware of existing programs and incentives.

What is the final or crucial element that pushes a redevelopment project such as the Welco Gases site over apparent obstacles to success? While the participants, representing real estate interests, community organizations and local governments, surely benefited from discussing and learning about the programs and incentives used in various case examples, in the end no one could identify a magic bullet to brownfield redevelopment. **L**

Thomas K. Wright, *director of the New Jersey office of the Regional Plan Association, organized the conference described above and heads up RPA's brownfield redevelopment programs.* **Ann M. Davlin**, *RPA program analyst, provided research assistance.*
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¹ In February 1996 Regional Plan Association released *A Region At Risk*, RPA's Third Regional Plan for the New York-New Jersey-Connecticut Metropolitan Region. The plan, its policy and investment recommendations are based on an in-depth analysis of the rapid changes affecting the region's economy, environmental systems and social equity: the "3 E's."

Lincoln Institute Publications on Brownfield and Vacant Land Redevelopment

Use the order form on page 15, call 800/LAND-USE (526-3873), or visit our website at www.lincolnst.edu

J. Thomas Black, "Model Solutions to Revitalize Urban Industrial Areas," *Land Lines*, September 1997. (available on our website)

Donald T. Iannone, "Redeveloping Urban Brownfields," *Land Lines*, November 1995. (available on our website)

Barry Wood, "Vacant Land in Europe," 1998. Working Paper (WP98BW1) \$18.00, plus s&h

James G. Wright, *Risks and Rewards of Brownfield Redevelopment*, 1997. Policy Focus Report (PF006). \$14.00, plus s&h

Large-scale Development: A Teleport Proposal for Cordoba

David Amborski
and Douglas Keare

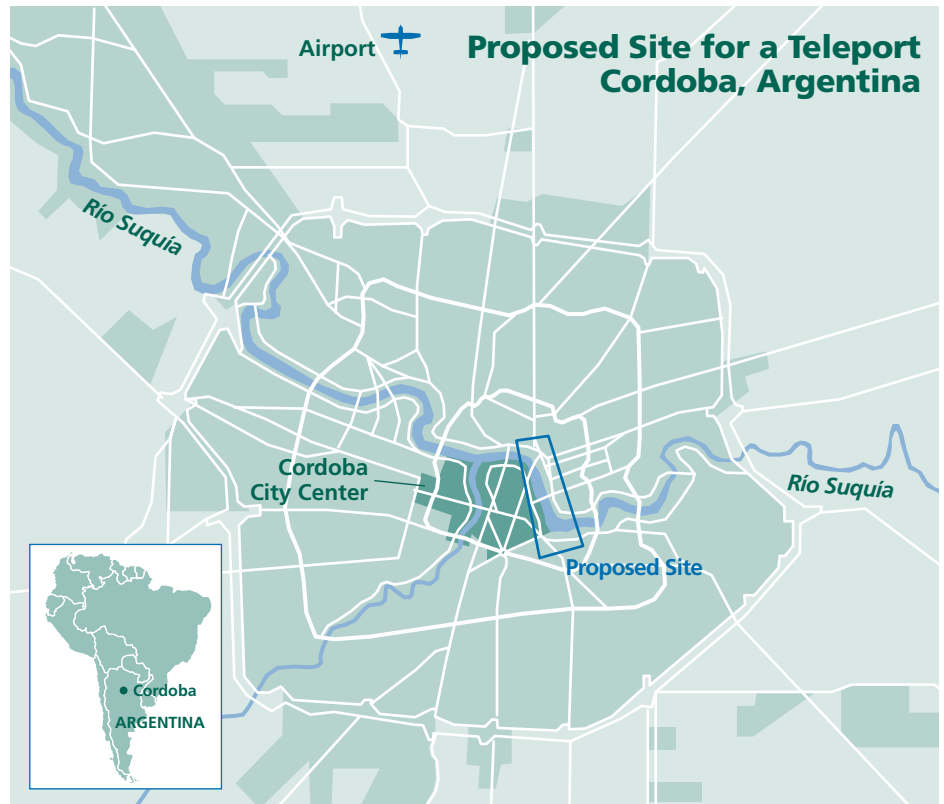
Changes in the global economy, telecommunications and transportation systems are causing cities throughout the world to look at large-scale development projects as a way to restructure land uses and stimulate the local economy. For example, large, well-located areas previously occupied by railroad facilities and related transportation and industrial uses have been left abandoned in many mid-sized cities as more goods are now shipped in containers from a small number of major ports and terminals.

Statutory restrictions on state-owned enterprises have limited options to release these underutilized lands to the private market or to develop them as public projects. With increased privatization and the removal of restrictions, these properties would appear to be ideal locations for successful public/private development partnerships. However, while such monumental urban developments may seem like a panacea, they also raise many concerns about implementation and unanticipated impacts on other neighborhoods of the city, as well as competition with other cities.

Cordoba is representative of cities engaged in strategic planning to restructure local land uses under conditions of a changing macroeconomic and institutional environment. One of the key questions for these cities is to what extent can a major new development, in this case a teleport, effectively stimulate economic diversity and revitalize a neglected area.

Conditions in Cordoba

The City of Cordoba, with a population of approximately 1.3 million people, is strategically located in the geographic center of Argentina and has well-established linkages to the capital of Buenos Aires and to major cities in Chile, Brazil and Uruguay. Cordoba has long been an industrial center focusing on the production of cars, planes, trains and machinery, as well as consumer goods such as food, shoes, clothing and leather products. More recently, the city has expanded its service sector



for both local and regional needs.

As Argentina has experienced economic stabilization and restructuring of its economy, Cordoba has gained greater potential to become a thriving center of Mercosur, the regional business district of south central South America. However, one of the city's most vexing obstacles remains its competition with Buenos Aires.

Like many Latin American cities, Cordoba is also experiencing increased decentralization, movement toward a poly-centric urban structure, and related socio-economic problems. Several years ago the city embarked on a strategic planning process that involved a broad cross-section of constituencies and resulted in a 1996 plan that identified some immediate economic development needs and other matters requiring further analysis and implementation.

As part of an ongoing collaboration between city officials and the Lincoln Institute, a seminar held in Cordoba in April 1997 examined the regulation and promotion of the land market.¹ One high-priority idea that emerged from those dis-

cussions related to the development of a teleport on underutilized central-city land. A committee formed to address the planning and implementation of such a facility included municipal officials, private sector business interests and members of the local university community.

The teleport envisioned for Cordoba is a mixed-use development comprising office space, convention facilities and hotels along with other ancillary land uses. The provision of state-of-the-art office facilities is considered a key objective to meet the city's needs as both a regional center and a national location for some firms. These facilities will have elaborate telecommunications infrastructure and will be developed with a combination of public and private sector investment. One of the first projects is to be a hotel developed by the municipality within an historic structure.

