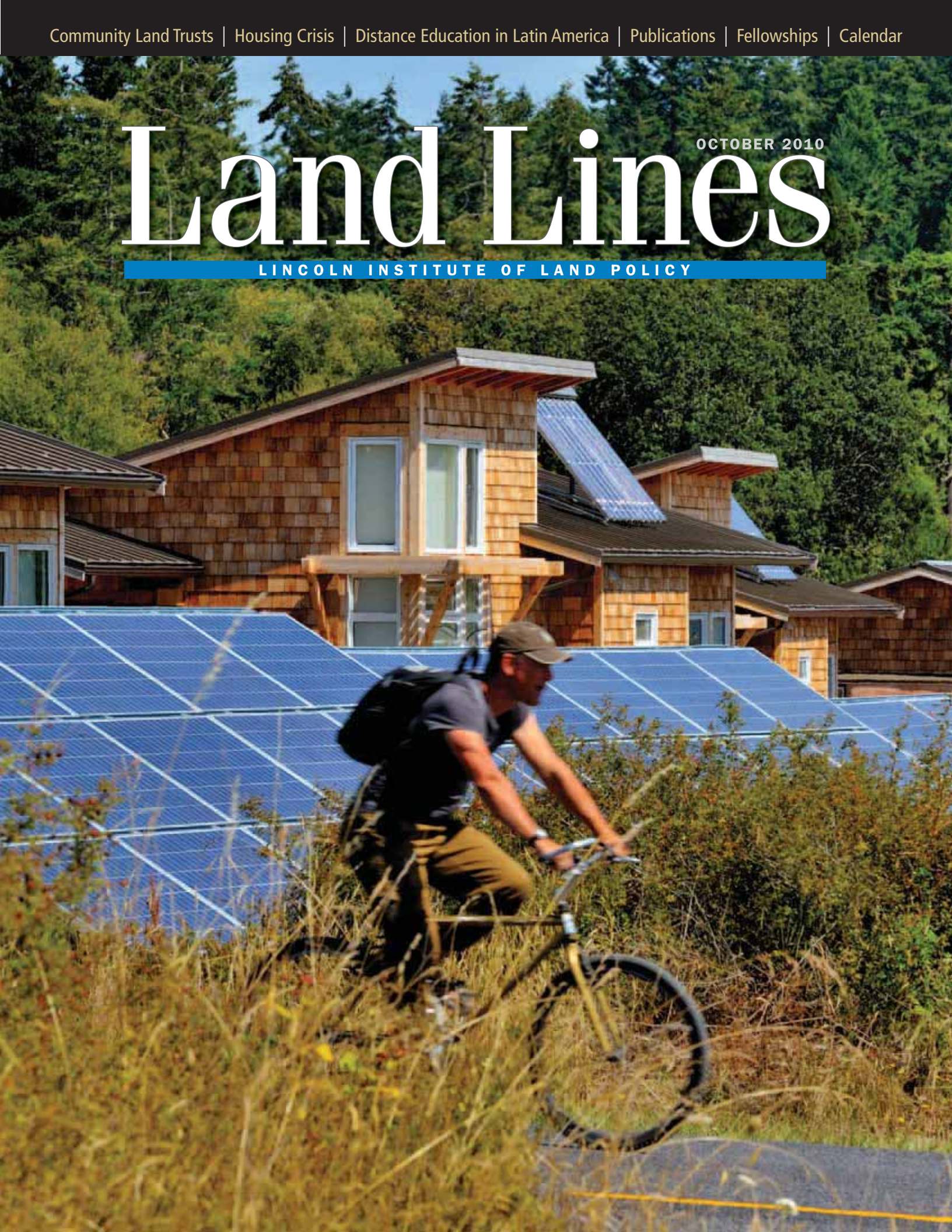


# Land Lines

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LINCOLN INSTITUTE OF LAND POLICY



# Land Lines

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### Lincoln Institute of Land Policy

113 Brattle Street  
Cambridge, MA 02138-3400 USA

Tel: 617-661-3016 or 1-800-526-3873  
Fax: 617-661-7235 or 1-800-526-3944

E-mail: [annleroyer@lincolnst.edu](mailto:annleroyer@lincolnst.edu) (editorial content)  
[help@lincolnst.edu](mailto:help@lincolnst.edu) (information services)

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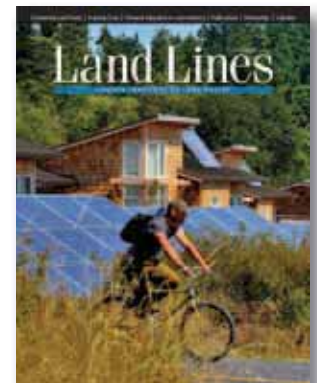
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Lopez Community Land Trust  
Lopez Island, Washington  
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## PILOTs in Perspective

Nonprofit organizations operated for charitable purposes in the United States are exempt from most taxes, including investment income, sales, and property taxes. They benefit from the tax deductions that donors receive for charitable contributions, and some nonprofits also benefit from financing raised through tax-exempt bonds. Data allows informed estimates of the size of these tax benefits for most types of charities. However, comprehensive data on religious organizations and governments, both of which are also largely exempt from taxes, are difficult to obtain.

A review of these tax benefits provides a useful perspective on efforts by state and local governments to collect PILOTs (payments in lieu of taxes), which generally focus on nonprofits other than religious organizations (see page 23).

Tax benefits for nonprofits, such as educational institutions, health and human service organizations, foundations, and the arts, were worth about \$140 billion in FY2009. About half (\$72 billion) was from forgone taxes on investment income, about a third (\$46 billion) was the tax benefit for charitable contributions, and about a tenth (\$15 billion) was from property tax exemptions. Sales tax exemptions (\$3 billion) and benefits from tax-exempt bonds (\$5 billion) round out the total.

In 2009, nonprofit property tax exemptions (excluding those for religious organizations) were slightly less than 4 percent of the \$400 billion total. Of course, the property tax exemption share varies widely across communities.

The distribution of five types of tax benefits are shown in the figure for six categories of nonreligious charitable nonprofits. They are listed in the order of their overall tax benefit, with educational institutions receiving the most benefits and arts organizations the



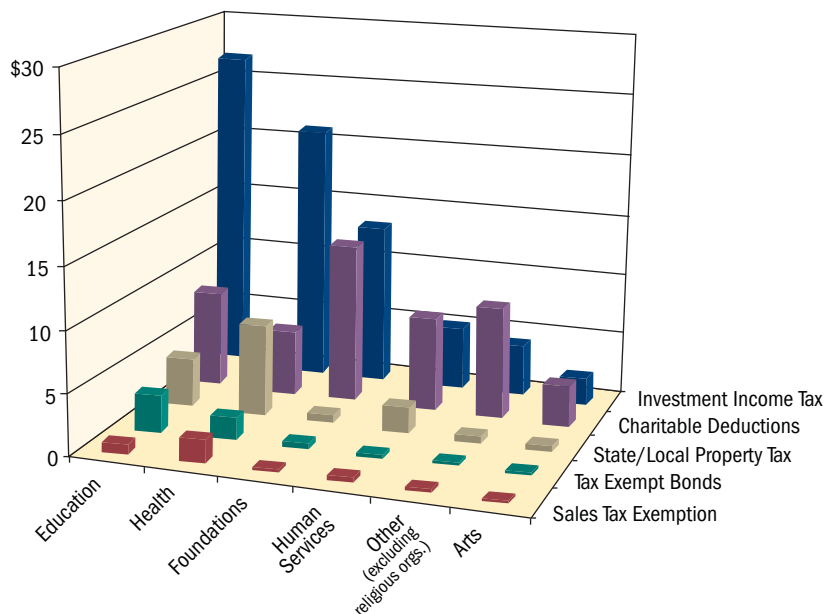
Gregory K. Ingram

least. The exemption for the tax on investment income has the same ranking as the overall tax benefit, but rankings of the other tax benefits vary widely.

The property tax exemption accrues to those sectors that use property and buildings most extensively, with health having the highest benefit followed by education. Foundations, which figure significantly in income and charitable contribution tax benefits, receive only modest property tax benefits. Sales tax exemptions, the smallest tax benefit in the aggregate, accrue mainly to the health sector.

This summary of the distribution of property taxes by charitable sector makes it clear why local governments have focused their efforts to collect property tax PILOTs on hospitals and universities—that's where the property tax money is—but most tax benefits for nonprofits come from other sources.

**Tax Benefits for Charitable Nonprofits, FY2009 (\$ billions)**



Sources: Totals from *An Overview of the Nonprofit and Charitable Sector*. 2009. Congressional Research Service ([www.fas.org/sgp/crs/misc/R40919.pdf](http://www.fas.org/sgp/crs/misc/R40919.pdf)). Sector allocations based on data from National Center for Charitable Statistics (<http://nccs.urban.org>) and J. Cordes, M. Gantz, and T. Pollak. 2002. What is the property-tax exemption worth? In *Property-tax exemption for charities*, ed. E. Brody. Washington, DC: Urban Institute Press.

# Outperforming the Market: Delinquency and Foreclosure Rates in



© Greg Rosenberg

**Troy Gardens,  
Madison Area  
Community Land  
Trust, Madison,  
Wisconsin.**

*Emily Thaden and Greg Rosenberg*

**T**he foreclosure crisis and its impact on the U.S. economy seem far from abating as mortgage delinquencies and foreclosure filings continue to climb. According to RealtyTrac, a total of 2.8 million properties had foreclosure filings during 2009, or one out of every 45 residences. That foreclosure rate was 21 percent higher than in 2008 and 120 percent higher than in 2007. Maintaining home ownership has proven to be a tenuous, if not impossible, proposition for many homeowners.

Some researchers, policy makers, and advocates are questioning whether conventional, market-oriented home ownership is the best form of housing for low-income households and communities. While others continue to extol the many

benefits of home ownership, they question the way it is structured and suggest that alternative models of resale-restricted, owner-occupied housing may help low-income homeowners keep their homes more successfully.

Research on one of these alternative models, the community land trust (CLT), found delinquencies and foreclosures to be far lower among the owners of CLT homes than the owners of unrestricted, market-rate homes during the market downturn of 2007–2009. This article presents these findings and examines aspects of CLTs that may help to explain the sustainability and success of CLT home ownership.

## **Community Land Trusts**

CLTs are nonprofit organizations that utilize public and private funds to provide affordable

# Community Land Trusts

home ownership opportunities for low-income households (usually those with gross incomes less than 80 percent of the area median income). Traditionally, CLTs purchase and retain title to the land under detached houses, attached townhouses, or multi-unit condominiums. The land is leased to residents who hold a deed to their individual homes. Some CLTs use other legal mechanisms, including deed covenants, second mortgages, or cooperative housing models, to convey ownership and subsidize properties.

CLTs provide homeowners with pre-purchase and post-purchase stewardship services to protect them from high-cost or predatory mortgage lending. CLTs also intervene to cure delinquencies and prevent foreclosures. In exchange, homeowners accept limitations on the resale price and the equity they may remove from their homes. Through this arrangement, households unable to afford market-rate homes are able to realize most of the financial and social benefits of home ownership, while CLTs are able to maintain affordability of their homes for future buyers.

## Reevaluating Low-Income and Minority Home Ownership

Cross-sectional investigations have found that home ownership is the most robust explanatory factor of wealth in low-income and minority households. Home equity made up 56 percent of the wealth in households within the bottom quintile on income in 2000 relative to 32 percent for all households (Herbert and Belsky 2008). Before the housing market crisis, home equity accounted for approximately 62 percent of wealth for African-Americans and 51 percent for Hispanics, but only 44 percent for whites (McCarthy, Van Zandt, and Rohe 2001).

The financial benefits of home ownership may only be realized if low-income households are able to enter and sustain it. Longer durations of tenure greatly increase the likelihood of financial returns. When studies have examined home ownership over time, they find that low-income households take longer to enter owner-occupied housing and are more likely to return to renting; indeed, roughly half of low-income households exit home ownership

within five years of purchase (e.g., Reid 2005).

Risk factors associated with losing one's home are more common among low-income and minority homeowners. They are more likely to obtain high-risk loans for purchase and refinance, and they are more vulnerable to trigger events, such as unemployment or health issues, which are associated with higher incidents of delinquencies and foreclosures (Immergluck 2009). Almost half of low-income households are severely cost-burdened by their housing expenses (Joint Center for Housing Studies 2008). Length of tenure, loan terms, affordability, and trigger events may impact sustaining home ownership and affect the likelihood that low-income and minority homeowners will accumulate wealth or debt.

## Costs of Foreclosure to Communities

The costs of foreclosure extend well beyond the households that lose their homes, impacting the immediate neighborhood and surrounding municipality. Studies in Columbus (Ohio), Chicago, and New York City have shown that foreclosed properties significantly diminished nearby housing values, and that rates of depreciation were greater for lower-income than higher-income neighborhoods. Depreciation leaves remaining homeowners vulnerable to negative equity, default, and foreclosure. Foreclosures, which are associated with rises in vacant properties and crime, tend to cluster in low-income and minority neighborhoods (Immergluck 2009).

