
Got Sprawl? Try Terrain, Says Jeff Smith

One of the features in the fourth issue of *Terrain* magazine is an article, "Suburbanomics: Harnessing Land Values to Transform Sprawl." It is reprinted in *GroundSwell* with permission from its author, Jeffery J. Smith. The issue's theme is "The Suburban Frontier." *Terrain* is a *Journal of the Built & Natural Environments*, in partnership with *Terra Nova: Nature & Culture*, and is online at <http://www.terrain.org/>.

Suburbanomics: Harnessing Land Values to Transform Sprawl

by Jeffery J. Smith, Portland, OR

Video images from a time-lapse camera orbiting Earth would show cities erupting, spilling onto farmland, emptying out their cores. A close-up would reveal cities infested by the car virus; the urban cell membrane dissolves, leaking out human habitat. The alert eye would spot a basic cause: underutilized lots, the spoor of speculation. Harland Bartholomew, while doing work for the U.S. government in 1955—about the time suburbia erupted—found that over one quarter of urban surface area was vacant or otherwise under used. Much of the idle land reflected the patience of owners. Rather than put their site to its best use, some waited for its value to rise—as near to a sure thing as one can get in a fast-growing region.

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Speculation left its imprint upon metropolitan form. City sites withheld for future profit were not available for present use. So, exurbanites resettled upon nearby open space. Voila, suburbanization. According to Bill Batt, a retired professor and former tax researcher for the New York legislature, "forcing development to flow around vacant lots leaves an area pockmarked with invisible buttes, unbuildable upon until the owner, lord-like, gives his assent." Ironically, it's not lone owners who generate the value of land but the surrounding community. While society may have a feeble claim to many of the things it taxes, the value of locations is precisely what society should not forgo. By leaving land value in private pockets we privatize publicly-created values—a "giving" every bit as unjust as any "taking". Had society been collecting its own all along, "suburbia may never have been spewed forth in the first place," observes Batt. Instead of taxing land alone, most localities tax property, of which the most valuable part is the building. The better the building, the higher the tax. The worse the building, the lower the tax.

Some architects argue — Frank Lloyd Wright argued strenuously — for taxing just sites, not structures.

Speculators, of course, lean the other way. Under the current regime, they can lower their tax liability by deferring maintenance, thereby lowering the value of their buildings. In poor neighborhoods, the conventional property tax induces slums. In better off areas, it rewards speculation. "While the property tax generates a centrifugal force, site value taxation (SVT) creates a centripetal force, easing the development pressure on suburbs," explains Batt. To pay the SVT, owners put their parcels to better use. Owners of the most valuable sites, having to pay the most tax, are the ones most eager to attract development. Since the most valuable lots lie about the center, it is the center which draws development. In-fill happens. Seattle's Northwest Environment Watch calls SVT the "sprawl tax." In theory, it could contain—even reverse—sprawl. Using data from Boston, Dr. Joseph DiMasi constructed a model that replaced the conventional property tax with one that taxed land at three times the rate as buildings. Development along the outer ring contracted toward the central business district by more than half a mile (summary from Rick Rybeck, researcher for the City of Washington, DC).

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In practice, some jurisdictions already do exempt improvements and tax only locations. Johannesburg, South Africa, is one such city. It enjoys the fastest site recycling rate in the world. By keeping sites at their best use, they keep development from wasting peripheral, undeveloped land. In Australia (whose capital is built on publicly leased land), Sydney taxes land alone, Melbourne taxes land and buildings. Around Melbourne, half the suburbs tax land alone, half don't. Those that do, found Dr. Kenneth Lusht of Pennsylvania State University, have 50 percent more built value per acre of those that don't. On levied land, untaxed buildings come bigger and better. In the U.S., Pittsburgh levies a much higher rate on land than on buildings. For its low housing costs and low, low crime rate, Rand-McNally has rated the Steel City "America's Most Livable" twice. Livable cities not only make few exurbanites, they also make a good model for neighbors. Taxing land, not buildings, also counters the impact of automobiles on settlement patterns. To date, getting about in sprawl has meant driving. Such dependency has kept suburban transformation trussed up. Were we to cut this Gordian knot, the car count would drop.

continued on page 5

Got Sprawl? Try Terrain, Says Jeff Smith

continued from page 4

Then we could de-pave and revive some land, hospitable again to nature and man.