The proposed location for the teleport is a 40-hectare site in the center of the city adjacent to the Suquia River. The site includes old railway lines and has good access to major roads linking the Mercosur region. The land is currently in both

public and private ownership, and it is anticipated that some land transfers will be required to undertake the project.

Observations and Recommendations

To help the committee finalize its plans for the teleport, the city of Cordoba and the Lincoln Institute organized a second seminar in April 1998 to discuss concerns about implementation of the project. Comparative case studies of large-scale public/private developments in Toronto, Canada, and São Paulo, Brazil, provided useful perspectives on the problems and challenges faced by those cities and offered lessons for examining the design and likely prospects for the proposed teleport.

A key consideration is the teleport's large scale relative to the existing local market, which suggests, at the very least, that the project needs to be phased in to ensure orderly development. Related to the project's size are its impacts on other land in the city, including sites that have the potential for similar types of development. The relative attractiveness of the chosen site may adversely affect development in other designated growth areas of the city. At the same time, it is important to understand the depth and strength of the market for the specific uses intended for the proposed teleport site.


A related concern is the project's potential negative impacts on existing and expanding residential neighborhoods in the area. On the other hand, the success of the teleport development could benefit the neighborhood if the residents are integrated into the planning and implementation process.

Among the lessons to be learned from other cities' experience is the value of having a manageable set of objectives, and some seminar participants feared that the Cordoba committee was being overly ambitious. A second lesson regards the need for extreme care in selecting the location for a major new development. While the target location for the teleport was not considered deficient in any specific respect, it had not been selected as the result of a systematic analysis. Rather, this is a case where the city is trying to take advantage of an opportunity to develop a plan for an available site that urgently calls for reuse.

A third admonition came from the private sector, which has special needs in

terms of access, infrastructure and costs. Some qualified market research can shed light on a host of issues including the extent to which Cordoba could hope to compete with Buenos Aires as a local or regional headquarters for domestic or international firms. Clearly the intended private sector beneficiaries must be involved directly in the conceptual development and planning of the project.

Several weeks after the seminar, the city commissioned a study to aid the implementation strategy for the teleport based on these concerns and recommendations. The study will also investigate potential instruments to effect land value capture to provide infrastructure financing and mechanisms to structure the kinds of public/private partnerships that appear to be necessary for the success of the teleport.

A final general observation is that officials in Cordoba, or any city considering large-scale urban development, need to move rapidly beyond the study phase and establish training and other support systems for local leaders and practitioners to enhance their capacity to manage the project. Skills and experience are needed to assess the functioning of land markets, develop requisite technical capabilities, negotiate with the private sector, and oversee financial management, utility regulation, property taxation, land regulations and their complex interactions. The challenge in any such undertaking is to balance sufficient planning and research with the need to take advantage of development opportunities as they arise and to learn from the process as it evolves. 

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¹ See "Strategic Planning in Cordoba," Douglas Keare and Ricardo Vanella, *Land Lines*, September 1997.

Figure 1: Questions for Large-scale Developments

These topics and questions guided the seminar discussions in Cordoba, and they may be useful to other cities considering large-scale development projects on underutilized urban lands.

Understanding the Land Market:

How will the local land market respond to large-scale public interventions such as the proposed teleport? What is the demand capacity for state-of-the-art office buildings in the region? What are the potential mechanisms for intervening in the land market to enhance the chances of success for this type of project?

The Urban Impacts of Large Projects on Underutilized Land:

What are the impacts of this type of large-scale project on adjacent lands and competitive locations within the metropolitan area? How can infrastructure use be optimized? What alternatives could be explored to change the existing zoning structure?

Instruments of Promoting and Financing Private Investments in Urban Regeneration Projects:

What financial instruments can be used in this type of development in conjunction with private sector participation? What instruments for private investments have been most successful? How can these be used with public/private partnerships? What benefits, disadvantages or complications might result from these partnerships?

Mechanisms of Redistribution and Land Value Capture:

How can incremental land value be identified and estimated? How can land value capture schemes be used up front to finance the infrastructure for this project? What alternative instruments may be used for this purpose? What institutional reforms or partnerships might be necessary to implement these schemes and to serve as incentives for further development?

Exploring Cuba's Urban and Environmental Heritage

Peter Pollock

Cuba is a striking country. Its historic capital city of Havana boasts 400 years of architectural heritage. Many areas are in a state of sad decay but some represent very creative approaches to preservation and economic development. Because of the focus on rural development after the 1959 revolution, Cuba did not experience the same kind of popular migration from the countryside to the cities as did other parts of Latin America. What modern redevelopment did occur happened largely outside the historic core of Havana. The good news is that the city's architectural heritage is still standing; the bad news is that it is just barely standing.

Architects and planners in Cuba are struggling with the basic tasks of improving infrastructure and housing while encouraging economic development appropriate to their socialist vision. They are developing models of neighborhood transformation through local organizing and self-help programs, and are creating models of "value capture" in the process of historic preservation and tourism development.

Through connections with the Group for the Integrated Development of the Capital (Grupo para el Desarrollo Integral de la Capital, GDIC), nine environmental design professionals traveled to Cuba in June to explore the issues of decay and innovation in the built and natural environment. The team included nine of the eleven 1997–98 Loeb Fellows from the Harvard University Graduate School of Design.

The Loeb Fellowship in Advanced Environmental Studies was established in 1970 through the generosity of Harvard alumnus John L. Loeb. The Fellowship annually awards ten to twelve leaders in the design and environmental professions with support for a year of independent study at Harvard University. A recent tradition of the Fellowship program is for the Fellows to take a trip together at the end of the academic year, to solidify their ties developed over the year, explore a new environment together, and share their knowledge and expertise with others.



Loeb Fellows and Mario Coyula view GDIC's large-scale model of Havana.

LEONARD E. MCGEE

The Loeb Fellows who traveled to Cuba have a variety of interests that together represent a cross-section of the environmental design professions:

- Charles Birnbaum, a landscape architect who advocates the preservation of significant landscapes.
- Toni Griffin, an architect concerned with economic and community development in urban neighborhoods.
- Pamela Hawkes, an architect specializing in historic preservation.
- Daniel Hernandez, an architect who creates affordable housing.
- Leonard McGee, a community leader who works to transform and improve inner-city communities.
- Julio Peterson, a community developer interested in economic development in inner cities and developing countries.
- Peter Pollock, a city planner who specializes in growth management issues.
- Anne Raver, a journalist interested in people's relationship with the natural environment.
- Jean Rogers, an environmental engineer and planner who focuses on ameliorating the impacts of industrialization on the environment.

The Fellows were hosted in Havana by GDIC, which was created in 1987 as a small, interdisciplinary team of experts

advising the city government on urban policies. "The group intended since its very beginning to promote a new model for the built environment that would be less imposing, more decentralized and participatory, ecologically sound and economically feasible—in short, holistically sustainable," according to Mario Coyula, an architect, planner and vice-president of GDIC. He and his GDIC colleagues put together a series of informative seminars and tours for the Fellows in Havana, and made arrangements for them to visit planners and designers in the cities of Las Terrazas, Matanzas, and Trinidad.