Foreclosures also impose costs on municipalities due to vacant property demolition, administrative fees, and outstanding or declining property taxes. Apgar and Duda (2005) modeled the costs of a foreclosure in Chicago and found that more than a dozen agencies could be involved in over two dozen activities, which were estimated to cost the city up to \$34,199 per foreclosure. Moreno (1995) estimated the cost to Minneapolis and St. Paul for the foreclosure of houses with FHA mortgages and found that municipal losses were approximately \$27,000 per foreclosure. Higher rates of delinquencies and foreclosure filings during 2009 portend continued losses for households, neighborhoods, and municipalities.

**Overview of the CLT Study**

In March 2010, the National Community Land Trust Network (the Network) designed and conducted the *2009 CLT Delinquency & Foreclosure Survey* (Thaden 2010). All 229 CLTs in the Network’s database were invited to participate in the online survey; 53 CLTs (23 percent) completed it. Eleven respondents did not have CLT homes with outstanding mortgages at the end of 2009, so they were not included in the final analysis. The remaining 42 CLTs in 22 states had 2,279 resale-restricted, owner-occupied homes in their portfolios, 2,173 of which had outstanding residential mortgages as of December 31, 2009. The median number of mortgaged homes for these CLTs was 30.

The primary purpose of the survey was to examine how many residential mortgages held by CLT homeowners (referred to as CLT loans) had been seriously delinquent, entered the foreclosure process, or completed the foreclosure process in 2009. Survey items were designed for comparison with results from the Network’s 2008 survey, as well as results from the 2008 and 2009 National Delinquency Surveys conducted by the Mortgage Bankers Association (MBA).

The Network’s survey replicated the definitions used by the MBA for loans that were (1) “In the Foreclosure Process,” which includes loans in the process of foreclosure regardless of the date the foreclosure procedure was initiated; and (2) “Seriously Delinquent,” which includes loans that were at

least 90 days delinquent or in the process of foreclosure. The secondary purpose of the Network’s survey was to explore the practices and policies of CLTs that may help to explain the primary results.

**Delinquencies, Foreclosures, and Cures**

When comparing the performance of CLT loans to that of conventional mortgages for market-rate homes, it is important to emphasize that CLT loans are held by low-income households. MBA and Residential Mortgage-Backed Security (RMBS) loan samples are not limited to low-income borrowers. Considering that low-income homeowners in the market are more prone to delinquencies and foreclosures, the differential outcomes reported below may have been even greater if loans held by low-income borrowers could have been isolated for comparison in MBA and RMBS samples.

**Serious Delinquencies and Foreclosure Filings in 2009**

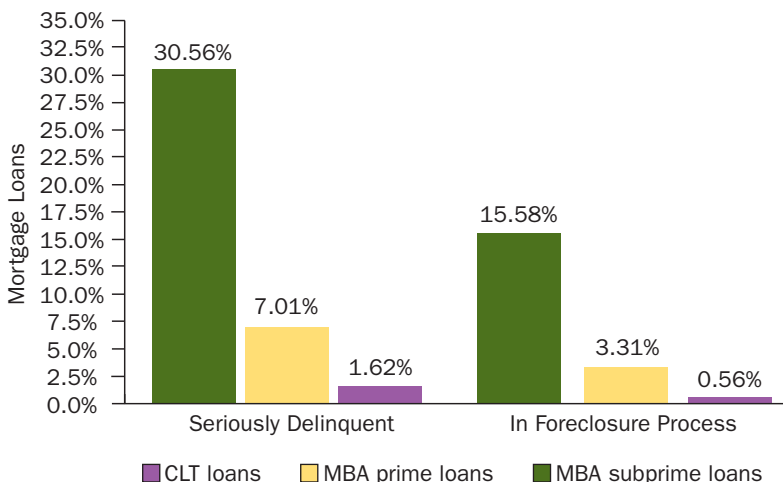
Figure 1 presents the percentages of CLT loans and MBA prime and subprime loans that were seriously delinquent or in the foreclosure process at the end of the fourth quarter of 2009. Only 0.56 percent of CLT mortgages were being foreclosed (12 out of 2,151 loans; CLT median = 0, range = 0–2), whereas the percentage of MBA loans in the foreclosure process was 3.31 percent for prime loans, 15.58 percent for subprime loans, 3.57 percent for FHA loans, and 2.46 percent for VA loans (MBA 2010). When all types of MBA loans were combined, the overall MBA percentage was 4.58 percent. Overall, MBA loans were 8.2 times more likely to be in the process of foreclosure than CLT mortgages.

On December 31, 2009, 1.62 percent of CLT mortgages were seriously delinquent (34 out of 2,099 loans; CLT median = 0, range = 0–6), while the MBA loan percentage was 7.01 percent for prime loans, 30.56 percent for subprime loans, 9.42 percent for FHA loans, and 5.42 percent for VA loans. A prime loan within the MBA sample was 4.3 times more likely to be seriously delinquent at the end of 2009 than a CLT mortgage.

**2008 and 2009 Comparisons**

The percentage of CLT mortgages in the foreclosure process at the end of 2008 was 0.52 percent (10 out of 1,930 loans), demonstrating a percentage point change of .04 over one year. For all MBA

**FIGURE 1**  
**Delinquency and Foreclosure Trends for CLT and MBA Mortgage Loans, 2009**



Sources: MBA (2010) and Thaden (2010).

loans, the percentage in the foreclosure process at the end of 2008 was 3.30 percent, showing a percentage point increase of 1.28 by the end of 2009. The respective percentage point increases were 1.43 for prime loans, 1.87 for subprime loans, 1.14 for FHA loans, and 0.80 for VA loans.

The percentage of CLT mortgages that were seriously delinquent at the end of 2008 was 1.98 percent (36 out of 1,815 loans), demonstrating a percentage point decrease of -0.36 (figure 2). The percentage of MBA prime loans that were seriously delinquent at the end of 2008 was 3.74 percent, a percentage point increase of 3.27. The percentage point increases were 7.45 for subprime loans, 2.44 for FHA loans, and 1.30 for VA loans (MBA 2009).

In sum, the percentage of MBA loans that were in the foreclosure process or seriously delinquent increased from the end of 2008 to the end of 2009, while the percentages for CLT loans remained consistently lower.

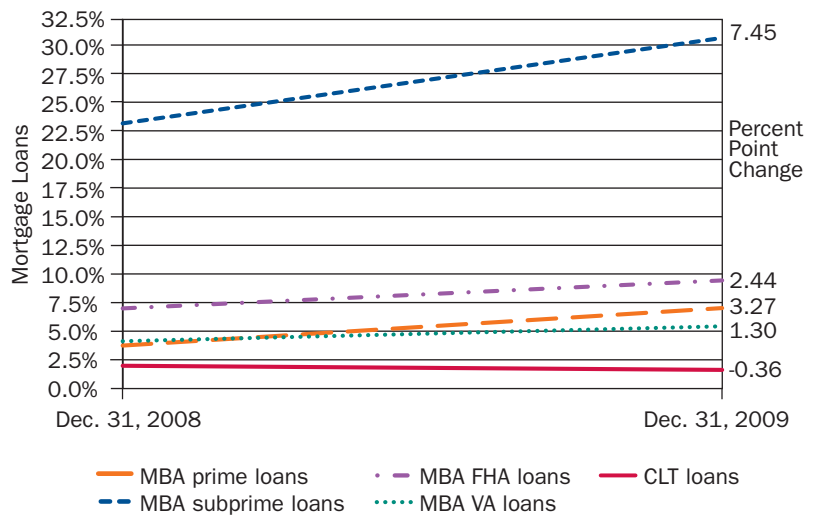
The CLT Network's surveys gathered additional information not collected by the MBA. During 2009, 0.42 percent of CLT loans completed foreclosure (9/2,160) compared to 0.26 percent during 2008 (5/1,928), which illustrates a percentage point change of 0.16. When homeowners are foreclosed upon, CLTs have a vested interest in recovering the property from the lender in order to minimize the loss of the public subsidy and preserve the affordability of the unit. No foreclosed CLT homes were lost from CLT portfolios during 2009.

### 2009 Cure Rates

The 2009 Network survey also gathered information on the number of serious delinquencies during the year and the total that were resolved. The percentage of CLT loans that had ever been seriously delinquent during 2009 was 2.80 percent (58/2,075). Respondents reported that 29 out of 57 were cured (51 percent).

CLTs have unique contractual rights to implement stewardship activities and intervene with homeowners and lenders in order to make mortgage payments current or preclude foreclosure completion. Respondents were asked to explain how they provided these cures, which included facilitating short-sales, offering financial counseling or referrals to foreclosure prevention programs, providing direct grants or loans to homeowners, arranging sales and purchases of a less expensive unit, and

**FIGURE 2**  
**Seriously Delinquent CLT and MBA Mortgages, 2008 and 2009**



Sources: MBA (2009; 2010) and Thaden (2010).

working with homeowners and lenders on permanent loan modifications.

Fitch Ratings, a global rating agency, reports cure rates for RMBS loans. They define cure as the percentage of delinquent loans returning to a current payment each month. The percentage of RMBS delinquent loans in August 2009 that had been cured was 6.6 percent for prime loans and 5.3 percent for subprime loans. Since CLTs define cures as resolving impractical financial situations for their homeowners, rather than solely as making mortgage payments current, RMBS and CLT rates are not comparable. However, these findings indicate that CLTs more often terminate serious delinquencies through a broader range of activities.

### Stewardship Activities of CLTs

Intrinsic to the CLT model is a commitment to stewardship, which aims to promote positive outcomes and sustainable home ownership for residents long after they have purchased a CLT home. While stewardship is a core component of every CLT's programming, its implementation can vary greatly. Therefore, the survey collected data on the prevalence and variety of stewardship activities in an effort to explain the low rates of delinquency and foreclosure among CLT homeowners.

The greater affordability and lower loan-to-value ratio found in CLT homes may explain part of the difference between CLT and MBA loans. However, stewardship is almost certainly a con-

tributing factor. Without the protective shield of the CLT, low-income CLT homeowners would be prey to the same economic pressures and circumstantial factors that threaten home ownership sustainability among their market-rate counterparts. Survey results indicate that CLTs are implementing stewardship policies and practices in the following five areas, which may help to explain why CLT loans have outperformed the market.

### ***Pre-Purchase Education***

Homebuyer education enables sound mortgage decisions and prepares individuals for the responsibilities of home ownership. Because owning a CLT home entails unique contractual rights, responsibilities, and resale restrictions, supplemental education is offered frequently. The study found that 85 percent of CLTs required general homebuyer education and 95 percent required CLT-specific education prior to purchase.

### ***Pre- and Post-Purchase Stewardship***

Pre-purchase stewardship also included referrals to CLT-trained lawyers and lenders, an activity reported by 83 percent of the respondents. A one-on-one meeting of prospective homebuyers with a financial counselor was required by 71 percent of CLTs. Approximately 50 percent of all CLTs offered such post-purchase stewardship services as ongoing financial literacy training; staff outreach to homeowners; formal communications to remind them of policies; referrals for contractors or repairs; and mandatory meetings with defaulting homeowners.

### ***Prevention of High-Risk Loans***

Research finds that subprime and predatory lending have occurred more often during acquisition of refinance and home equity loans than during purchase (Immergluck 2009). Eighty-three percent of CLTs required their homeowners to seek the CLT's permission to refinance or take out home equity loans, thus ensuring that the loan terms will not compromise affordability or home ownership sustainability and that homeowners comprehend the loan's impact on their equity.

### ***Detection of Delinquencies***

CLTs also adopted policies and practices to monitor and detect homeowners who may be headed toward serious delinquency. Most CLTs charge a

monthly ground lease fee (typically \$10–50) to offset their costs. According to 90 percent of respondents, late payment of these fees was used as an indicator that a homeowner may be late paying their mortgage. Further, 69 percent of CLTs reported that they detected delinquencies through informal interactions with homeowners, and 55 percent of CLTs reported that 80–100 percent of seriously delinquent homeowners contacted the CLT on their own volition. Close to 50 percent of CLTs reported that lenders were legally obligated to notify the CLT of delinquencies or foreclosure proceedings.

### ***Intervention with Delinquent Homeowners***

CLTs reported an array of interventions with homeowners at risk of foreclosure. Two activities that are instrumental components of federally sanctioned foreclosure prevention programs were also implemented by CLTs: 71 percent contacted lenders as soon as they became aware of delinquencies; and 57 percent provided homeowners with direct financial counseling. Over half of CLTs reported other activities that enable residents to keep their homes, such as providing rescue funds for outstanding mortgage payments. For homeowners unable to keep their homes, 49 percent of CLTs reported activities to prevent completed foreclosures, such as facilitating sales to low-income buyers or directly purchasing the homes.

### **Discussion and Conclusions**

The prevalence of stewardship activities among the nation's CLTs may help to explain why CLT loans are outperforming most market-rate loans in terms of delinquencies and foreclosures. It may also explain the high cure rates among CLT mortgages that become seriously delinquent, as CLTs intervene to arrest the slide toward foreclosure. In this respect, CLT home ownership appears more sustainable than private market options for low-income homeowners, suggesting that CLTs may provide a less speculative and more reliable avenue to wealth accumulation for low-income and minority homeowners.

