



## **Lincoln Institute of Land Policy Research Fellows, 2008-2009**

### **DAVID C. LINCOLN FELLOWS**

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

The 2007–2008 DCL fellowships announced here constitute the eighth group to be awarded.

Vicki Been

*Elihu Root Professor of Law, and Director, Furman Center for Real Estate and Urban Policy, New York University School of Law*

Ingrid Gould Ellen

*Associate Professor, Robert F. Wagner School of Public Service, New York University*

### **Land Values, Institutional Barriers, and the Redevelopment of Underused Urban Sites**

Many U.S. cities face concerns over increasingly expensive housing, due in part to the decreasing supply of readily developable land. Theoretical models suggest that some parcels may remain underdeveloped due to current market conditions, uncertainty over future land values, or regulatory and institutional barriers. In this study we test the relative importance of these hypotheses by assembling a rich dataset on redevelopment of underused parcels in New York City from 2000 to 2006. By linking this dataset to property sales data, we can also exploit these redevelopment decisions as a way to estimate land values.

Sally Kwak

*Assistant Professor, Department of Economics, University of Hawaii-Manoa*

### **Biases in Estimating the Effect of Hawaii's Split-Rate Property Tax Reform on Long-Run Spatial Development**

Theorists hold that the split-rate system of property taxation leads to reduced sprawl and greater levels of development and land use efficiency, while reducing excess burden and holding revenue neutral. Recent empirical studies have shown however that the predictions of theory are not validated in practice. We investigate the bias in the effect of split-rate systems of property taxation on elements of spatial development. We address the potential non-randomness in the adoption of split-rate systems by examining one particular state, Hawaii.

Stanley D. Longhofer

*Stephen L. Clark Chair of Real Estate and Finance, and Associate Professor, Barton School of Business, Wichita State University*

Christian L. Redfearn

*Assistant Professor, School of Policy Planning and Development, University of Southern California*

### **Extracting Land Values using Residential Sales Data**

We will develop a general method for using residential sales data to separate house prices into their land and building components. This breakdown is routinely assessed by local governments, but often using ad hoc methods. Quality land value estimates are important for understanding how local amenities are capitalized into property values. Furthermore, these values could serve as the basis for a land tax. It has been argued that land taxes are more efficient than property taxes, but have been difficult to implement in urban areas where vacant land sales are rare and estimates of land values are not credible.

Elizabeth Plummer

*Associate Professor of Accounting, Neeley School of Business, Texas Christian University*

### **Evidence on the Distributional Effects and Administrative Feasibility of a Land Value Tax: Who Wins, Who Loses, and Can It Happen?**

This project examines how replacing a uniform property tax with a land value tax (LVT) would shift the tax burden, with the primary focus on residential properties. The project uses parcel level property data for ten years (1997 through 2006), obtained from the Tarrant Appraisal District in North Texas, as well as U.S. census tract data. Statistical methods examine the effect of LVT on vertical and horizontal equity. This study also surveys the chief appraisers in Texas to assess their current level of awareness of LVT, and to gather information on land valuation practices in the state's 254 appraisal districts.

P. Christopher Zegras

*Assistant Professor, Department of Urban Studies and Planning, Massachusetts Institute of Technology*

Shan Jiang

*Candidate for Master of Science in Transportation and Master in City Planning, Massachusetts Institute of Technology*

### **Sustaining Mass Transit through Land Value Taxation: A Case Study of Chicago**

Capturing the increasing land values attributable to mass transit and thereby providing an additional means of funding the transit system has become an increasingly examined alternative to help relieve the heavy financial burdens of many transit agencies around the world. This research project proposes to 1) investigate and estimate the impact of transit accessibility on land values by building a hedonic price model, and 2) apply the model to the South Chicago USX redevelopment project. Finally, this research will recommend a feasible financing mechanism to capture the land value increases, through which future transit services in the USX area and other development areas in Chicago can be financed.