Making Sense of Place

HUMAN CONNECTIONS TO LAND PREDATE SCIENCE and logic; they are so fundamental to our identity that we rarely question or examine them. Importantly, these ties to land evoke strong, and often irrational, expression. Land policy, on the other hand, expresses a more modern aspect of our identity: a need to impose rationality on the world through logic, analysis, and the rule of law. At the Lincoln Institute, our land policy research is driven by a commitment to careful, objective, rigorous analysis. This analysis defaults to the dispassionate, driven by our technical expertise in statistical and economic modeling. These techniques lead us to propose policies that balance competing interests to reach outcomes that we consider socially, politically, and economically optimal.

Thus, we've argued stridently that a land value tax is the best mechanism for raising public revenues—far superior to more regressive or distortionary mechanisms like sales or income taxes. And yet, despite more than seven decades of avid promotion, we must admit that a pure land value tax is both rarely enacted and evanescent when it is implemented. And its second-best but far more prominent cousin, the property tax, is almost universally despised by taxpayers. Time and again, voters opt for inferior ways to raise new revenues, often preferring sales tax increases to better, fairer, and more efficient property or land taxes.

We've opined about why the property tax is so unpopular. Current hypotheses focus on the administration of the tax—how it is paid infrequently, in large lump sums. Unlike sales or income taxes, property owners know exactly how much they pay and when they must pay it. In contrast, income or sales taxes are collected incrementally—withheld from paychecks, or added in small amounts to purchases. When pressed, most taxpayers have no idea how much they pay annually in sales or income taxes. Invariably, they know exactly how much they pay in property taxes. Given these observations, we've proposed a remedy: to collect the property tax more frequently, in smaller chunks. While this might attenuate some of the hostility directed toward the property tax, it might not level the scales for voters.

This is because, as with other land policies, we ignore the intangible but important ties between people and land when we implement a property tax. The wedge between this superior tax policy and what is chosen by voters may be driven by a human propensity to violate self-interest in defense of our ties to land. The problem with a land or property tax is not in its administration, but in its enforcement. If one does not pay sales or income tax, the most likely outcome is a fine or penalty, or in extreme cases incarceration. If one does not pay the property tax, enforcement involves loss of the property. To the extent that a taxpayer's identity is linked to ownership of property, seizing it may be tantamount to identity theft, with associated destruction of self-esteem, individuality, self-definition—in other words, the psychological manifestations of identity.

As we navigate between optimal and practical in land policy, it might behoove us to examine hard-to-measure human ties to land. Although they are hard to measure, they are not hard to observe or understand. If we care about effective implementation of land policies, we ignore these ties at our peril. After U.S. urban planners devised urban renewal in the 1940s—a strategic, low-cost way to redevelop blighted areas of cities—they were blindsided for decades by spontaneously mobilized, pitched resistance from residents of the very neighborhoods they intended to improve. The mischief created by denizens of Boston's West End, Soho in New York, or the Embarcadero in San Francisco grew into a political movement that back-fed land policy through formalized finance mechanisms to subsidize historic and cultural preservation. This organized response permanently checked the power of urban planners and the planning profession more broadly, forcing them to engage citizens as partners in the planning process rather than subjects of it. And this movement crossed the Atlantic, to Covent Gardens in London, to Kreuzberg in Berlin, or more recently to Gezi Park in Istanbul.

The failure to account for human attachment to property erodes the quality of our economic prognostications as well. This was illustrated in the hugely inaccurate predictions by pundits regarding the depth of the housing crisis that began a decade ago. Many economists and financial analysts assumed that home owners who owed more on their properties than they could expect to recover through selling them— often called "underwater" owners—would walk away from the homes. Economists even had a term of art to describe this hard-nosed stance in decision making: ruthlessness. Yet, at the height of the housing crisis in 2011, more than 16 million home owners across the country were underwater. That year, there were 1.9 million foreclosure filings, many for homes that were above water.

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Residents resisted urban renewal in the 1950s to preserve Hell's Hundred Acres, known today as Soho in New York City. Credit: iStock.com/Bustitaway

As devastating as the financial crisis that ensued was, it would have been ten times worse if home owners acted ruthlessly. As irrational as it might seem, more than 90 percent of underwater home owners paid their mortgages regularly, rather than walking away from their homes. This was not without precedent. When local housing bubbles burst in Massachusetts in the late 1980s and in California in the early 1990s, a larger percentage of owners continued paying mortgages on time although they owed 20 percent more on their mortgages than they could recover through the sale of their homes.

What explains the dogged persistence of home owners to violate their self-interest by staying in underwater properties? Perhaps something other than narrow economic interests attaches people to their homes, and they risk more in deciding to leave than they would in walking away from a bad investment. They risk losing themselves. This might explain the habit of stubbornly remaining in risky or declining areas. From a distance, it seems entirely irrational for

residents of hurricane-prone areas to stay in homes that are near or below sea level, like the gritty population of Plaquemines Parish just south of New Orleans. Similarly, families that remain in areas struggling with long-term economic decline, such as central Appalachia or Rust Belt cities, stay put rather than seek better opportunities elsewhere. What possesses people to cling to these places, to risk life and limb for a difficult life in a place with a dim future? There must be a story behind these decisions that eludes more scientific analysis.

Land policy analysis needs to incorporate more than economic dimensions of policies if we hope to see them through to successful implementation. Our analysis should acknowledge, honor, and account for our irrationally human attachment to land and places. Although our methods for studying these intangible dimensions are more empirical than theoretical, more pattern recognition than rigorous statistical analysis, they are critical for informing both policy formation and its implementation.

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South of New Orleans, Plaquemines Parish and its population of 23,495 sit precariously beside the mighty Mississippi River as it nears the Gulf of Mexico. Credit: PJF Military Collection/Alamy Stock Photo

Residents paint a mural in the Idora neighborhood of Youngstown, Ohio. Credit: Youngstown Neighborhood Development Corporation

Over the last two decades, the Lincoln Institute has dabbled with less formal methods for examining the relationship between people and land. For example, in our partnership with Solly Angel and his team at New York University to produce the Atlas of Urban Expansion, we studied historic patterns of growth in cities around the world as viewed from satellites orbiting the earth. We compared the nature of new development on the urban periphery with more historic development in the urban core, and we hypothesized about the implications of the patterns we observed. In another effort, we used a narrative frame to understand the evolution of three American cities in video documentaries of Cleveland, Phoenix, and Portland. In other efforts, we've convened practitioners and elected officials from around the world to share experiences of intended and unintended consequences that result from implementing land policies.

In the coming months, we plan to expand our exploration of the connections to people and land under the rubric of "Making Sense of Place." This exploration will not substitute for our more

orthodox policy analyses. Instead, it will supplement and improve them by providing illustrative examples that validate our conclusions or provide countervailing evidence that will drive us to improve our methods. We hope to review and update the three urban documentaries and possibly commission others. We also will experiment with other analytic and narrative forms to identify and interpret the relationship of people with place in new ways, through multi-media case studies, short videos, or animated "explainers." We will build a library of case studies of effective land policies and track them from creation to implementation. We will curate these stories to help others learn from the ways that policies have been adapted for successful implementation in a complex world in which shorter-term economic or political interests are not always as powerful as more primal forces. Because the moment our primordial ancestors emerged from the sea so that we can stand upright on the ground, a fundamental aspect of our human identity was forged, and it is inextricably tied to the land.