Low-income households can only enjoy the economic benefits of home ownership if they are able to remain homeowners for a number of years. If they lose their homes to foreclosure—or simply return to renting after discovering that the costs





**Sheryl, Andre, and Raymond Manabo outside their home in the Kulshan Community Land Trust, Bellingham, Washington.**

and burdens of home ownership are too difficult—low-income households cannot build wealth. The findings of the Network’s survey make clear, however, that few CLT homeowners are losing their homes to foreclosure. Moreover, other research on CLT homeowners has found that they far exceed the 50 percent home ownership retention rate reported among conventional market, low-income homeowners. Preliminary results from a study by The Urban Institute, which includes three CLTs, found that over 91 percent of low-income households remained homeowners five years after buying a CLT home. They either continued to occupy their CLT home or resold it to purchase a market-rate home (Temkin, Theodos, and Price, forthcoming).

CLT home ownership not only lessens foreclosures and increases the chances of success among the population most at-risk of losing their homes, but it also indirectly prevents costs of foreclosure for neighbors, municipalities, and lenders. Such exemplary performance implies that greater investment in this model, including its stewardship activities, is both warranted and overdue.

Only one-third of CLTs reported receiving any funding for foreclosure prevention activities during 2009, while many reported increasing stewardship activities to buffer homeowners from the economic downturn and foreclosure crisis. The study also found that only one-third of CLTs received funding to create new CLT units from foreclosed and vacant housing stocks during 2009. Hence, CLTs are not adequately resourced to create home ownership opportunities from the crisis, which could help to preclude negative outcomes associated with unsustainable home ownership in the future.

## ▶ ABOUT THE AUTHORS

**EMILY THADEN, M.S.**, is a doctoral candidate in the Community Research and Action Program at Vanderbilt University and is employed as the Shared Equity Development Specialist at The Housing Fund in Nashville, Tennessee. Contact: [emily.p.thaden@vanderbilt.edu](mailto:emily.p.thaden@vanderbilt.edu)

**GREG ROSENBERG, J.D.**, is director of the CLT Academy of the National Community Land Trust Network and the former executive director of the Madison Area CLT. He was a contributing author to *The Community Land Trust Reader* (Lincoln Institute, 2010), and is a graduate of the University of Wisconsin Law School. Contact: [greg@cltnetwork.org](mailto:greg@cltnetwork.org)

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Jacobus and Abromowitz (2010) call for a re-evaluation of the ways that the federal government encourages home ownership. They recommend targeting existing resources to purchase-subsidy programs like CLTs in order to more efficiently use public dollars and expand and maintain home ownership opportunities. This study provides further support for that policy recommendation. 

# What the Housing Crisis Means for State and Local Governments

*Kim Rueben and Serena Lei*

As the U.S. housing market experiences its largest contraction since the Great Depression, the Lincoln Institute of Land Policy and the Urban–Brookings Tax Policy Center took a closer look at the consequences of this crisis for state and local governments in a May 2010 conference. A major theme of the discussion was the fallibility of conventional wisdom. For example, some participants questioned whether easy credit was in fact the cause of the housing bubble and thus to blame for the subsequent loss of state and local tax revenues. Papers presented at the conference (see page 13) document the complexities researchers face in determining the causes and lessons of this crisis.

- While easy credit did motivate homebuyers, its effect was not sufficiently strong to fully account for the housing boom.
- The housing market downturn was largely predictable, but only by looking at state-level rather than national data.
- Although state budgets have been battered by fallout from the recession in the form of lower income and sales tax revenue, these declines have been triggered more by the broader economic downturn than by the collapse in housing markets.
- Local governments seem to have been largely spared the severe budget shortfalls plaguing many states. While housing prices have fallen, property taxes have held up fairly well—supporting city budgets while other revenue sources have shrunk. However, there is great geographic variation in these results.

## **The Housing Market Boom and Bust**

According to Byron Lutz, Raven Molloy, and Hui Shan, house prices at the national level increased by 64 percent from 2002 to 2006, before falling nearly 30 percent over the following four years. From 2006 to 2009, existing home sales dropped 36 percent and the number of newly constructed homes fell 75 percent. Could we have seen it coming? Was the housing market bust predictable? Yes, according to Yolanda K. Kodrzycki and Robert K. Triest, but only by looking at state-level data.

Conventional wisdom held that while house prices could fall in specific markets, national housing prices would not decline. This had been the historical pattern, although some markets, for example the Boston and Los Angeles metropolitan areas, experienced declines in the 1990s after strong increases in housing prices. Other areas, such as Detroit, had been declining or stagnant even when the country as a whole experienced consistent upward movement in house prices.

Much of the modeling and analysis of the housing crisis has used national-level data, which provided insufficient evidence to measure the peak of the housing bubble. Since economic cycles are more apparent at the state level and can act as early warning signs of housing trouble on a national scale, analyzing state data collectively can improve national forecasts.

Nevertheless, even the ability to recognize a housing bubble does not provide an easy prescription for preventing a crisis. Previous episodes of state-level housing price declines show that booms do not necessarily end in busts, Kodrzycki said. Rather, downturns are closely related to economic cycles. In most cases housing prices did not fall



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until after a recession had begun within a region—a pattern that is different from the current crisis.

The cause of the housing bubble is a crucial and unsettled question. Many economists have argued that easy credit was responsible, but Edward L. Glaeser disputed that view in a paper written with Joshua Gottlieb and Joseph Gyourko. Widely available credit and low interest rates do encourage more people to buy homes, increasing demand and raising housing prices. “This goes along with an older view,” Glaeser said, “that interest rates are very powerful in determining housing prices. There is some truth to that, but I think...those claims are overblown. Certainly the changes in the credit market can’t explain what we went through.”

Between 1996 and 2006, real housing prices rose by 42 percent, according to the Federal Housing Finance Agency price index. Glaeser and his colleagues found that low interest rates can likely explain only one-fifth of that increase. Other factors, including an elastic housing supply and credit-constrained homebuyers, can mute the effect of interest rates on prices. Buyers contemplating future moves or refinancing can take those factors into account when deciding how much to pay for a home. If the link between interest rates and house prices is smaller than expected, that knowledge

can inform future federal housing policies and estimates of their effects on the housing market.

### Impacts on State Revenues

State revenues plummeted in the recession, leading to record-high budget shortfalls just as demand for public services was growing. Inflation-adjusted state tax revenue fell nearly 15 percent during the downturn—the biggest drop in more than 50 years.

Donald Boyd noted that many of the first states to see their tax revenues decline also had been hit hard and early by the housing downturn. Arizona experienced its revenue peak in 2005, and by 2009 its real per capita tax revenue fell by 23.5 percent. Meanwhile, housing prices in Arizona tumbled 19.7 percent from 2006 to 2008.

States that were spared the worst of the housing crisis did not see revenue losses until the recession was in full swing. Texas had a 7.4 percent increase in housing prices from 2006 to 2008. Its tax revenues did not peak until late in 2008; roughly a year later, however, Texas saw its revenue drop by 17.5 percent.

Steven Craig and Edward Hoang examined how state government expenditures and taxes fluctuate with changes in underlying economic activity. They found that in general state responses initially



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tend to lag behind changes in gross state product, but in the long run states tended to overadjust to economic shocks.

Boyd found that in response to their budget gaps states cut spending in 2009 and 2010 primarily through furloughs and layoffs, and by stretching out payments of obligations into the future. States also cut grants to local governments, according to Howard Chernick and Andrew Reschovsky, who examined whether state budget crises lead to greater tax competition between states and their large cities. They find that in the long run cities with diversified revenue will be in a stronger fiscal position, but in the short run own-source revenue has declined more in cities with a diversified tax base (due in part to the strength of property tax). They also find that state aid is highly stimulative, but that increases in states sales tax rates will make it more difficult for cities to increase their sales taxes. The authors conclude that the current economic downturn will force significant public service reductions for large central cities.

Rachana Bhatt, Jonathan Rork, and Mary Beth Walker examined how higher education fared during the recession. While there have been highly publicized cuts in funding for higher education from general revenues, the overall level of expenditures for higher education has increased from 1996 to 2008. The authors find that across the business cycle states tend to substitute earmarked support for higher education (whether in the form of federal grants, lottery revenues, or other special accounts) for general fund support.

Federal stimulus spending in the American Recovery and Reinvestment Act (ARRA) helped boost state budgets and mitigate cuts in state aid to local governments, but those funds are set to expire in 2011. Boyd examined earlier recessions and found that the declines in state revenues have been more extreme this time. The good news, Boyd said, is that state tax revenue declines are showing signs of slowing and local revenues have not yet declined in aggregate.

“We might be stabilizing,” Boyd said. But, “it’s going to be a long ways before states are likely to have the capacity to finance the kinds of spending programs they have had...which means a lot of budgetary pain ahead still.” Indeed, the stabilization of state revenues on average was due in large part to tax increases in only two states, New York and California. Boyd predicts that it will be some time before other state revenues return to prerecession levels.

But, was this damage caused by the housing crisis? The recession may have been sparked by failing subprime mortgages, but it was fueled by overleveraged financial institutions—turning a housing slump into a global economic downturn. Lutz, Molloy, and Shan sought to separate the effects of the housing downturn on state and local tax revenues from the broader impact of the recession. They identified five main revenue streams that are influenced by the housing market: property tax revenues; transfer tax revenues; personal income tax revenues (related to construction and real estate jobs); direct sales tax revenues (through construction materials); and indirect sales tax revenues (when homeowners adjust their overall spending in response to changes in property value).

Property tax revenues remained high, and even grew in some states. The other four revenue streams declined, but had only a modest effect on overall state and local tax revenues. Lutz, Molloy,

and Shan estimated that the combined decreases from these four revenue streams reduced total state and local tax revenues by \$15 billion from 2005 to 2009, which is about 2 percent of state and local tax revenues in 2005. They found that in aggregate housing-related declines are responsible for only a fraction of the overall decline. Widespread unemployment and shrinking family incomes are more significant in cutting personal income and sales tax revenue. Thus, while the housing market and the economy are closely intertwined, the severe drop in state tax revenues can largely be attributed to the broader economic downturn, not the housing crisis specifically.

### Local Governments and Property Taxes

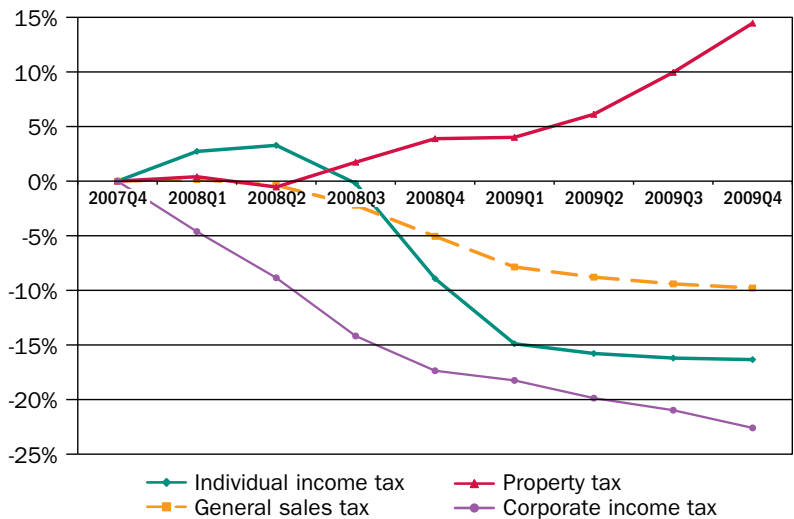
As state revenues fell, local government revenues as a whole continued to grow because property tax revenue, which stayed strong in the recession, supported municipal budgets. States typically rely on income and sales taxes, which are more volatile than the property taxes that largely fund local governments. From 2007 to 2009, corporate and individual income tax revenue declined rapidly and sales tax revenue fell—but property taxes grew (figure 1).

In most states, housing price declines are not immediately reflected in assessed property values, and that lag makes property taxes a fairly resilient source of revenue. Also, policy makers tend to offset declines by raising tax rates (figure 2). James Alm and David L. Sjoquist backed these findings with their study of national trends in property tax collections. Although experiences varied among cities, they noted that local governments' reliance on property taxes has been an advantage, allowing them to avoid some of the more severe effects of the recession.

### Variable Effects in Selected States

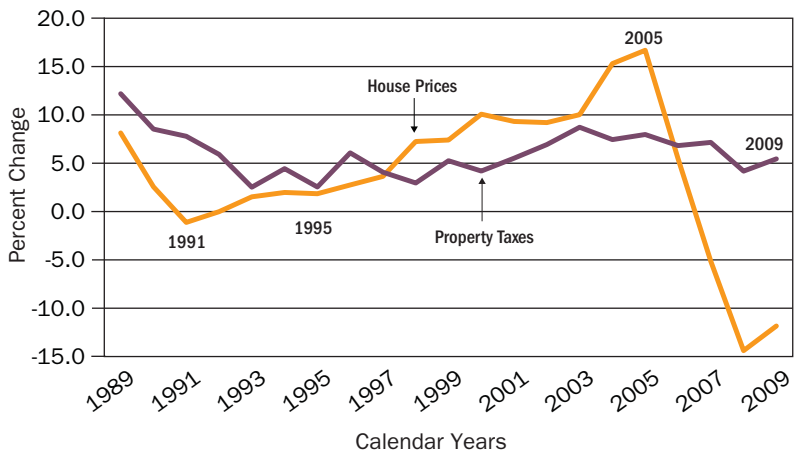
While the conference focused on national trends, a recurrent theme was the dramatically variable experience of specific states and regions. Bruce Wallin and Jeff Zabel examined the effects of an earlier decline in Massachusetts house prices in the aftermath of a tax limit. Proposition 2½, passed in 1980, is a voter initiative that limits property tax levies (to 2½ percent of assessed values) and limits revenue growth to 2½ percent per year. There are exceptions for new growth, and Proposition 2½ does allow local voters to pass overrides to increase

**FIGURE 1**  
Inflation-Adjusted State and Local Revenue, Underlying Trends



Source: Boyd (2010).