Several foundations and groups lent support to the project: the Arca Foundation, the William Reynolds Foundation, the Lincoln Institute of Land Policy, the Loeb Fellowship Alumni Association, and the Harvard University Graduate School of Design Loeb Fellowship Program. Each Loeb Fellow will write an essay on a relevant area of research and its relationship to conditions in Cuba. These papers will be compiled and made available to GDIC, Harvard University and potentially to others through publication in a journal or special report. **I**

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Curriculum Development and Research Projects

Lincoln Institute staff and fellows conduct research on land use, land markets and land-related tax policies to provide the substantive foundation for the Institute's educational programs. The Institute also awards research contracts to practitioners and academic scholars to encourage and support investigations that contribute to the body of knowledge about our primary program areas. Research results, case studies and analyses are used to develop course modules and curriculum materials, and are published in a variety of formats.

Curriculum development and research projects funded for the 1998-99 fiscal year are listed below alphabetically by principal investigator within program areas.

Program in the Taxation of Land and Buildings

Land Value Increments in Cali, Colombia

Liliana Bonilla and Juber Galeano, *Research in Urban and Regional Studies, Cali, Colombia*



Using the diagram of land value increases developed by William A. Doebele, this research examines the evolution of land prices and the determination of different types of value capture (*plus-valia*) in a case study of Ciudadela Desepaz in Cali. The project evaluates the diagram in terms of increments of land prices, the timing of the public announcement of the need to expand the urban perimeter to solve the housing deficit, and the political management of the entire urbanization process including complete development of the land with all public services in place.

State and Local Governments' Responses to Proposition 13 in California

Jeffrey I. Chapman, *School of Public Administration, University of Southern California*

Building on an earlier study of state and local governments' responses to Proposition 13, the California tax limitation measure, this research expands the conceptual model of fiscal autonomy to link it more closely with Tiebout assumptions and Coasian bargains. It undertakes a detailed analysis of one of the complex state-local links (state controls on local fees based on property) to illuminate the intricacies of state-local finance, and it expands the empirical work to include a more robust data set.

The Efficacy of Property Tax Abatements in Paterson, New Jersey: A Framework for Analysis and Preliminary Findings

Henry A. Coleman, *Center for Government Services, Rutgers-The State University of New Jersey*

This study explores questions about Paterson's use of property tax abatements, especially with respect to job creation and new investment. For example, what types of abatements are most often sought by developers, businesses or households? Have the benefits and costs of tax abatement programs been distributed equitably among residents/taxpayers? How have abatements affected the level or type of local public services? What are the likely long-run implications of the city's current tax abatement policies?

The Race to the Top: How Capitalization Motivates Local Government Taxation, Expenditure and Regulatory Policies

William A. Fischel, *Department of Economics, Dartmouth College*

This research seeks to reorient scholarly thinking about local public finance and the economic nature of local government. The empirical finding that distinguishes local governments from state or national levels of government is that the quality of public services, taxes and local amenities are capitalized in the value of property, most notably owner-occupied homes, located in local jurisdictions. Capitalization profoundly affects the way voters and public officials behave and should be regarded as the central focus of a theory of local public finance, not merely an incidental side effect.

Property Taxation: East Asian Case Studies

Alven Lam, *Lincoln Institute of Land Policy*

Real property taxation has been an essential policy tool for economic growth in East Asian countries and their experiences in using taxation to promote economic development, balance social equity and decentralize fiscal burdens offer valuable lessons. This project develops teaching and reference materials for scholars and practitioners based on case studies of both successful and failed examples illustrating the use of various land tax instruments.

Land Value Taxation in the European Union

Nathaniel Lichfield, *Lichfield Associates, London,* and **Owen Price Connellan,** *Centre for Research in the Built Environment, University of Glamorgan*

Pursuant to earlier studies of land value

taxation in Britain, this research seeks to examine possibilities for implementing similar tax policies within the expanding European Union. Throughout the region there has been increasing interest in the rationalization of economies. With monetary union due to begin in 1999, the time is ripe to analyze current European property tax systems and practices in order to evaluate prospects for moving toward broader adoption of land value taxation concepts in combination with regional planning systems.

Tax Reform in Transition Economies

Jane H. Malme, *Lincoln Institute of Land Policy*

Comparative case studies on the development of taxes on land and building in post-communist countries in central and eastern Europe provide a unique perspective from which to review land privatization, fiscal decentralization and market development. These studies examine the special issues and problems in developing tax policies, laws, administrative arrangements and valuation methods in transitional economies.

Property Tax Classification in Cook County, Illinois

Therese McGuire, *Institute of Government and Public Affairs, University of Illinois at Chicago,* **Richard F. Dye,** *Department of Economics and Business, Lake Forest College,* and **David Franklin Merriman,** *Department of Economics, Loyola University of Chicago*

This study investigates the impact of Cook County's property tax classification system on the location of economic activity in the metropolitan area. Non-technical written materials will summarize the legal, historical and political context of the system, the effects of property tax classification and potential alternatives to the system. The results will also be presented at a public forum for concerned citizens, representatives of political interest groups, academics, news media, public officials and policy-makers.

Prospects for Land Taxes in State Tax Reforms

Thomas Nechyba, *Department of Economics, Stanford University*

Using a previously developed computational model to investigate the impact of replacing taxes on capital with taxes on land rents in the United States, this project has three new objectives: to generalize the current model to include other factors of production, such as labor, and to differentiate between



DENOTES PROJECTS IN THE LATIN AMERICAN PROGRAM

different types of capital; to compare the impact of revenue neutral tax reforms in different states, taking into account the very different features of their economies; and to extend the model to one in which the economy under consideration is not limited to a “small open economy.”

Property Taxation and Local Public Spending: A Public Choice Perspective
Wallace Oates, *Department of Economics, University of Maryland*

This study explores the phenomenon of “renter illusion” under local property taxation and its policy implications. An extensive body of evidence indicates that the larger the fraction of renters in a community the higher the level of local public spending. The most compelling explanation for this finding is that renters do not think that they pay property taxes and hence they support expanded local budgets. The study estimates both the pervasiveness and the magnitude of the renter effect on local spending. It also explores ways of reforming the property tax so that it can provide more visible “tax prices” to all voter residents.

Assessing Property Tax Reform in Mexicali

Manuel Perlo Cohen, *Institute of Social Research, National University of Mexico*



In 1992, the City of Mexicali reformed its property taxation system into one based entirely on land. The new system, which did not tax improvements to land and buildings, was the first of its kind in Mexico. This research looks for the causes of this property tax reform, analyzes the process of change, and assesses the results of the reformed property taxation system in terms of efficiency, equity and justice.