SVT helps people out of cars in two ways. First, by densifying a city, it provides more riders for mass transit. Carrying more fares, the system can add routes and rides for residents. Consultant Tom Gihring, formerly at Portland State University, adds, "a convenient alternative to cars would weaken their stranglehold on suburban form." A drop in traffic would let bicyclists take back more of the street from automobiles, as well.

Second, sedated by the property tax, some sites now languish as parking lots. SVT spurs owners of strip malls and cluster malls to find other uses for their asphalt aprons. "As in days gone by, stores might fill the streets with delivery vans," offers Gihring, author of *The Journal of the American Planning Association's* first article on revenue reform (1999 Winter). While parking grows scarce, and thus expensive, and as transit becomes convenient while remaining a bargain, people will switch from driving to riding. "If not phoning in their order, shoppers could dial a ride, walk, or pedal, besides take a bus," Gihring says.

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All love affairs, even those with two tons of gleaming steel, must eventually end — but not necessarily in heart-break or cardiac arrest. Cars are fattening. Living car-free is to live carefree, actively, healthfully, and perhaps with a more discerning sense of esthetics. No longer needing those car-first, keep-out-snout houses, "Owners might lavish more love upon habitats that put their human occupants first," adds Gihring, who worked on a Seattle housing project design that won the APA's 1999 National Award. With reclaiming more of the house for people, owners may release more of the yard to native wildlife. Under SVT, owners of large, valuable lots would owe more. To trim their liability, some might agree to trim off an edge of their lot.

In exchange for these strips of land, the jurisdiction could pay an annuity from collected site rents, thus avoiding any out-of-pocket expense. As these swaps become numerous, the locality could stitch together these shavings into bike paths, hiking trails, or wildlife corridors, planting a double hedgerow alongside. Besides having a loyal dog patrol the yard, and maybe a stray raccoon visit at night, split-level dwellers could share terrain with wild fox and rabbit. In many places, site values are so high and still rising that were the jurisdiction to collect them, it could fund not only infrastructure and basic social services, it could even abolish

other taxes — and still have a surplus to rebate as a per capita dividend to residents. Batt found that a nine-mile stretch of interstate cost \$125 million in 1995 dollars, yet added \$36 billion in value to the land within two miles of the highway. "Imagine receiving a share of the worth of the earth occupied by one's community," muses Batt. He continues, "Could we expect more gratitude toward nature and more civility to neighbors?" Just as privatized rents dispersed exurbanites into suburbia, perhaps shared rent can turn suburbanites into sensitive dwellers in the land.

While we do raze blocks for freeways, are we prepared to close blocks to traffic, to free streams from culverts? Transforming suburbia is not as simple as accommodating the amateur redecorator who, after several patience-trying moves, decides the sofa does go best over there after all. Conceivably, it could be as involved as moving the extra ranch home out to a ranch, the misplaced town home in to town. Wholesale restructuring of suburbia cannot be done by planners alone. Batt says, "mixing in other modes of transportation, other uses of land, must be the choice of residents. Although consumer preference alone did not create the 'burbs — choices were limited and weighted — it can, with wise policy, transform this compromise between city and country." Currently, there is little cost associated with holding land out of use. We could, however make the cost dear. Doing so would place the full weight of the market on the planner's side. As a growing number of ranch homesteaders vote against growth, they may soon have the chance to vote for the anti-sprawl SVT. Pushing the reform from cutting edge to mainstream are the Sierra Club, Friends of the Earth, writer James Howard Kunstler, and a host of others. They offer SVT as a way to "smart growth" which would change the face of suburbia. For going on ten millennia, farms have provided food and cities trade. Might suburbs, places for sleeping at night and gardening on weekends, last even a century? Film from our orbiting camera shot in the future might show the suburban lava sprawling farther still, or it might capture the suburbs receding, ghostlike. Or, it might render the metro region transformed into a healed central city with a ring of vibrant satellite urblings, like moons around a planet, adhering to a course set by the fair flow of the value of land.

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