**FIGURE 2**  
House Price Appreciation and Property Taxes



Source: Lutz, Molloy, and Shan (2010).  
Note: 2002:Q2 property tax value is an estimate.

the growth percentage. Wallin and Zabel found property tax revenues overall did grow 4.58 percent between fiscal year 1981 and fiscal year 2009, largely due to these exceptions. A maximum of 547 overrides were proposed in 1991, but as few as 51 in 1999. However, poorer towns have been less likely to approve tax increases, relying instead on spending cuts, and leading to a growing gap between poor and wealthy towns over time.

Michigan, already struggling with the loss of manufacturing jobs, provides another striking case study. Poverty and unemployment rates there are

**BOX 1**  
**Foreclosure Statistics**

- Nationwide, 1 in 33 homeowners are facing foreclosure.
- In 2004, before the crisis, the national foreclosure rate was 1.1 percent.
- In 2009, 2.21 percent of all homes in the United States were foreclosed.
- Foreclosure rates hit double digits in some markets: Las Vegas, NV (12.04 percent), Fort Myers, FL (11.87 percent), and Merced, CA (10.10 percent).

Source: Figlio, Nelson, and Ross (2010).

higher than the U.S. average. In Detroit, housing prices plummeted—the average home cost \$97,850 in 2003, but dropped to a remarkable low of \$11,533 by 2009. Mark Skidmore and Eric Scorsone found that in the recession Michigan cut spending on recreation programs and delayed capital projects and infrastructure maintenance. That strategy may be effective in the short run, Skidmore said, but will likely result in higher costs down the road. He suggested that a similar fate might be in store for Las Vegas or cities in Arizona, which also experienced severe housing price declines.

Local governments in Florida and Georgia have remained fairly stable, so far. Florida experienced a tremendous increase in house prices from 1994 to 2006, before the housing market decline caused prices to fall across the state. William M. Doerner and Keith Ihlanfeldt found that city revenues in Florida rose during the housing boom, but not solely as a result of increased property values, and those revenues have stayed fairly strong following the drop in house prices. Alm and Sjoquist reported that property tax revenues in Georgia rose slightly between 2008 and 2009, while property values declined. Local governments, in many cases, maintained collections by increasing the tax rate.

### What the Housing Crisis Means for Children

The housing crisis inflicted enormous costs on individuals, communities, and governments. Residents have been hurt by foreclosures and tremendous losses in property values (box 1). Vacant, deteriorating homes have weakened neighborhoods. The children caught up in the housing crisis face uncer-

tain living situations and may have to transfer from school to school. Although researchers know these changes can harm children, they do not yet fully understand how this crisis is affecting students and schools.

David Figlio, Ashlyn Aiko Nelson, and Stephen Ross are studying how foreclosures hurt children's educational outcomes. Their preliminary analysis indicates that schools serving neighborhoods with high foreclosure rates may experience declines in enrollment or community resources, with spillover effects on students whose families have not lost their homes.

The effects of the housing crisis on children, schools, and neighborhoods are also being examined by Jennifer Comey and her colleagues. The first stage of their work in New York, Baltimore, and the District of Columbia identified areas with high rates of foreclosures. They have found that foreclosures of multifamily and rental units can lead to displacement of renters, causing many families to be harmed by the upheaval in the real estate market. The second phase will track student transfers after foreclosures, comparing their former neighborhoods and schools with their new ones. Comey and her colleagues will also analyze these students' school performance through attendance, test scores, and dropout rates. They stressed the importance of coordinating housing and education services. Housing counselors need to know how students are affected by foreclosure and to understand relevant local school policies. A better understanding of these issues can help schools ease the burden on displaced and homeless students.

### Looking Abroad . . . and Ahead

Government responses to the global housing crisis also vary around the world, and some countries may offer lessons for the United States. For example, Christian Hilber examined whether central government grants can help maintain housing prices and found that most such grants seemed to translate into increased property values.

Joyce Yanyun Man reported that local governments in China were encouraged to invest in real estate and infrastructure to stimulate economic growth. Rather than using property taxes, they turned to land leasing fees and borrowing to finance urban development. China's GDP growth rate is rising, but local governments are heavily in debt. Given what we are learning about the stability of

property taxes in the United States, China may need to consider a similar policy instead of relying on one-time leasing fees to generate extra revenue.

Although local governments have not suffered the same fate as states, at some point assessed values will catch up to housing price declines. Indeed, recent survey results from the National League of Cities indicate that cities are beginning to see their revenues soften. John E. Anderson warned that local governments are in a precarious position—the property tax base has shrunk and ARRA funding will end, which could create a delayed blow to revenue. If these forces cause local governments to raise rates, this could cause homeowners to push for property tax limits and other initiatives to reduce property tax rates. Anderson investigated the potential adjustments local governments may have to make as they reduce reliance on the property tax in favor of alternative taxes.

Hui Shan stated, “Historical data and case studies suggest that it’s quite unlikely for property tax collections to fall steeply in the next few years.” The delay between the housing downturn and a drop in property taxes may give the national economy time to recover, making up for the loss of stimulus funds and property tax revenue through higher income and sales tax revenue. The forecast is not clear, but state and local governments should be prepared for what the conference participants agreed will be a slow economic recovery ahead. **L**

#### ▶ ABOUT THE AUTHORS

**KIM RUEBEN** is a senior fellow at the Urban Institute and leads the state and local research program at the Urban-Brookings Tax Policy Center. Contact: [krueben@urban.org](mailto:krueben@urban.org)

**SERENA LEI** is a research writer and editor at the Urban Institute. Contact: [slei@urban.org](mailto:slei@urban.org)

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#### Conference Authors and Papers

Alm, James, Tulane University; and David Sjoquist, Andrew Young School of Policy Studies, Georgia State University: *Rethinking Local Government Reliance on the Property Tax*

Anderson, John E., University of Nebraska–Lincoln: *Shock to the Tax Base and Implications for Local Public Finance*

Bhatt, Rachana, Georgia State University; Jonathan Rork, Reed College; and Mary Beth Walker, Georgia State University: *Earmarking and the Business Cycle: The Case of Higher Education Spending*

Boyd, Donald J., The Nelson A. Rockefeller Institute of Government, State University of New York at Albany: *Recession, Recovery and State and Local Finances*

Chernick, Howard A., Hunter College and the City University of New York; and Andrew Reschovsky, University of Wisconsin–Madison: *The Impact of State Government Fiscal Crises on Vertical Fiscal Competition Between States and Local Governments*

Comey, Jennifer, The Urban Institute; Vicki Been, NYU/School of Law and Furman Center; Ingrid Gould Ellen, NYU/Wagner and Furman Center; Matthew Kachura, The Jacob France Institute, University of Baltimore; Amy Ellen Schwartz, NYU/Wagner-Steinhardt/IESP; and Leanna Stiefel, NYU/Wagner-Steinhardt/IESP: *The Foreclosure Crisis in Three Cities: Children, Schools and Neighborhoods*

Craig, Steven G., University of Houston; and Edward Hoang, University of Memphis: *State Government Response to Income Fluctuations: Consumption, Insurance and Capital Expenses*

Doerner, William M., and Keith R. Ihlanfeldt, Florida State University: *House Prices and Local Government Revenues*

Figlio, David, Northwestern University; Ashlyn Akio Nelson, Indiana University; and Stephen L. Ross, University of Connecticut: *Do Children Lose More than a Home? The Effects of Foreclosure on Children’s Education Outcomes*

Glaeser, Edward L., and Joshua Gottlieb, Harvard University; and Joseph Gyourko, The Wharton School, University of Pennsylvania: *Can Easy Credit Explain the Housing Bubble?*

Hilber, Christian A.L., and Teemu Lyttikainen, London School of Economics and Spatial Economics Research Center (SERC); and Wouter Vermeulen, CPB Netherlands Bureau for Economic Policy Analysis, VU University and SERC: *Capitalization of Central Government Grants into Local House Prices: Panel Data Evidence from England*

Kodrzycki, Yolanda, and Robert K. Triest, Federal Reserve Bank of Boston: *Forecasting House Prices at the State and National Level: Was the Housing Bust Predictable?*

Lutz, Bryon, Raven Molloy, and Hui Shan, Federal Reserve Board of Governors: *The Housing Crisis and State and Local Government Tax Revenue: Five Channels*

Man, Joyce Yanyun, Lincoln Institute of Land Policy: *Extra-Budget Spending, Infrastructure Investment, and Effects on City Revenue Structure: Evidence from China*

Skidmore, Mark, Michigan State University; and Eric Scorsone, Michigan Senate Fiscal Agency: *Causes and Consequences of Fiscal Stress in Michigan Municipal Governments*

Wallin, Bruce, Northeastern University; and Jeffrey Zabel, Tufts University: *Property Tax Limitations and Local Fiscal Conditions: The Impact of Proposition 2½ in Massachusetts*

The complete conference papers are available for free downloading on the Lincoln Institute Web site at [www.lincolninst.edu/education/education-coursedetail.asp?id=720](http://www.lincolninst.edu/education/education-coursedetail.asp?id=720)

# Expanding Our Reach In Latin America Through Distance Education

Diego Alfonso Erba

The Latin America region faces formidable challenges in education and training on urban land policy, planning, and taxation issues. For nearly 20 years the Lincoln Institute has been offering programs on these topics in 17 countries in continental South America, and several others in the Caribbean. These countries have different legal frameworks (some unitary and others federal), approximately 400 subnational governments (states, provinces, departments), about 15,000 municipalities representing a wide range of local conditions, and more than 100,000 public officials responsible for land-related policies and management.

As part of the Department of International Studies, the Program on Latin America and the Caribbean (LAC) identifies partners, convenes appropriate audiences, advises on strategy, promotes research, and develops materials for education and training on key topics related to land policy. These include mitigation of rampant informality, reinforcement of self-financing through land value increments resulting from local public investments recovery, improving the performance of the property tax, and impacts of public interventions.

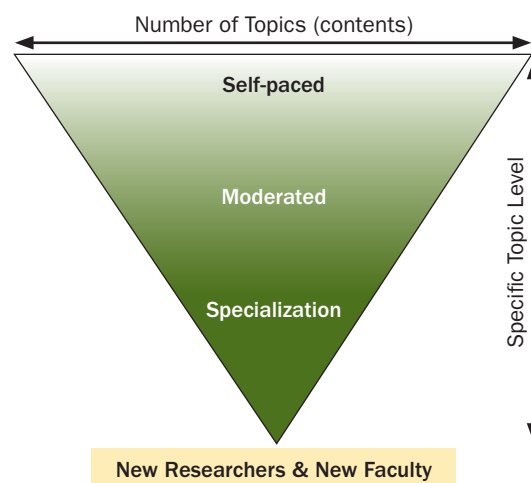
To reach out to its diverse audience, the LAC Program has developed a wide range of in-person classroom courses, seminars, and conferences for practitioners, including legislative and executive policy officials and their senior technical staff, as well as scholars, university students, and citizens. Traditionally, most of these programs have been weeklong professional development courses, offered once a year to 30 to 50 international participants from multiple countries, or ad hoc international or national conferences designed for hundreds of participants. However, the diversity of the Latin America region precludes tailoring the in-person model for different jurisdictions, and limited

resources often prevent public agencies and private institutions from being able to send their personnel to the large cities where the events normally occurred.

As the programs became better known and the number of public officials seeking to participate in them grew, the Institute had to reevaluate its strategic approach to its mandate to improve the quality of debate on land policy issues through educational programs. Thus, to complement continuing in-person programs for targeted audiences in specific cities and countries, in 2004 the LAC Program began to develop other educational formats and media to reach key policy makers and professionals in government and academic institutions who were interested in urban land policy issues but unable to participate in one-time events.

The still-evolving LAC distance education offerings (*Educación a Distancia*, EAD) encompass many alternative approaches, including self-paced online courses; moderated courses that incorporate multiple interactive media formats; and graduate-level courses in partnership with Latin American

FIGURE 1  
Pedagogical Strategy for Distance  
Education in Latin America





universities and other institutions. These courses use a variety of tools and materials, ranging from simple, downloadable written materials to multimedia platforms such as Moodle, Blackboard, and eTEACH.

### Pedagogical Strategies

Beyond the technological solutions to disseminating educational materials, a pedagogical problem remained. The pedagogical strategy adopted by the LAC Program for distance education is represented by an inverted triangle (figure 1). Users can remain at the general level, taking self-paced courses to obtain cross-topical but somewhat basic knowledge, or they can go deeper in one topical area through moderated courses or specialized, graduate-level university programs.