Three Cases of Urban Land Value Appropriation in Sao Paulo

Paulo Henrique Sandroni, *Getulio Vargas Foundation, Sao Paulo, Brazil*



Three case studies in the City of Sao Paulo (West-Plaza, Agua Branca-Matarazzo and Play Center) attempt to answer the following questions. How can local governments use urban policies and legislative instruments to increase urban land value? How can local governments negotiate successfully with the private sector (real estate investors) to use the increased land values to obtain additional non-tax revenue for the improvement of urban infrastructure and development?

An Anthology of Land Value Taxation

Kenneth C. Wenzer, *Henry George Foundation*

This collection of edited and annotated essays by scholars and politicians, including two unpublished essays by Nobel Laureate William Vickery, elucidates land value taxation and shows its various ramifications on such fields as assessment, agriculture and urban development.

Program in Land Use and Regulation

Amenities, Land Policy and Income Polarization

J. Thomas Black, *Lincoln Institute of Land Policy*

Urban economic theory suggests that differences in area amenities and related land use and development policies are becoming more important as real incomes rise and as industries become more flexible in their location. One logical deduction is that amenity variances will result in increased sorting out of the population by income groups. To explore this hypothesis, the study investigates whether recent experience with development restrictions in high-amenity areas has resulted in a shift toward industries and jobs requiring higher-wage workers and a higher-income population through differential migration.

Access to Farmland by the Hmong: Peri-Urban Homesteading?

Peter C. Bloch, *Land Tenure Center, University of Wisconsin-Madison*

Immigrants who have recently entered the United States as refugees, including the Hmong, frequently have an agricultural background. They generally do not possess the skills required by the urban labor market, and often must depend on welfare programs. This study identifies the economic and institutional issues that constrain the Hmong from becoming farmers, especially in the peri-urban fringe. Two public purposes to be informed by the study are the preservation of farmland from urban sprawl and the integration of Hmong into the productive economy.

Government and Vacant Land: Creating Cityscapes

Ann O. Bowman, *Department of Government and International Studies, University of South Carolina*, and **Michael A. Pagano**, *Department of Political Science, Miami University*

Previously funded surveys have documented the extent of vacant and fringe land in American cities and the policies designed to use and re-use that land. Still missing is information about the relative success of city government policies regarding vacant land. This phase of the research examines a subset of cities according to various commonalities (e.g., industrial/service city, preponderance of vacant land in the central city, extensive fringe land available, policies on disposing of vacant land, city-owned vs. city-regulated land) and analyzes the impacts of their vacant and fringe land policy experiments.

Vacant Urban Land in Industrial Areas: The Navegantes District in Porto Alegre, Brazil

Lineu Castello, *Department of Urbanism, Federal University of Rio Grande do Sul, Brazil*



Vacant industrial sites are increasingly common in Latin American cities. A crucial question rising from this situation is how to create opportunities for vacant land reuse to benefit society, especially the socio-economic benefits from reuse of brownfield sites. This study examines Navegantes, the old manufacturing area in Porto Alegre, which demonstrates changing land uses over the past 25 years. It examines users’ perceptions about the district and the impact of a new retail outlet located in former industrial warehouses.

Vacant Land in Latin American Cities: Current Situation and Proposals for Its Utilization

Nora Clichevsky, *CONICET: National Council for Scientific and Technical Research, Buenos Aires, Argentina*



This study makes a comparative analysis of vacant urban land in six Latin American countries in terms of its quantity, location, parcel size, ownership, and government policies that relate to its use and regulation. Alternative utilization proposals will be based on the case studies in accordance with the administrative and legal framework in each country, with the aim of developing policies for the dynamic development of vacant land in order to improve the living standards of urban inhabitants.

Recycling our Cities: Innovative Policies for Urban Vacant Land Redevelopment

James Goldstein and **Allen L. White**, *Tellus Institute, Boston*

This project builds on the findings of Tellus Institute’s ongoing project, Property Tax Status and Vacant Lot Redevelopment: A Case Study of the Dudley Street Neighborhood of Boston. Together these efforts are aimed at exploring barriers to vacant land redevelopment and strategies to effectively overcome those impediments. While significant local, state and federal attention has been focused on urban brownfields (contaminated industrial and commercial properties), relatively little research and policy work has looked at the ubiquitous problem of vacant and abandoned lots in the midst of poor urban residential neighborhoods.

Exploring Opportunities for Community Development Corporations Using Inner City Vacant Land for Urban Agriculture

Jerome Kaufman, *Department of Urban and Regional Planning, University of Wisconsin-Madison*

Some neighborhoods in older American cities have been and continue to be emptied of formerly productive buildings, creating

additional acreage of unwanted vacant lands. This project examines the feasibility of place-based community development corporations utilizing some of this inner city land for an uncommon purpose—urban agriculture—and suggests ways of overcoming the likely obstacles to this objective.

The Extent and Causes of Sprawl in California

John D. Landis, *Department City and Regional Planning, University of California, Berkeley*, and **Larry Orman**, *Institute of Urban and Regional Development, University of California, Berkeley*

Using recently available data on the extent of urbanization, farmland and natural habitat, this research project addresses several questions regarding the incidence, pattern and impacts of suburban and urban land development in California since 1985. How does the extent of recent urban growth vary by county and metropolitan area? Where and to what extent have recent urban development patterns in California become more sprawl-like? To what extent is urban growth in California consuming scarce farmland and habitat? How, if at all, have local plans and land use policies affected recent urban growth patterns?

Land Use and Urban Planning

Mario Lungo Ucles, *Department of Architecture, Central American University Jose Simeon Canas, San Salvador, El Salvador*



By examining recent urban development plans for the metropolitan areas of San Salvador and Panama, this project explores how new instruments for the management and development of urban land can be used to promote a framework for sustainable development. The case study methodology includes a combination of analysis of written documents and in-depth interviews with selected stakeholders in each country.

Using Parcel-Based GIS to Assess Land Supply for Infill and Redevelopment

Anne Vernez Moudon, *Department of Urban Design and Planning, University of Washington*

A dozen case projects illustrating approaches to using parcel-based GIS for land redevelopment infill purposes can help other jurisdictions to manage their land markets. Some land record and taxation applications are assessing opportunities for and approaches to improving land use, coordinating land development practices, and optimizing the use of public infrastructure. The cases document and critique real-life approaches to issues such as neighborhood preservation and revitalization, redevelopment of publicly owned properties and brownfield development.

Population and the Future of Density in California

Dowell Myers, *School of Public Policy and Urban Development, University of Southern California*

Higher density residential development is of particular importance in California, which is projected to absorb 15 million more people by the year 2020. This project investigates evolving density patterns, consumer trends and successful case studies of higher density residential developments. As a first step, the study identifies the key players and interest groups, their positions on issues of residential density, and the questions that residential development and density pose for policymakers.