Working closely with pedagogical experts and guided by the Lincoln Institute mandate, the LAC staff and adjunct faculty gradually developed an EAD model based on the principles of constructivism, a psychological theory of knowledge developed by Swiss developmental psychologist Jean Piaget, which argues that humans generate knowledge and meaning from their experiences. Constructivism can be considered in contrast to positivism, in which scientific knowledge comes from positive affirmation of theories through strict scientific methods, such as quantitative research. Given the diversity and complexity of the subjects involved in land policy, the LAC Program has explored both approaches in creating its distance education courses. In this context, constructivism applies more often to knowledge associated with policy alternatives, while positivism is used in more technical courses based on the application of tools.

The LAC Program organizes courses within the constructivist framework, encouraging a broad discussion about the issues related to urban land policy without preconceived notions. The distance education courses on the Moodle platform allow for the creation of virtual communities and wide-ranging discussion environments, with participants from many Latin American countries contributing concerns and experiences that may be quite different from those of the faculty. The LAC Program also offers courses that are instrumental to the development of quantitative and (geo)statistical tools used in urban land policy, in this case applying the principles of positivism and learning-by-doing.



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**The LAC Program's distance education offerings complement classroom instruction.**

Over the years, we have developed two products with different features, applications, and goals: restricted-access courses (moderated, graduate-level, and in-person support courses); and unrestricted, free-access, self-paced courses. All of these online courses are offered in Spanish for practitioners from public and private institutions involved in urban issues, and some materials are now being translated to and from Portuguese.

**Moderated and Self-Paced Courses**

Moderated courses were our first choice to address the challenges of informing and preparing public officials to expand the scope of their policy alternatives, because they provide a strong educational foundation based on readings, discussion, and reflection. All of our moderated courses are free; however, applicants are selected through a competitive application process. Classes have about 45 participants each, normally including at least one representative from each of the region’s countries. The courses are developed over nine weeks, each with a designated professor responsible for teaching and/or orienting participants; the third, fifth, and ninth weeks are available for students to complete or make up specific tasks or quizzes.

These courses are set up on the Moodle platform, which offers excellent results in terms of performance and usability. Three main tools are used.

- Discussion forums, considered the engines of the course. The professor acts as a virtual community facilitator and proposes a daily topic for discussion, such as: What are the major factors behind the poor performance of the property tax as a source of revenues in Latin American jurisdictions?, or What are the advantages of decentralizing to local government (municipalities) the responsibility for setting property tax rates? Participants frequently suggest other

subjects that enrich and accelerate the acquisition and/or reconstruction of knowledge.

- Tasks, consisting of a report on land policy issues. The tasks may be an analysis of a legal framework, a strategy for land market data collection and analysis, or a map processed in a GIS environment. The report is uploaded to the platform and the professors grade it during the week following the classes.
- Multiple-choice quizzes, mainly for self-evaluation. The quizzes are used to test the participant’s understanding of reading materials assigned or to support the discussion forums and tasks.

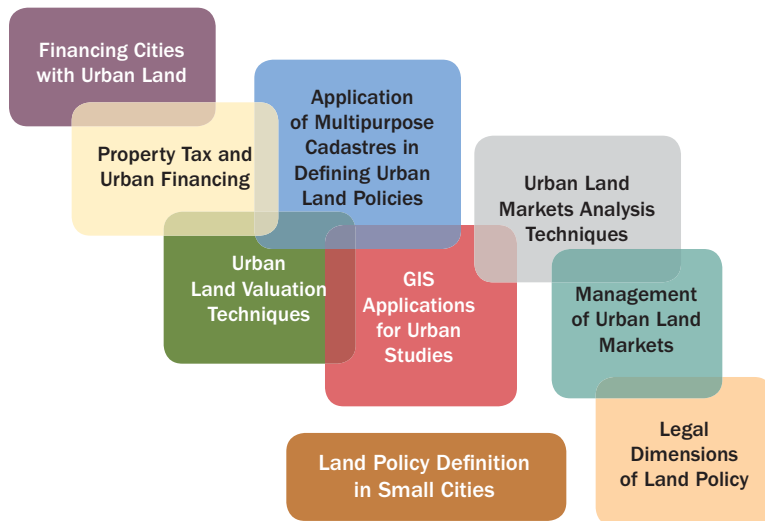
Completion of tasks and quizzes along with participation in discussions constitute the minimum criteria for participants to pass the course and receive a certificate from the Lincoln Institute.

The LAC Program offers nine distance education courses with overlapping themes (figure 2). One set of courses includes Financing Cities with Urban Land, which fosters a critical examination of the various policies regarding the financing of cities through urban land; and Property Tax and Urban Financing, which provides the analysis of the legal, political, and economic principles of land taxation as a beneficial instrument for urban development. This tax course overlaps with two others: Application of Multipurpose Cadastres in Defining Urban Land Policies, which covers topics related to land tenure, geotechnologies and urban land valuation systems used in different Latin American jurisdictions; and Urban Land Valuation Techniques, which presents the techniques and basic principles of commercial valuations and mass appraisal of urban properties.

A second set of courses includes Legal Dimensions of Land Policy, which offers an analysis of the main approaches and categories found in urban legal systems in Latin America, with the review of relevant theoretical and practical aspects for urban public managers. It intersects with Management of Urban Land Markets, which provides an examination of the structure, function, and regulation of markets and their relationship to the economic, social, and environmental problems of cities.

The technical connections between the two sets are provided by two additional courses: Urban Land Markets Analysis Techniques, which analyzes the basic principles of land and real estate economics and the application of empirical methods;

**FIGURE 2**  
**Interrelationships Among LAC Program Distance Education Courses**



These LAC Program distance education courses are available at [www.lincolinst.edu/education/online-education/leo-lac.asp](http://www.lincolinst.edu/education/online-education/leo-lac.asp).

and GIS Applications for Urban Studies, which covers basic concepts of GIS, alphanumeric databases structure, and cartographic tools useful in urban studies. Most of these topics and techniques are covered transversally in the course on Land Policy Definition in Small Cities, introduced in Spring 2010.

Over the years, we have experimented with different configurations of faculty and administrative staff. Since 2009 we have implemented a simple but efficient coordinating structure with senior Lincoln Institute staff responsible for the strategic decisions in terms of courses and production of materials, and a distinguished group of adjunct professors and their assistants who communicate directly with the participants and follow up on instructions about uploading materials, assignments, and quizzes. To keep up with increasing topical diversity and enrollment demand for EAD courses, in 2010 we increased the number of faculty from 22 to 52 and developed a special course for all teachers and assistants to ensure that they are all operating at the same pace and within the same framework on distance education pedagogy and Moodle tools.

Another response to the consistent increase in demand has been the development of self-paced courses as an alternative and complement to the more intensive moderated courses. Using different platforms and multimedia materials, self-paced courses rely heavily on videos taped during in-person classes and available for viewing on the Lincoln Institute's Web site. These products are also being adapted for free downloading, especially for use by private and nongovernmental institutions, small cities, and educational institutions.

### Course Materials

LAC distance education courses are supported by both written and audiovisual materials. The written materials, usually in a PDF format, are selected for individual student reading, analysis, and reflection. They include documents authored by the participating professors, papers available on the Internet for public access, and chapters of books and reports published by the Lincoln Institute and other sources. For certain courses, legislation and public documents from various countries are shared in order to facilitate comparative case studies.

Some course materials, primarily those authored by course faculty, have been compiled

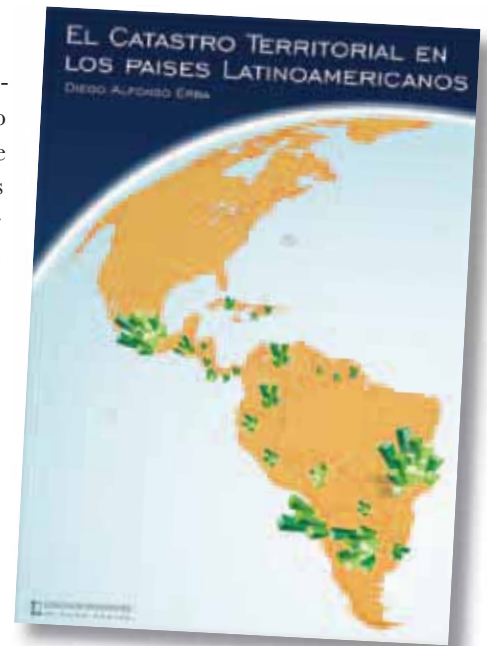
as e-books that can be downloaded in whole or in part to meet the needs of the course participants. The four e-books produced to date (in Spanish or Portuguese) are also available to other interested users.

A variety of audiovisual materials provide additional information and enhance comprehension through different production and user technologies, but with the common goal of accelerating understanding of the core curriculum. Early multimedia offerings were simple videos of professors teaching a class with alternating PowerPoint slides to create the atmosphere of an in-person lecture. The videos are produced with high-quality digital technology, and are used for both self-paced and moderated courses. Some videos are filmed in a studio and others are filmed live during a scheduled course.

The incorporation of audio classes has further enhanced the distance education experience. Professors in countries throughout the region tape their voices using free software and following the instructions of the course administrators. The audio files and related PowerPoint slides are sent to the editing team, which then creates an audio class. The sound portions of the multimedia classes (both video and audio) are converted to MP3 audio files.

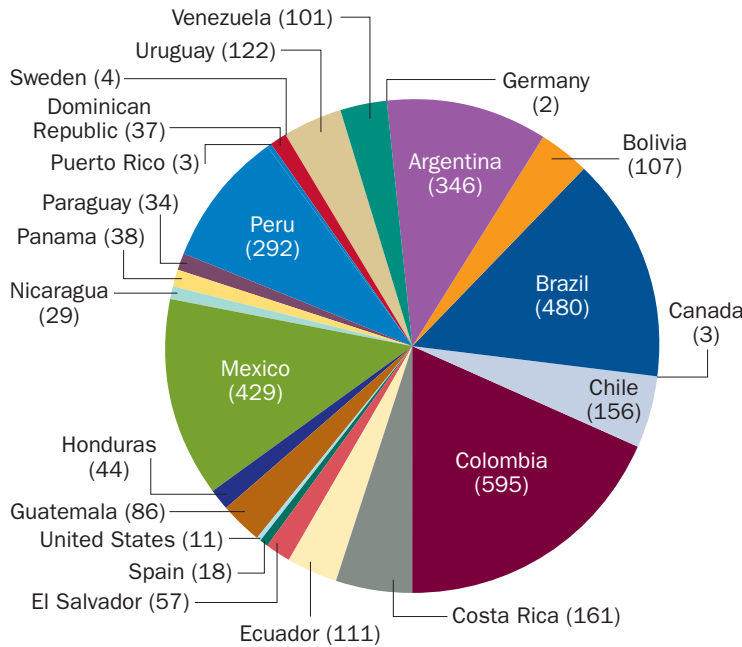
The audio and video classes are being transcribed for two purposes: to give the hearing or visually impaired access to the classes, and to create the basic material for translation and dubbing or subtitling. Moreover, transcriptions are used by faculty to write the chapters of the e-books that are being produced in collaboration with many of the courses. These resources inform the participants in moderated courses, and are also available to the general public on the Lincoln Institute Web site.

Working in distance education requires constant updating of information as land policy issues and contexts change, and the educational arena itself is expanding rapidly with new tools, methods, and strategies. Currently we are considering the implementation of a learning environment in



**One of four e-books available on the Lincoln Institute Web site.**

**FIGURE 3**  
**Distance Education Course Participants Per Country, through August 2010**



Second Life, a leading alternative in cost-effective virtual education solutions for collaborative learning. Second Life simulates an academic environment with classrooms, meeting areas, libraries, and other resources. Participants create a virtual image of themselves (an avatar) that can be moved among these facilities to access bibliographic materials, attend classes, and interact with the avatars of other participants. At present, we are designing a virtual learning environment and preparing faculty to work in it, using their avatars for navigation.

**Linking Distance and In-Person Education**

By experimenting with various combinations of distance learning and in-person instruction, the LAC Program staff has learned that the mix is a promising and productive model to pursue. For several years, we have developed tailor-made moderated courses as prerequisites for in-person weeklong courses in Latin America. We are now beginning to use existing self-paced courses as a preparatory stage for participants as well. This allows us to make better use of classroom time and minimize the need for sessions designed to equalize participants’ understanding of concepts, terminology, and fundamentals during the

weeklong professional development courses.

As an alternative to the nine-week courses, we have also developed partnerships with several universities and nongovernmental institutions to implement graduate-level courses that combine classroom instruction with distance education content. These courses rely on the same basic distance education infrastructure, professors, and materials used for the moderated courses. Most of them, after being implemented initially with Lincoln Institute support, continue being offered by the partner institutions themselves. Some of these courses were developed in the Dominican Republic and Bolivia, where the LAC Program had not previously worked, thus establishing partnerships that have led to sustained relationships.

This combination model began with several initiatives that brought together select groups of alumni from previous online courses, and it has continued as part of two specialization courses—Urban Planning and Financing, and Urban Cadastres and Land Valuation—both of which conclude their distance learning segments with weeklong, in-person sessions. Our partner institutions plan to offer the courses on a regular basis with continued Lincoln Institute support in the form of class materials and the distance education platform structure.

**Achievements and Remaining Challenges**

A number of initial challenges have been overcome and can now be described as successful outcomes of the LAC Program’s distance education initiative.


- Increase in the number of participants per country, including those in remote jurisdictions who had been difficult to reach through traditional courses (figure 3);
- Increased understanding of the interrelationships among urban land policy topics (figure 2);
- Better knowledge of the national, regional, and local realities of each country through the collection and updating of large amounts of data from the discussion forums and task reports requested as part of the moderated courses;
- New course offerings, such as the course on Land Policy Definition in Small Cities, including the implementation of self-paced courses to complement the moderated and in-person courses;

- Integration of several LAC Program faculty members to the distance education teaching environment, in spite of their initial skepticism;
- Increase in the volume of written and audio-visual study material;
- Structuring of a topical matrix (tree) related to urban land policies and their interdependencies;
- Cultivation of a second generation of faculty and researchers who are alumni of past educational programs; and
- Generation of new research projects to provide timely curriculum materials, case studies, e-books, and other course content.

Despite these advances and experiences acquired over time, some challenges remain.

- To identify and develop a broader dissemination strategy to reach those interested in urban land policy issues;
- To improve and define selection processes and other strategies to identify course applicants who are most interested and committed, in order to reduce the dropout rate in the free moderated courses;
- To increase the range of perspectives for Latin American policy makers by offering more topics and the opportunity to participate in more than one course; and
- To implement courses and seminars in a 3D virtual world environment as well as new kinds of virtual “in-person” seminars using avatars.

### Final Considerations

The results achieved by the Lincoln Institute’s LAC Program over the past six years demonstrate that the distance education platform is both functional and reliable, and that a combination of online course types enables us to reach more people and places without losing contact or missing the daily monitoring of participants. The success of the current pilot programs has special significance because it confirms that distance education is a valid option for the Latin America region due to increasing availability of Internet access and the openness to alternative learning methods. 

### Selected Latin America Publications

These and other LAC Program publications are available for free downloading or ordering at [www.lincolninst.edu/pubs/default.aspx](http://www.lincolninst.edu/pubs/default.aspx).

***El catastro territorial en los países latinoamericanos***  
***Territorial Cadastre in Latin American Countries***

Diego Alfonso Erba  
2008 / Spanish / 450 pages / ISBN: 978-85-906701-3-1

***Cadastro técnico multifinalitário urbano e rural***  
***Urban and Rural Multipurpose Technical Cadastres***

Carlos Loch and Diego Alfonso Erba  
2007 / Portuguese / 142 pages / ISBN: 978-85-906701-2-0

***Cadastro multifinalitário aplicado a la definición de políticas de suelo urbano***  
***Multipurpose Cadastres Applied to the Definition of Land Policies***

Edited by Diego Alfonso Erba  
2007 / Spanish / 448 pages / ISBN: 978-85-906701-0-4

***Sistemas de información geográfica aplicados a estudios urbanos:***  
***Experiencias latinoamericanas***

***Geographic Information Systems Relevant to Urban Studies:***  
***Latin American Experiences***

Edited by Diego Alfonso Erba  
2007 / Spanish / Portuguese / 207 pages / ISBN: 978-85-906701-1-7

***Catastro e informacion territorial en America Latina***  
***Cadastres and Land Use Information in Latin America***

This CD-Rom includes all four e-books on the topics of cadastres and land information systems in Latin America.

2008 / CD-Rom / Spanish and Portuguese / \$10.00 / CD006

***Perspectivas urbanas: Temas críticos en políticas de suelo en América Latina***  
***Urban Perspectives: Critical Land Policy Themes in Latin America***

Edited by Martin O. Smolka and Laura Mullahy

This book assembles more than 60 selected *Land Lines* articles, originally published between 1994 and 2005.

2007 / Spanish / 416 Pages / Paper / \$25.00 / ISBN: 978-1-55844-163-7

A separate CD-Rom features the contents of the book, ***Perspectivas urbanas: Temas críticos en políticas de suelo en América Latina*** as well as 21 additional *Land Lines* articles published between 2005 and 2009.  
2010 / CD-Rom / Spanish / \$10.00 / ISBN: 978-1-55844-176-7

### ABOUT THE AUTHOR

**DIEGO ALFONSO ERBA** is a fellow in the LAC Program at the Lincoln Institute of Land Policy and professor at Universidad Nacional de Rosario, Argentina. He is a land surveyor/engineer with doctoral and post-doctoral degrees in surveying sciences. He began working with distance education in Brazil in 2001 at Universidade do Vale do Rio dos Sinos (UNISINOS), and has spearheaded this program for the Lincoln Institute. Contact: [derba@lincolninst.edu](mailto:derba@lincolninst.edu)



Ethan Seltzer is a professor in the Nohad A. Toulan School of Urban Studies and Planning at Portland State University. He previously served for six years as the director of the school, and prior to that for eleven years as the founding director of Portland State's Institute of Portland Metropolitan Studies.

Before joining Portland State in 1992 he served as the land use supervisor for Metro, the regional government in the Portland area; assistant to Portland City Commissioner Mike Lindberg; assistant coordinator for the Southeast Uplift Neighborhood Program in Portland; and coordinator of the Drinking Water Project for the Oregon Environmental Council.

Seltzer received his Ph.D. in City and Regional Planning and Master of Regional Planning from the University of Pennsylvania. His doctoral dissertation examined the role of citizen participation in environmental planning. Current research interests include regional planning, regionalism, regional development, and planning in the Pacific Northwest.

In addition to his current work with the Lincoln Institute, his publications include chapters titled *Maintaining the Working Landscape: The Portland Metro Urban Growth Boundary*, in *Regional Planning for Open Space*, edited by Arnold van der Valk and Terry van Dijk (Routledge 2009); and *It's Not an Experiment: Regional Planning at Metro, 1990 to the Present*, in *The Portland Edge*, edited by Connie Ozawa (Island Press 2004).

## Ethan Seltzer

**LAND LINES:** *How did you become associated with the Lincoln Institute of Land Policy?*

**ETHAN SELTZER:** Regional planning has been at the center of my career for a long time. I used to be the land use supervisor for Metro, the regional government in the Portland metropolitan region. In the late 1980s we were just starting work on what is now the Region 2040 Growth Concept. Part of that work involved seeking out new ideas about planning, land use, land management, and related topics, and through that search, I started to engage with the Lincoln Institute. A few years later, I was part of a planning project organized through the Regional Plan Association in New York that brought U.S. and Japanese planners together. I met Armando Carbonell (chair of the Institute's Department of Planning and Urban Form) through that process, and we have remained collaborators on a number of projects since then.

**LAND LINES:** *What was the first project you conducted for the Lincoln Institute?*

**ETHAN SELTZER:** The first one I recall had to do with re-establishing a dialogue around regional planning and building on the ideas put forth by the old Regional Plan Association of America going back to the 1920s. I was also a part of numerous Lincoln Institute seminars, including one held in Chicago on the relationships and interdependencies between cities and suburbs. The papers were published by the Institute in 2000 in the book *Urban-Suburban Interdependencies*, edited by Rosalind Greenstein and Wim Wiewel. Since then I have been involved in several Institute-sponsored projects and events, most recently in conjunction with the showing of the film *Portland: Quest for the Livable City* as part of the Making Sense of Place documentary film series.

**LAND LINES:** *How has your association with the Lincoln Institute influenced your research?*

**ETHAN SELTZER:** I think the Lincoln Institute is one of the only, maybe the only, institution that has consistently focused on the confluence of issues associated with planning practice, place, regionalism, and land use. There are few other places that address these issues in such a thoughtful, deliberate manner. The support that the Lincoln Institute provides for thinking and writing about these issues is part of what makes it possible for me to find both an audience and like-minded colleagues. There are other networks important to me as well, notably the connections provided by the Association of Collegiate Schools of Planning. Nonetheless, the Lincoln Institute is uniquely a forum for the things that I am most interested in and where I hope to contribute.

**LAND LINES:** *What are your current projects for the Lincoln Institute?*

**ETHAN SELTZER:** I am working on a book on regional planning in America with an explicit focus on practice. I teach courses in regional planning and, though there is an interesting literature on the reasons why regional planning might make sense and the stark challenges to pulling it off, there is not much information available regarding what regional planners do, and how regional planning is distinguished from other types of planning (i.e., city, urban, transportation).

With support from the Lincoln Institute, and in collaboration with coeditor Armando Carbonell, I was able to recruit a group of talented authors and put together a series of chapters that, we expect, will more completely present what gets done in the name of regional planning in the United States today. We also hope this project will provide a basis for better understanding the unique aspects of regional planning practice.

The working title for the book is *American Regional Planning: Practice and Prospect*. Coauthors include Tim Beatley, Robert Fishman, Kate Foster, John Fregonese and CJ Gabbe, Frank and Deborah Popper, Manuel Pastor and Chris Benner, Gerrit

Knaap and Rebecca Lewis, Fritz Steiner, and Bob Yaro. The manuscript will be completed this fall and the book will be published in the spring of 2011.

**LAND LINES:** *Regional planning seems to be a really challenging idea in America. Why are you so interested in it?*

**ETHAN SELTZER:** You are absolutely right, but it's often hard to find a place in the scheme of things for regions and regional planning. The history of America is told with broad, sweeping regions in mind—the South, New England, the West—but the history of planning in America is largely one of local institutions, states, and the federal government.

Regional planning, then, is both present at the outset and a latecomer to the planning game. The institutional turf is quite congested. Although the need for better regional coordination and planning actually predates the “invention” of modern city planning in America (consider that the Burnham Plan for Chicago was a regional plan), regional planning has never been able to mount a convincing challenge to the profoundly local emphasis of planning.

Still, it simply makes too much sense to put aside regional planning for long. One need not be a rocket scientist to recognize that many of the things we care about and depend on are not well managed or defined by local jurisdictions.

When I worked as the land use supervisor for Metro in Portland, I was struck by the fact that everyone—rich, poor, and in-between—lived regional lives. That is, households in our region were working, socializing, recreating, worshipping, schooling, and sleeping in territories of their own devising, none of which corresponded to any single local jurisdiction. Consequently, planning by jurisdiction, which is the norm in Oregon and elsewhere, becomes a more complicated proposition. It really makes one wonder for whom the planning is intended. If it is simply about maintaining local property values, then we've both made that task overly complicated and are poorly serving a whole host of larger values, goals, and objectives.

However, the other thing that struck me while working for Metro is that if people don't feel empowered to address the issues right in front of them when they walk out the front of their house or apartment building, then they will never relate to the kinds of things we are talking about at the regional scale. Local empowerment made regional planning and growth management possible. Local and regional, then, go hand in hand, and you cannot have one without the other.

Having worked at the regional level, served as president of my local planning commission, and provided planning assistance to neighborhood associations early in my career, I am familiar with the ongoing tensions between these scales—the scale at which we live in the region, and the scale at which we are empowered at the locality. I think this tension is always going to be present, and I am under no illusions that it will evaporate or that the region will “win” any time in the future.

Still, I, like others, keep coming back to the region because to ignore it is to give up on things that are important to our sense of place and quality of life. The region helps us understand the world and how it works, and makes one look deeply into the causal relationships that link us together and to the natural world. I guess the ecologist in me will never give up on that.

**LAND LINES:** *What other kinds of research topics have you been investigating?*

**ETHAN SELTZER:** I guess you could summarize my work under several headings. I have written about planning in Portland, particularly regional planning and the way that Metro developed a regional growth management plan. That work has been incorporated in publications and projects in the United States, Japan, and the Netherlands.


More recently, I have been engaged in the work of America 2050 on megaregions. I have provided information about Cascadia, the megaregion of the Pacific Northwest, and participated in several research seminars organized to further our understanding of the nature

of megaregions, planning for megaregions, and the utility of that concept for better understanding issues associated with sustainability and competitiveness in the years ahead.

I have also worked with Connie Ozawa, a colleague at Portland State, on the kinds of skills needed by entry-level planners, and therefore the nature of the relationship between graduate planning education and planning practice. I am also working with colleagues at the University of Oregon and Oregon State University to investigate the dynamics underlying and opportunities for bridging the “urban/rural” divide in Oregon. A book on that topic will be published by Oregon State Press in 2011. The fundamental themes that tie all of this together have to do with place and practice—the place being the Portland metropolitan region and the Pacific Northwest, and the practice being what actually gets done by planners.

**LAND LINES:** *Any last thoughts?*

**ETHAN SELTZER:** In an interesting way, the Lincoln Institute's association with the ideas of Henry George and their extension into thematic areas of land as property, taxation, and land planning is very contemporary. The challenges we face in the United States and globally due to climate change and instability, the pressure for sustainability, urbanization, and the future of our cities and metropolitan regions all come together around these themes.

Ultimately, the challenges that we talk about in sweeping terms must make sense and be addressed democratically and locally. Pulling that off in a manner that acknowledges the global context for local action is really about infusing what we do as planners and academicians with a new ethical commitment to acknowledging and acting at the true scales at which these issues operate. 