Models for Helping Local Communities Deal with Land Use and Growth Management Issues

Peter Pollock, *Community Planning Division, Boulder, Colorado*

What is the best way to deliver technical assistance to local communities facing tough land use and growth management issues? What types of information, delivered by whom, in what way, at what point of deliberation would be most valuable to the local community? This research project looks at a variety of existing programs that deliver technical assistance to local governments and addresses how groups like the Lincoln Institute might best respond to this need.

Liberalization of Land Markets and Social Segregation in Santiago, Chile

Francisco Sabatini, *Institute of Urban Studies, Catholic University of Chile*



This project focuses on the effects of large-scale social segregation and the role of land markets in reducing segregation, especially since the early 1980s when private real estate development began to influence the growth of Santiago. The results of this case study will include a specialized bibliography and development of training activities on social segregation and land markets in Latin America.

Consensual Approaches to Land Use Decisionmaking: An Analysis of Recent Experience

Lawrence Suskind, *Consensus Building Institute, Inc., Cambridge*

Complex land use issues make it difficult for public officials to balance conflicting forces such as environmental protection, economic development and local autonomy. This long-term project includes developing an evaluative framework and applying it to cases of land use decisionmaking in which professional facilitation, mediation or other forms of consensus building are used to supplement normal governmental processes.

The Role of Open Space in a Metropolitan Regional Context

Leo Tummers, *Physical Planning Department, Delft University of Technology*, and **J.M. Tummers-Zuurmond**, *Independent Town Planner*

The research focuses on the study of land use and land policy to achieve spatial regional plans where urban and rural elements are harmonized in the frameworks of city regions. A system of regional open spaces linking nature, ecology, landscape conservation, human orientation and recreation can have an important role in structuring the urban-rural map of a region. Research activities include a bibliography accompanied by visual documentation, diagrammatic regional urban-rural spatial models and case studies.

The Role of Spatial Information Technologies in Land Use Planning and Land Taxation

Stephen Ventura, *Department of Environmental Studies and Soil Science, University of Wisconsin-Madison*

This project explores the effect of automated land and geographic information systems (GIS) on land use planning and land taxation policies. Specific activities include a study of the Dane County, Wisconsin, land use and tax assessment GIS database to visualize impacts of land use and land tax policies, and a workshop on the role of land information systems in land use planning.

Program in Land Values, Ownership and Property Rights

Land Regularization Policies: Justification, Impact and Sustainability

Betania de Moraes Alfonsin, *ACCESS (Citizenship and Human Rights), Porto Alegre, Brazil*



This research characterizes the main concepts in land regularization and examines historical and ethical factors in the development of public policies. The project identifies criteria to analyze the impact of land regularization on sustainability and examines different methods of dealing with modes of spatial segregation so that more effective policies can help transform cities into more humane environments.

Measuring and Improving the Accuracy with which Land is Assessed

Richard Ashley and Florenz Plassmann, *Virginia Polytechnic Institute and State University*

Accuracy of assessment is measured by the coefficient of dispersion in the ratio of assessed value at the time of sale to



DENOTES PROJECTS IN
THE LATIN AMERICAN PROGRAM

the selling price. The methodology for improving assessment accuracy involves estimating the value that is added to the site by minor structures. Thus, site value can be estimated on the basis of transactions involving sites with such structures, as well as vacant sites and sites sold on the eve of demolition. This project measures the accuracy with which land is assessed in six U.S. and four foreign cities, develops a methodology to assess land more accurately, and then applies that methodology to one or two U.S. cities.


Land Price Data and Land Value Functions in Cracow, Poland

W. Jan Brzeski, *Cracow Real Estate Institute*, and **David Dale-Johnson**, *Marshall School of Business, University of Southern California*

Since 1992, transaction prices of land and related descriptive information have been collected for Cracow, permitting the examination of a number of hypotheses regarding the evolution of land markets in command economies shifting to market economies. The market data also provides an ongoing laboratory to allow the theoretical and empirical analysis of transitional land markets, along with a determination of the kinds of information that must be collected to gain insight into the dynamics of these markets.

Management of Urban Land and the Informal Land Market in Metropolitan Lima

Julio A. Calderon Cockburn, *Independent Researcher, Lima, Peru*

 This research seeks to show the relationship between illegal land markets and informal access to urban land by low-income sectors by looking at agents (roles and interests), stages of the process (promotion, access, sale and occupation), economic costs, and compliance (or not) to urban regulatory codes. The analysis of private and public agents considers the available land stock as well as the importance of property tenure, real estate promotion and public action in the distribution of land.

Land Problems in the Rural/Urban Fringe in Girardot District, Venezuela


Olivier Delahaye, *Department of Agricultural Economics and Social Sciences, College of Agronomy, Central University of Venezuela*

 This project explores the pressures of urban sprawl on mostly public agrarian reform land around Maracay City in Venezuela's Girardot district. The research examines recent land transactions and improvements in both formal and informal land markets and the relative importance of different social groups buying and selling

in these markets. The results may suggest policy measures for this fringe land market that would improve access to urban land tenure for the poor and possibly the implementation of a viable land tax.

Development and Displacement on the Urban Periphery

Margaret Everett, *Department of Anthropology, Portland State University*

 In reviewing the effects of public and private development on low-income peripheral settlements in Bogota, Colombia, over a 25-year period, this project outlines the direct and indirect social impacts of displacement. The overall goal of this study is to identify the contributions of ethnographic and human rights approaches to public policies related to the problems of forced evictions and violence.

Land Value Capture under Public Leasehold Systems: Canberra and Hong Kong

Yu-Hung Hong, *Division of Social Science, Hong Kong University of Science and Technology*

Canberra and Hong Kong are the two most developed public leasehold systems in the world, and this study is the first detailed comparison of their land value capture experiences. Recouping land value by leasing public land has strengths and weaknesses specific to each society. Hence, the outcomes of land value capture in Canberra and Hong Kong have evolved distinctively in response to each city's institutional arrangements. This result suggests that there is no one best land leasing method or land tenure arrangement for capturing land value.

Those Laws and My Land! Assessing the Impacts of State Property Rights Laws

Harvey M. Jacobs, *Department of Urban and Regional Planning, University of Wisconsin-Madison*

The promotion of private property rights is one of the most significant land policy movements in the United States today. This movement has supported the passage of significant legislation in half of all states and has promoted significant parallel activity in Congress and in over 200 counties. This project builds upon and extends prior research on the impacts of state private property rights laws in specific, and the state of the takings clause in general.

Public-Private Partnerships for Urban Land Development in Mexico: Performance and Potential for the Provision of Access to Land for the Poor

Gareth A. Jones, *Department of Geography, University of Wales, Swansea*

 The Habitat II Global Plan for Action placed public-private partnerships at the top of the international policy agenda. Although considerable attention has been paid to partnerships as a means to provide

housing, urban services and community finance, there are few detailed studies of partnerships for land development. This project reviews the principles behind partnerships and analyzes their performance in Mexico, which has promoted formal partnerships between private developers, public agencies and informal agents on community lands. The study assesses opportunities and constraints placed on partnerships and provides recommendations for systematically monitoring partnerships for urban land development.

Asian Property Markets and the Broader Economy

Douglas Keare and **Stephen K. Mayo**, *Lincoln Institute of Land Policy*

The cyclical volatility in asset markets, particularly real estate, has often exacerbated volatility in other parts of the economy (and vice versa), and has made it difficult to recover from cyclical downturns. These interactive effects have been particularly evident in Japan and, more recently, the rest of East Asia. Stimulated by the current economic and financial crises in East Asia, this project is intended to improve our understanding of what has happened there, how to mitigate the effects of the crisis, and how to prevent its recurrence.

New Strategies for Low-income Housing Communities to Access Urban Land

Helena Menna Barreto Silva, *Laboratory of Housing and Urban Settlements, School of Architecture and Urbanism, University of Sao Paulo, Brazil*

 Community organizations are emerging as developers of low-income settlements through formal land market acquisition and land subdivision. Unlike conventional settlement strategies, such as squatter housing, informal land market acquisition, and public provision of services, this strategy achieves legal tenure through eligibility for urbanization and housing credits. The research assesses the costs and benefits of the various settlement strategies in Sao Paulo.

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Dissertation Fellowships

The Institute's dissertation fellowship program supports Ph.D. students whose research focuses on some aspect of land use and tax policy. The program provides an important link between the Institute's educational and research objectives by supporting scholars early in their careers. These 20 students are receiving fellowships to pursue their thesis research during the 1998–1999 academic year.

Program in the Taxation of Land and Buildings

Colorado's Municipal Governments and Tax and Expenditure Limitations: The Taxpayer's Bill of Rights

T. M. Brown, Graduate School of Public Affairs, University of Colorado at Denver



A state constitutional amendment strictly limits the revenues and expenditures of Colorado's municipal governments. This study uses statistical time-series, cross-section analysis to examine trends and patterns in

revenues and spending over a 22-year period. Preliminary results indicate that, despite more than 200 elections in which voters approved exemptions to the amendment's requirements, the rate of growth in municipal revenues has been slowed slightly. A declining trend in municipal reliance on the property tax has become more pronounced, with spending rates reduced for administrative and direct public service functions almost equally.

Improving Public School Financing through Collaborative Land Use and Educational Planning

Kieran M. Killeen, Department of City and Regional Planning, Cornell University



Accurate land use planning is a critical yet underutilized component of school district and municipal administration. School and municipal planners rely on accurate spatial information about development patterns to improve site

selections, anticipate population change and project fiscal conditions. All of these factors directly impact households and businesses, even though public school districts are not significant consumers of land. Yet, many school districts are independent of local governments and have limited planning abilities. This research focuses on improving public school financing and planning through collaborative school district and municipal planning.

Land Use Implications of State and Local Business Subsidies

Pamela Neary, Department of Geography, University of Minnesota



Escalating economic competition between localities has increased the use of public dollars for subsidies that directly benefit a specific business or specifically located businesses. Although criticized by both academics and

practitioners as being economically inefficient and wasteful, business subsidies are widely used by state and local governments. Because many business subsidies are configured to entice real estate development and influence business relocation decisions, they can induce land development that may not have occurred otherwise. This study investigates the localized land use impacts and the region-wide spill-over effects that result from the use of business subsidies in the Twin Cities Metropolitan area.

Land Value Taxation and Compensation of Spatial Externalities

Jung Soo Yook, Department of City and Regional Planning, Cornell University



The locational determinants of economic activities are important considerations for the analysis of economic externalities since spatial externality problems are a major cause of economic externalities. There are a few compensating

plans for the externalities. In this research, another measure of compensation is sought and tested: internalization of spatial externalities using land value taxation. The customary means of compensating for externalities is by direct cash compensation or reduction of tax burden in the neighborhood. In this approach, a positive or negative externality is internalized in the land rent of the site. The spatial externality distortion should be alleviated through such internalization by allowing the price mechanism to work.

Program in Land Use and Regulation

The Cost of Sprawl in New York State

Warren Adams, Department of Urban Planning, Columbia University



Urban sprawl is increasing in New York State at an alarming pace, with or without increases in population. This research seeks to measure the specific cost of sprawl for several distinct groups: for farmers by measuring

the level of increased taxes and displacement from the land; for suburbanites by measuring the rise of property taxes related to the cost of increased services to ever-distant areas; and for inner-city residents who may face transportation obstacles to reaching suburban employment sites. The study will also evaluate the cost of sprawl-related air pollution caused from tailpipe emissions, as well as costs related to the loss of open space.

Analyzing Incentives for Participatory Conservation in Uganda

Peter A. Beck, School of Public and Environmental Affairs, Indiana University



The inability of many governments to adequately protect national parks has forced both scholars and practitioners to question the restricted national park model and instead promote conservation strategies that enlist the

cooperation of local people. However, there is little evidence of either successful examples or rigorous theoretical explanations for why such programs should succeed. This thesis addresses the research gap by studying experimental programs in villages bordering two Ugandan national parks that offer differing forms of incentives such as revenue sharing, user rights and managerial responsibilities. Which incentives are most effective at encouraging local participation, and does participation improve conservation of the protected area?

Political Economy, Local Culture, and Redevelopment in the Urban Landscape: The Transformation of Portland's Pearl District

Robert A. Jones, School of Urban Studies and Planning, Portland State University



This project examines the dynamics of urban redevelopment through a case study of the Pearl District, a former warehouse district in Portland, Oregon, undergoing rebirth as a downtown residential loft area. At issue are the

effects of changing views of the district's character on local investment, business location and residential choices. How do various social and cultural representations of the Pearl District shape its transformation? The answer focuses on the roles of government agencies and planning officials, developers and related business agents, and residential and business groups and individuals in shaping the redevelopment of the area.

Edgeless Cities:

America's New Urban Form

Robert E. Lang, *Departments of Sociology and Urban Planning, Rutgers-The State University of New Jersey*



This project explores America's evolving metropolitan form by testing the validity of the edge city concept. Through a longitudinal analysis of the 10 largest suburban office markets using three data points (1986, 1992 and 1998), the study follows the five largest edge cities per region to determine whether they gain or lose market share relative to other locations. If they gain market share, the finding may mean that suburban business is accreting around large centers. If they lose market share, those metropolitan areas may be decentralizing beyond the edge city model.