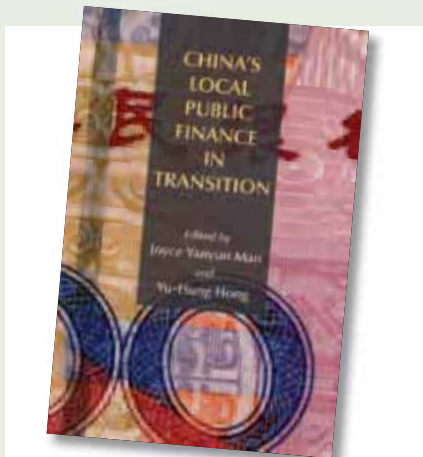
## China's Local Public Finance in Transition

China's economy has developed rapidly following the 1978 implementation of economic reforms that facilitated investment, expanded trade, and introduced market mechanisms and practices. However, reforms of China's public finances have proceeded more slowly and with less publicity. The major reform (a tax sharing system) implemented in 1994 shifted a large share of fiscal revenues from local governments to the central government, but did not substantially reassign expenditure responsibilities back to the center. Following the 1994 reform, local governments had 46 percent of revenues but responsibility for 77 percent of public expenditures.

This revenue shortfall motivated local governments to exploit new sources, and revenue from the conversion of land from rural to urban use has been one of the most important extra-budgetary sources. Conversion involves compensating farmers for their land based on its agricultural use value, and then converting the land to urban use and selling it for development at a much higher value. The difference in land values accrues to the local government.

The revenue from land sales has been a major source of funding for investment in infrastructure capital, often required to provide services to the newly converted urban land. In areas where urban land is in short supply revenues have been significant, and the incentive to produce more revenue has led to excessive land conversions. This practice has created low-density development in the periphery of some metropolitan areas while leaving large areas of urbanized land undeveloped.

Three major policy options explored in this volume can address the underlying imbalance between revenues and expenditures at the local level in China: (1) institute new sources of local revenue, such as a property tax; (2) reform and enhance revenue transfers from the central government to local governments, a promising approach that could also address cross-provincial disparities; and (3) revisit the assignment of expenditure responsibilities



### China's Local Public Finance in Transition

Edited by Joyce Yanyun Man and Yu-Hung Hong  
2010 / 300 pages / Paper / \$30.00  
ISBN: 978-1-55844-201-6

#### Ordering information

Contact Lincoln Institute at  
[www.lincolninst.edu](http://www.lincolninst.edu)

from local governments to the central government to align revenues and expenditures at the same level. The end result is likely to be a mix of all three options as part of an incremental reform.

This book presents the proceedings of a conference cosponsored by the Lincoln Institute and the Peking University–Lincoln Institute Center for Urban Development and Land Policy in May 2008, plus two additional chapters. It will be a valuable resource for government officials, public finance practitioners, academic researchers, university faculty and students, and others concerned with government tax and expenditure policies and practices in China. This volume will be translated into Chinese and published in association with the Peking–Lincoln Center in Beijing.

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#### ABOUT THE EDITORS

**Joyce Yanyun Man** is senior fellow and director of the Lincoln Institute's China Program and director of the Peking University–Lincoln Institute Center for Urban Development and Land Policy in Beijing. Contact: [yman@lincolninst.edu](mailto:yman@lincolninst.edu)

**Yu-Hung Hong** is senior fellow at the Lincoln Institute and visiting assistant professor in the Department of Urban Studies and Planning at the Massachusetts Institute of Technology. Contact: [hong@lincolninst.edu](mailto:hong@lincolninst.edu)



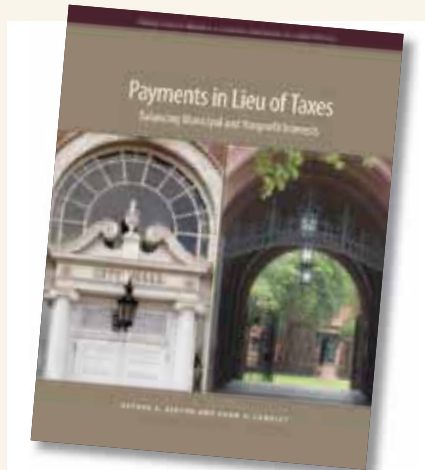
## Payments in Lieu of Taxes: Balancing Municipal and Nonprofit Interests

Charitable nonprofit organizations, including private universities, nonprofit hospitals, museums, soup kitchens, churches, and retirement homes, are exempt from property taxation in all 50 states. At the same time, these nonprofits impose a cost on municipalities by consuming public services, such as police protection and roads. Payments in lieu of taxes (PILOTs) are payments made voluntarily by these nonprofits as a substitute for property taxes.

In recent years, municipal government revenue pressures have led to heightened interest in PILOTs, and over the last decade they have been used in at least 117 municipalities in at least 18 states. Large cities collecting PILOTs include Baltimore, Boston, Philadelphia, and Pittsburgh. Boston has one of the longest standing and the most revenue productive PILOT program in the United States.

PILOTs are a tool to address two problems with the property tax exemption provided to nonprofits. First, the exemption is poorly targeted, since it mainly benefits nonprofits with the most valuable property holdings, rather than those providing the greatest public benefit. Second, a geographic mismatch often exists between the costs and benefits of the property tax exemption, since the cost of the exemption in terms of forgone tax revenue is borne by the municipality in which a nonprofit is located, but the public benefits provided by the nonprofit often extend to the rest of the state or even the whole nation.

PILOTs can provide crucial revenue for certain municipalities, and are one way to make nonprofits pay for the public services they consume. However, PILOTs are often haphazard, secretive, and calculated in an ad hoc manner that results in widely varying payments among similar nonprofits. In addition, a municipality's attempt to collect PILOTs can prompt a battle with nonprofits and lead to years of contentious, costly, and unproductive litigation.



### Payments in Lieu of Taxes: Balancing Municipal and Nonprofit Interests

Daphne A. Kenyon and Adam H. Langley  
2010 / 56 pages / Paper / \$15.00  
ISBN: 978-1-55844-216-0  
Policy Focus Report / Code PF028

#### Ordering Information

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For this policy focus report, authors Daphne A. Kenyon and Adam H. Langley have researched the continuing policy debate over property tax exemptions among municipalities and nonprofit organizations, and they offer the following recommendations.

**PILOTs are one revenue option for municipalities.** They are most appropriate for municipalities that are highly reliant on the property tax and have a significant share of total property owned by nonprofits. For example, a Minnesota study found that while PILOTs could increase property tax revenue by more than ten percent in six municipalities, there was negligible revenue potential from PILOTs for the vast majority of Minnesota cities and towns. Similarly, PILOTs are not appropriate for all types of nonprofits. PILOTs are most suitable for nonprofits that own large amounts of tax-exempt property and provide modest benefits to local residents relative to their tax savings.

### Municipalities should work collaboratively with nonprofits when seeking PILOTs.

The best PILOT initiatives arise out of a partnership between the municipality and local nonprofit organizations, because both sectors serve the general public and have an interest in an economically and fiscally healthy community. In some cities, case-by-case negotiation with one or several nonprofits is best, as is the case between Yale University and New Haven. In cities with a large number of nonprofits, such as Boston, creating a systematic PILOT program can promote horizontal equity among tax-exempt nonprofits and raise more revenue than negotiating individual agreements.

### Both state and local governments should consider other alternatives to PILOTs.

State governments should consider providing grants to local governments that host tax-exempt nonprofits to compensate them for their loss of property tax base, as is done in Connecticut. If states are unwilling to provide such grants, municipalities can consider alternative ways to raise revenue from tax-exempt nonprofits, such as increased user fees.

#### ABOUT THE AUTHORS

**Daphne A. Kenyon** is a visiting fellow in the Lincoln Institute's Department of Valuation and Taxation and principal of D. A. Kenyon & Associates, Windham, New Hampshire. Contact: [dkenyon@lincolnst.edu](mailto:dkenyon@lincolnst.edu)

**Adam H. Langley** is a research analyst in the Lincoln Institute's Department of Valuation and Taxation and a master's student in economics at Boston University. Contact: [alangley@lincolnst.edu](mailto:alangley@lincolnst.edu)

The Lincoln Institute supports research fellows and other collaborators who document their research in working papers that are posted on the Institute Web site for free downloading ([www.lincolninst.edu/pubs](http://www.lincolninst.edu/pubs)).

Nearly 700 working papers are currently available, including the results of Institute-sponsored research, course-related materials, and occasional reports or papers cosponsored with other organizations. Some papers by associates affiliated with the Institute's Latin America and China programs are also available in Spanish, Portuguese, or Chinese. Listed below are some of the papers that have been posted since late June 2010.

### United States Programs

Shlomo Angel, Jason Parent, and Daniel L. Civco

#### **The Fragmentation of Urban Footprints: Global Evidence of Sprawl, 1990–2000**

Shlomo Angel, Jason Parent, Daniel L. Civco, and Alejandro M. Blei  
**The Persistent Decline in Urban Densities: Global and Historical Evidence of Sprawl**

Lisa Cloutier

#### **Climate Change and the Conservation Challenge**

Thomas Downes

#### **Centralization of School Finance and Property Values: Lessons from Vermont**

### Latin America Program

Lissette Aliaga-Linares and María José Álvarez-Rivadulla

#### **Residential Segregation in Bogotá across Time and Scales Segregación residencial en Bogotá a través del tiempo y diferentes escalas**

Marco González-Navarro and Climent Quintana-Domeque

#### **Roads to Development: Experimental Evidence from Urban Road Pavement Caminos al desarrollo: Evidencia experimental de la pavimentación de calles**

Marco González-Navarro and Climent Quintana-Domeque

#### **Do People Know How Much Their House is Worth? Evidence from a Developing Country ¿Sabe la gente cuánto vale su casa? Evidencia de un país en desarrollo**

Cynthia Goytia, Cecilia de Mendoza, and Ricardo Pasquini

#### **Land Regulation in the Urban Agglomerates of Argentina and its Relationship with Households' Residential Tenure Condition Regulación del suelo en aglomerados urbanos de Argentina y su relación con la condición de tenencia residencial de los hogares**

Carlos Reynaldo Herrera Martín

#### **The Use of Eminent Domain in Mexico: Lessons from Six Cases El uso de la expropiación en México: Las lecciones de seis casos**

Nancy Lozano-Gracia and Luc Anselin

#### **The Price is Right: Improving Estimates of Cadastral Values in Bogotá, Colombia, Through Submarket Definition El precio es correcto: Cómo mejorar las estimaciones de valores catastrales en Bogotá, Colombia, mediante la definición de submercados**

Martim O. Smolka and Claudia M. De Cesare

#### **Property Tax and Informal Property: The Challenge of Third World Cities**

María Camila Uribe

#### **Property Tax in Colombian Municipalities: Tax Base and Institutional Issues El impuesto predial en los municipios colombianos: Base imponible y cuestiones institucionales**

### China Program

#### **Canfei He, Lei Yang, and Guicai Li Urban Development and Climate Change in the Pearl River Delta**

The China Program also disseminates Lincoln Institute-supported working papers in Chinese through the Peking University–Lincoln Institute Center for Urban Development and Land Policy at <http://plc.pku.edu.cn>.

## PLANNING AND URBAN FORM RESEARCH FELLOWSHIPS

The Lincoln Institute's Department of Planning and Urban Form supports research projects concerned with the relationship between planning and the form of the built environment. These fellowships for 2010–2011 are awarded following a competitive application process for research focusing on adaptive responses to climate change.

### J. Richard Kuzmyak

Transportation Consultant, LLC, Silver Spring, Maryland

### Jerry Walters

Fehr & Peers Transportation Consultants, Walnut Creek, California

#### **Quantifying the Importance of Land Use at Trip Destinations on Travel Choice**

### Daniel A. Rodriguez and Yan Song

Department of City and Regional Planning, University of North Carolina, Chapel Hill

#### **Assessing the Impact of the Built Environment on Transportation GHG Emissions in the Charlotte, North Carolina Metropolitan Area**

## LINCOLN/LOEB FELLOWSHIP

The Loeb Fellowship at the Harvard University Graduate School of Design offers ten annual post-professional awards for independent study. Each year one fellow is selected to be the Lincoln/Loeb Fellow and to work jointly with the Department of Planning and Urban Form on special projects.

### Tim Stonor

Managing Director, Space Syntax Limited, London, England

An architect and town planner, Stonor established Space Syntax Limited in 1996 to build bridges between professional practice and academic research at University College London. The strategic consulting company specializes in evidence-based planning and design and now operates worldwide while retaining strong ties with UCL. During his fellowship, he will study fundamental urban sustainability, and explore how common goals of “safer, healthier, and more economically productive” can be met through the collaboration of economists, financiers, planners, designers, and engineers.

# FELLOWSHIP *programs*

## LATIN AMERICA PROGRAM RESEARCH FELLOWSHIPS

The Program on Latin America and the Caribbean has named ten research fellows for 2010–2011.

These fellows were selected from among more than 100 applications to the Lincoln Institute's call for research proposals on land policy and urban development in Latin America. Information about the RFP for 2011–2012 will be posted on the Institute's Web site in the spring of 2011.