Community Participation in Large Scale Development Initiatives in South Africa

Jennifer Mollentz, *Department of Urban Planning, Columbia University*



Disadvantaged communities in South Africa are finding that the recent acceptance of the macro-economic strategy for Growth, Employment and Redistribution (GEAR) means that much of the needed spending on urban

development projects is dependent on private investors rather than the state. These private initiatives are likely to be more selective, profit-oriented and even regressive, contributing little to the correction of historic imbalances. The changing involvement of communities and their impact on the nature and location of private urban development is an important consideration in the attempt to meet development goals for social and economic reconstruction.

The Impact of Farmland Preservation Programs

Cynthia J. Nickerson, *Department of Agricultural and Resource Economics, University of Maryland*



Farmland preservation policies often seek to alter land use patterns such as urban sprawl. This research seeks to determine the probability that a landowner will sell development rights in a farmland preservation program and the

factors that influence the timing of the decision. By identifying which program features increase the likelihood of landowner participation, this study may be used to evaluate whether changing certain program features alters participation and to identify the likely spatial pattern of preservation. This information may also assist policymakers in designing programs to maximize participation

and evaluating whether land use goals are being met.

Causes and Impacts of Urban Land Policies in Producing Informal Land Markets: A Case Study of Barra Da Tijuca, Rio de Janeiro

Sonia Pereira, *Institute of Earth Sciences, Department of Geography, Federal University of Rio de Janeiro, Brazil*



Brazil's land laws and regulations are rooted in the formal sector, yet a case study in Barra de Tijuca, an informal settlement in the heart of Rio's expansion area, highlights the role of squatter movements. The study examines

how grassroots participation can be combined with the legislative framework to formulate and implement new government policies and programs related to land equity and security of tenure for the urban poor. It focuses on the acceptance of informal land markets as an alternative to the formal sector and looks at the impacts of urban land policies on socioeconomic and spatial disparities.

Development and Applications of GIS and Dynamic Simulation for Community Planning

Vivek Shandas, *Department of Ecological Economics, Rensselaer Polytechnic Institute*



This study offers a framework for the use of geographical and modeling tools by community planners and local citizens in the Lake George, New York, watershed area. While most geographical tools have focused on static

cause-effect relationships such as historical trends in land use, this research explores integrating land development probability statistics with geographic information systems (GIS) and dynamic modeling. The benefits of combining these tools may allow planners and policy developers to effectively predict impacts on open space and environmental quality. The findings will attempt to address the technical challenges inherent in policy development and analysis, while enhancing the usability of these tools.

Informal Housing in San Francisco: The Structure and Role of Housing Outside the Regulated Market

Mary Gail Snyder, *Department of City and Regional Planning, University of California at Berkeley*



Although little explored in the United States, informal housing is a growing phenomenon of interest to urban planners and policymakers concerned with homelessness and affordable housing. Cities across the country are

reporting increases in informal housing such as illegal conversions and boarding houses—units that are constructed, altered or simply occupied outside of formal market regulations. Using comparative case studies of neighborhoods in San Francisco, this research examines the forms, structure and operation of informal housing, the conditions under which it occurs, and its relationships to public sector policy and regulation.

Toward Regional Sustainability: Trade-offs and Valuation of Economic, Social and Environmental Impacts of Tourism in the Lake George Region of Upstate New York

Jose Vazquez, *Department of Economics, Rensselaer Polytechnic Institute*



Regional sustainability implies balance among ecological, social and economic systems. Diversity is a critical component in attaining sustainability. Using the case of the Lake George region, this study applies tools such as regional

input-output analysis and natural resources accounting to analyze the impact of two concrete economic development scenarios: expansion of tourism and the introduction of alternative forest products. The trade-offs among economic expansion, employment, income and water use/quality derived from these models form the basis for a discourse process in which local stakeholders can assign value to specified trade-offs.

Program in Land Values, Property Rights and Ownership

Governing Transitions in Property Relations: Upland Communities in the Lao PDR

Brett M. Ballard, *Department of Urban Studies and Planning, Massachusetts Institute of Technology*



Upland tribal communities in Laos are under increasing ecological and political pressure to abandon traditional means of shifting cultivation in favor of irrigated wet-rice cultivation. This research will help inform the policy

and practice for stabilizing upland agricultural production by identifying the circumstances and factors that enable upland communities to successfully modify and/or create institutions to govern new property relationships when small-scale irrigation projects are introduced by the government. The hypothesis is that the development of such institutions is a function of the availability of productive land resources relative to the population in a given community.

Institutional Design for Informal Settlement Upgrading: The Planning Implications of the Community Land Trust Experiment in Kenya

Ellen M. Bassett, Department of Urban and Regional Planning, University of Wisconsin-Madison



The unabated growth of informal settlements is an intractable problem facing land managers in the developing world. Recent literature advocates developing community-based institutions that adapt existing informal institutions as

a strategy for managing urban land. This research examines the use of a community-based institution modeled upon the American Community Land Trust (CLT) in Kenya to explore three questions: 1) Why was community-based tenure selected by the residents in one place but rejected by another similar settlement? 2) How clearly do the settlement residents understand the CLT and its property rights limitations? 3) What were the pre-existing institutional arrangements in the settlements and what role have these institutions played in the tenure decision?

Economic Analysis of Ground Lease Based Land Use Systems: Opportunities for Development

Feng Deng, School of Urban Planning and Development, University of Southern California



The objective of this research is to analyze the evolution and future trends of the urban ground lease system in China. Of particular interest is the relationship between property rights and economic efficiency in the urban context,

given that public services are basically collective territorial goods and are tied to private property. This research, consisting of qualitative and quantitative analyses and case studies, relates closely to Henry George's idea of a single tax based on ground rent. The study has important implications for China's current efforts in urban development and economic reform, as well as for other transitional economies.

Culturalization of a City Formation: A Tool for Urban Design and Development in Havana, Cuba

Reinerio P. Faife, Department of Architecture, Graduate School of Design, Harvard University



New proposals for architectural intervention need to be supported by a clear schematization of an architectural language that reflects a given contextual heritage. This project involves the creation of a building typology

derived from the historical formation of Havana. Its architecture can inform the development of an urban design strategy as a tool for future planning guidelines. The partial preservation of the city together with sensitively designed new urban structures can only induce a positive cultural legacy.

Land Registration in the Dominican Republic: The Torrens System 1920-1997, a Legal and Historical Analysis

Margarita Gil, Land Tenure Center, University of Wisconsin-Madison



The Torrens Land Registration System in the Dominican Republic is considered insecure and unreliable. By analyzing samples of property transfers drawn from court records and land registries, this research explores the historical conditions that established the system, related juridical, political, economic and social factors, and the potential benefits and costs of reform alternatives.

Land Use Policies and Urbanization of Informal Settlements: Planning Initiatives in Environmentally Protected Areas in Curitiba, Brazil

Joseli Macedo Wendler, Shimberg Center for Affordable Housing, University of Florida



This research analyzes land use policies that promote or hinder the development of informal settlements based on a case study of human settlements in the headwater areas of the metropolitan region of Curitiba, Brazil. Planning

interventions are examined within a comprehensive framework to determine how they affect access to land. The quality of life for the population in the watershed is of special concern, both for those living in urban areas whose water quality may be compromised and for those squatting on environmentally sensitive land that lacks basic infrastructure for a healthy existence.

Institute Publishes 1998-1999 Catalog



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Fiscal and Regulatory Instruments for Value Capture: The Case of Santo André

Jeroen Klink, Luis Carlos Afonso and Irineu Bagnariolli Jr.

In many Brazilian cities, land and building taxes are significantly underutilized. According to data from the Brazilian Institute of Municipal Administration (IBAM), for example, in half of the municipalities with more than 50,000 inhabitants the property tax represents less than 30 percent of total tax resources. Considering that for most of these municipalities, local tax revenues represent less than 30 percent of total resources, the property tax does not amount to more than 10 percent of financial resources (including intergovernmental transfers). These percentages are even less in smaller municipalities. Other land-based taxes, such as the real estate transfer tax and betterment tax, show a similarly disappointing pattern.

Especially since Brazil's new constitution of 1988, when the major responsibility for land use planning was transferred to the local level, municipalities have become increasingly aware that land use regulation and public investments in infrastructure create changes in land values. Many public officials are now looking for planning strategies aimed at capturing part of the "unearned" benefits that may result. In addition, local governments are facing problems with traditional planning instruments such as the *Plano Diretor*, a constitutional provision that requires cities with a population of 20,000 or more to develop a master plan. These cities have become increasingly involved in the debate about the flexibility of the regulatory framework on land use. Consequently, the idea of flexible zoning in exchange for developers' contributions has also become popular.

To investigate the economic, financial and urban planning aspects of these negotiated land use changes, the Lincoln Institute and the Municipality of Santo André in São Paulo State organized a three-day program on "Instruments and Techniques for Land-based Finance for Urban Development" in May 1998. During the first two days, municipal officials from Santo André met with invited guest speakers who shared their expertise on zoning instruments, value capture and local economic

development in such diverse settings as New York City, Mexico City and Colombia. Their discussions addressed three broad topics: value capture and urban finance; urban planning and the land market; and negotiations and public/private partnerships.

The program ended with a public debate involving a regional audience of some



200 planners, developers, and representatives from non-governmental organizations, the private sector and local communities within the Greater ABC region (seven municipalities around São Paulo, including Santo André, which constitute the densest industrial core area in Latin America). A panel discussion on the effectiveness of land-based negotiations and public/private partnerships in the Brazilian context included the participation of guest speakers from the University of São Paulo, the real estate sector and the local governments.

A number of conclusions were drawn from this program. First, negotiated land use changes typically proliferate in an environment where property taxes do not work well. In Santo André, for example, existing legal and operational restrictions make it difficult to overhaul the property tax system. (See Figure 1.)

Second, negotiated land use changes in Santo André seem to accompany the ongoing shift from industrial land uses toward uses associated with the tertiary and modern service sector. Through the negotiation process more flexibility is brought to the existing legal framework, as is seen in recently completed negotiations between the Plaza ABC shopping center

and Pirelli, the multinational tire company.

Third, although land use negotiations apparently fulfill expectations in terms of complementing the dynamics of the local economy, there is no well-established methodology and framework to allow transparent and stable rules based on solid cost-benefit analysis. Compared with international experiences, for example in New York, it remains difficult to predict what monetary compensations can be expected in Brazilian cities and whether these compensations are really Pareto efficient compared to situations where the development permit would have been denied.

Finally, negotiated land use changes should be seen as an essential element of the overall local economic development strategy. In the Greater ABC region, various strategic partnerships among key stakeholders from the private and public sectors are increasingly important in light of the ongoing process of local and regional economic restructuring that has had dramatic negative effects on employment and income levels.

Among the lessons to be learned from the Santo André program is the need to develop better measurements of land value increments resulting from zoning changes in order to then develop the means to capture those values through more efficient taxation systems. The New York experience further shows that it is better to collect taxes at a lower rate through a universal and stable system rather than on an arbitrary, case-by-case negotiated basis that can be susceptible to abuse and corruption. □

Jeroen Klink, an urban economist, is the adviser to the mayor of Santo André. He is a former Lincoln Institute Dissertation Fellow who is completing his Ph.D. thesis on "Sources of Urban Finance: The Applicability of the Standard Economic Model to the Brazilian Case" at the School of Architecture and Urbanism, University of São Paulo, Brazil. Luis Carlos Afonso, an economist, is the secretary for finance in Santo André. Irineu Bagnariolli Jr., an urban sociologist, is the secretary for housing and urban development in Santo André. Contact: jklink@santoandre.sp.gov.br.

Figure 1: Restraints on Revising the Property Tax

In 1993 the Santo André city administration passed a law to grant a 40 percent discount on the property tax, which was to be valid only for that year. However, this reduction has been maintained as a result of several legal clauses that determined that the value of the tax in the current year could not exceed its value in the previous year, thus establishing a tax cap.

Another restriction on a more aggressive use of the tax, especially as a way to promote more equity, is the interpretation given by the Supreme Court that the tax cannot be progressive. The only exception is its application as punishment for unused or underutilized property, a clause that itself depends on additional federal lawmaking and has not even been discussed by Congress. (See Claudia M. De Cesare, "Using the Property Tax for Value Capture: A Case Study from Brazil," *Land Lines*, January 1998.)

During 1990 and 1991, a previous Santo André administration had tried to give discounts on the property tax based on the physical characteristics, current use and size of the property, but that effort was subsequently rejected by Court rulings because of its supposed hidden progressive character. Thus, the cap on the property tax, despite being formally revoked by a subsequent law, remains basically unchanged because if taxes were increased the poorer segments of the population would be most negatively affected.

Finally, in Santo André and all Brazilian cities, the value per square meter of land is fixed by law, thus hindering the capacity of the city administration to tax real estate property according to its market value.

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Tax and Assessment Limits: Policy Responses and Recent Developments

Annual International
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Administration
International Association
of Assessing Officers (IAAO)

SEPTEMBER 15

Orlando, Florida

Contact: Gail Friedman,
800/616-IAAO

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OCTOBER 7

Contact: Carolyn Torma, APA,
312/431-9100

Bluegrass Choices: Smart Growth for the Bluegrass Region

OCTOBER 15

Lexington, Kentucky

Contact: Terry Bopp, Bluegrass
Tomorrow, 606/259-9829

Programs in Latin America

Attributing Land Values in Cuba: Alternatives for Changing Land Uses, Urban Rehabilitation and Development Partnerships

SEPTEMBER 21-23
Havana, Cuba

International Conference on Urbanization and Low- income Housing

OCTOBER 5-8

Barquisimeto, Venezuela

Contact: urvi98@telcel.net.ve

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OCTOBER (TBA)

San Salvador, El Salvador

Contact: opamss1@salnet.net

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