**Mariana Cavalcanti Rocha dos Santos**  
*Center for Research and Documentation of Contemporary Brazilian History, Getulio Vargas Foundation, Rio de Janeiro, Brazil*  
**Memories of a Favela in a Factory**

**Alfredo M. Garay**  
*Faculty of Architecture, Design, and Urbanism, University of Buenos Aires, Argentina*  
**Urban Development Impacts of Large-Scale Projects: The Case of Puerto Madero, Buenos Aires**

**Cynthia Goytia**  
*Masters Program in Urban Economics, University of Torcuato Di Tella, Buenos Aires, Argentina*  
**Urban Land Use Regulation, its Determinants and its Relationship with the Residential Tenure Condition of Households**

**Luis Inostroza Pino**  
*Independent Researcher, Punta Arenas, Chile*  
**Urban Expansion and Fragmentation in Latin America: A Comparison with European Cities**

**Daniel Enrique Pérez Torres**  
*Center for Studies on Urban Development and Housing (CEDUV-SUMA), National Autonomous University of México, México City*  
**Evaluation of the Use of Betterment Levies and Value Capture Taxes in Mexico**

**Erica Prentice-Pierre**  
*Independent Researcher, Curepe, Trinidad and Tobago*  
**Tenure Security and the Growth of Informal Settlements on Peri-urban Land: A Case Study of River Estate, Diego Martin, Trinidad**

**Rosendo Pujol Mesalles**  
*Research Program on Sustainable Urban Development, University of Costa Rica, San José*  
**Spatial Determinants of Urban Growth: An Evaluation of the Urbanization Process in the Metropolitan Region of San José, Costa Rica during 1985–2009**

**Ernesto S. Schargrodsky**  
*Business School, University of Torcuato Di Tella, Buenos Aires, Argentina*  
**Titling, Urban Land Market Development, and the Process of Regularization and Deregularization**

**Miguel Ángel Vargas Román**  
*School of Commercial Engineering, Diego Portales University, Santiago, Chile*  
**Impact of Residential Segregation on Education Achievement: The Case of Chile**

**Durfari Janive Velandia Naranjo**  
*Center for Economics Studies, El Colegio de México, Mexico City*  
**Impact of Rapid Bus Transport System on Land Use and Land Price**

## CHINA PROGRAM RESEARCH FELLOWSHIPS

The Lincoln Institute's Program on the People's Republic of China offers two types of research fellowships to qualified scholars to enhance their capacity in land and tax policy fields that address the Institute's primary interest areas in China.

The China Program awards one type of research fellowship to international scholars who are working on land and tax policy issues relevant to China's economy and urban development.

**Nan Lin**  
*Department of Sociology, Duke University, Durham*  
**Qiang Fu**

*Department of Sociology, Duke University, Durham*

**Qiang Ren**  
*Institute of Population Research, Peking University, Beijing*

**Yushu Zhu**  
*School of Architecture, University of Illinois, Urbana-Champaign*  
**Marketization and the Disadvantaged: Housing Stratification in Urban China**

**Loren Brandt**  
*Department of Economics, University of Toronto*

**Susan Whiting**  
*Department of Political Science, University of Washington, Seattle*

**Linxiu Zhang**  
*Agricultural Policy Research Center, Chinese Academy of Sciences, Beijing*  
**Fiscal Reform, Fiscal Well-Being, and the Security of Land Rights in Rural China**

**Douglas Webster**  
*School of Sustainability, Arizona State University, Tempe*  
**Jianming Cai**  
*Institute of Geographical Science & Natural Resources Research, Chinese Academy of Science, Beijing*  
**The Land Efficiency Gap in China's Urban Regions: The Case of the Beijing-Tianjin-Binhai Megapolis**

Through the Peking University–Lincoln Institute Center for Urban Development and Land Policy, the China Program also awards fellowships that focus on land and tax policy to Chinese researchers based in the People's Republic of China.

**Jie Chen**  
*Tsinghua University, Beijing*  
**The China Housing Public Accumulation Fund System's Performance Appraisal History and the Role of Institutions**

**Wei Cui**  
*China University of Political Science and Law, Beijing*  
**Improving the Mixture of Real Property Taxes**

**Zhiyong Hu**  
*The University of Hong Kong, Hong Kong*  
**Land Markets, Planning, and Urban Development**

**Ruobing Liang**  
*Xiamen University, Xiamen*  
**The Local Government Land Transfer System and Its Effects**

**Xiangzhou Meng**  
*Remin University, Beijing*  
**Theoretical and Empirical Research on the Implementation of Land Policy**

**Yang Rudai**  
*Xiangtan University, Xiangtan City*  
**Suburban Land Acquisition and Rural Residents' Adaption to Relocation—Based on Fieldwork from Chongqing City, Kunming, Changsha, and Zhuzhou City**

**Xianxiang Xu**  
*Zhongshan University, Guangdong*  
**An Analysis of How Local Officials Supply Land**

**Yang Zan**  
*Tsinghua University, Beijing, and*  
**Yongheng Deng**  
*National University of Singapore, Singapore*  
**The Effect of Housing Prices on Household Consumption—A Study of China's Cities**

# FELLOWSHIP *programs*

## GRADUATE STUDENT FELLOWSHIPS

### C. Lowell Harriss Dissertation Fellowships

The Lincoln Institute's C. Lowell Harriss Dissertation Fellowship Program assists Ph.D. students, primarily at U.S. universities, whose research complements the Institute's interests in land and tax policy. This program honors Professor Harriss (1912–2009) who taught economics at Columbia University and was a long-time member of the Lincoln Institute of Land Policy Board of Directors.

Administered through the departments of Valuation and Taxation and Planning and Urban Form, the program provides a link between the Institute's educational mission and its research objectives by supporting scholars early in their careers. Dissertation fellowship applications for the next cycle are due by March 1, 2011.

**Spencer Brien**  
*Georgia State University, Atlanta*  
**Three Essays on the Formation and Finance of Local Governments**

**Michael Gedal**  
*New York University, New York City*  
**Land Values in the City: Essays on Regulation and Redevelopment**

**Shawn Johnson**  
*University of Michigan–Ann Arbor*  
**Building Knowledge at the Landscape Scale: The Role of Bridging Organizations**

**Rebecca Lewis**  
*University of Maryland–College Park*  
**Do Smart Growth Instruments in Maryland Make a Difference?**

**Herman Li**  
*Pennsylvania State University, University Park*  
**Housing Prices and Neighborhood Homeownership and Vacancy**

**Joshua Miller**  
*University of Illinois at Chicago*  
**Who Cares Who Collects? An Economic Analysis of Tax Lien Sales as a Method of Delinquent Property Tax Collection**

**Nicole Miller**  
*University of British Columbia, Vancouver*  
**Urban Form and Climate Change: Linking Land Use Planning and Urban Decisions to Greenhouse Gas Mitigation Opportunities**

### China Program International Student Fellowships

Through the Peking University–Lincoln Institute Center for Urban Development and Land Policy, the China Program awards fellowships to master's and doctoral students studying land and tax policy in the People's Republic of China.

**Guanpeng Dong**  
*Chinese Academy of Sciences, Beijing*  
**An Analysis of Decision Making on Residential Mobility and Occupational Change—A Case Study of Beijing**

**Quan Hou**  
*Hong Kong Baptist University, Hong Kong*  
**The Spatial Reconfiguration of China's Cities: A Multilevel Time-Series Analysis**

**Yi Huo**  
*Tsinghua University, Beijing*  
**The "Lock Effect" of Urban Transport and its Impact on Carbon Emissions: An Assessment and Simulation of Beijing**

**Yongle Li**  
*Nanjing Agricultural University, Nanjing*  
**Distribution Systems, Local Government Preferences and Non-Agricultural Land Transfers: An Empirical Analysis of China**

**Chaoqun Ren**  
*Zhejiang University, Hangzhou*  
**The Price Discovery Mechanism and the Relationship Between Land and Housing Prices**

**Guang Shi**  
*Peking University, Beijing*  
**An Assessment of the 2008 Beijing Olympics' Effect on Air Quality**

**Zhan Shi**  
*Tsinghua University, Beijing*  
**The Effects of Local Government and Developers on the Land and Housing Markets**

**Xiaojun Xiao**  
*Peking University, Beijing*  
**Economic Agglomeration and Productivity: The Urban and Industrial Perspective**

**Qian Xu**  
*The University of Cambridge, England*  
**Essays on Uneven Urban Development Patterns**

**Xiang Yan**  
*Peking University, Beijing*  
**The Relationship Between Land Degradation and Poverty in Guizhou's Karst Land Areas**

**Lei Yang**  
*Shenzhen Graduate School, Peking University, Shenzhen*  
**The Impact Spatial Form on the Carbon Emissions of China's Dense Urban Cities**

**Zheng Yao**  
*Peking University, Beijing*  
**The Differences in Efficiency of Land Use in Urban Fringe Areas: Game Theory in Land Market Patterns**

**Guoqing Yin**  
*Northeast Normal University, Changchun*  
**A Study of the Regional Transfer of Development Rights**

**Qiumei Yu**  
*Huazhong University of Science, Wuhan*  
**An Empirical Analysis of the Implementation of the Urban Minimum Standard of Living System**

**Yaoming Zhang**  
*The University of Hong Kong, Hong Kong*  
**Institutional Changes and Land Development**

For information and guidelines on research and graduate student fellowships based in the United States or Latin America, consult the Lincoln Institute Web site at [www.lincolninst.edu/education/fellowships.asp](http://www.lincolninst.edu/education/fellowships.asp).

For information about the research and graduate student fellowships based in China, consult the Peking University–Lincoln Institute Center for Urban Development and Land Policy Web site at <http://plc.pku.edu.cn>.

## Courses and Conferences

The education programs listed here are offered as open enrollment courses for diverse audiences of elected and appointed officials, policy advisers and analysts, taxation and assessing officers, planning and development practitioners, business and community leaders, scholars and advanced students, and concerned citizens.

For more information about the agenda, faculty, accommodations, tuition, fees, and registration procedures, visit the Lincoln Institute Web site at [www.lincolninstitute.edu/education/courses.asp](http://www.lincolninstitute.edu/education/courses.asp).

### THURSDAY–FRIDAY, NOVEMBER 4–5

Cambridge, Massachusetts

#### Adaptation Planning as Risk Management

Larry Susskind, Patrick Field, and Ona Ferguson, Consensus Building Institute, Cambridge; Stephen Aldrich, Bio-Era, Cambridge; and Paul Kirshen, Battelle, Lexington, Massachusetts

Sea-level rise, increased flooding, vector-borne disease, storm intensification, erosion, extreme heat, and the possible loss of ecosystem services are some of the increasingly likely threats. By understanding the nature of these risks and engaging the public appropriately, communities can use everyday land use, development and infrastructure decisions to reduce vulnerability and enhance resilience. This two-day workshop introduces decision makers to the tools of scenario casting, climate change forecasting, and collaborative decision making essential to adaptation planning.

### FRIDAY, DECEMBER 10

Boston, Massachusetts

#### New England Smart Growth Leadership Forum

Armando Carbonell, Lincoln Institute of Land Policy; Carl Dierker and Rosemary Monahan, U.S. Environmental Protection Agency, Boston; and David Parish, Federal Home Loan Bank of Boston

This program brings together leaders from government agencies, nonprofit organizations, and the private sector that play a critical role in shaping growth in New England. The participants, representing environmental, housing, planning, development, and financial concerns, share information about successes and challenges in smart growth, and learn

from national experts about advances in the field. This forum is cosponsored with the U.S. Environmental Protection Agency and the Federal Home Loan Bank of Boston.

### NATIONAL COMMUNITY LAND TRUST (CLT) ACADEMY

Greg Rosenberg, CLT Academy Director  
John Emmeus Davis, CLT Academy Dean

The National CLT Academy, a joint venture of the Lincoln Institute and the National Community Land Trust Network, provides comprehensive training on theories and practices unique to community land trusts, taught by highly skilled and experienced instructors. The CLT Academy promotes public understanding of the community land trust model, sets a high standard for practitioner competence, and supports research and publication on evolving practices in the field.

### MONDAY–FRIDAY, NOVEMBER 8–11

Albuquerque, New Mexico

#### National CLT Conference and Academy Courses

The 2010 National CLT Conference presents a series of CLT Academy courses and other programs. This year's event is hosted by the Sawmill Community Land Trust. For more information, contact [www.clnetwork.org](http://www.clnetwork.org).

### MONDAY, NOVEMBER 8

#### Introduction to Community Land Trusts (CLT 101)

This course offers a comprehensive introduction to the nuts and bolts of creating a community land trust. Participants learn how local CLTs seek to balance the seemingly competing goals of providing income-eligible homeowners with a fair return on their housing investment while ensuring that housing is kept affordable for future homebuyers of modest means. The course is designed to provide tools and resources for people who are new to the model and are considering establishing a CLT in their own community.

### MONDAY–TUESDAY, NOVEMBER 8–9

#### Stewardship

The contractual controls that a CLT imposes on the homes in its portfolio are not self-enforcing. They require the continuing presence of a watchful steward to monitor and enforce them, ensuring that: (1) the affordability of these homes will

be preserved; (2) the quality, durability, and livability of these homes will be maintained; and (3) the homeowners' security of tenure will be protected, making foreclosure a rare event. The course is focused on the period *after* a resale-restricted home is sold, although some consideration is given to the steward's pre-purchase responsibilities.

### TUESDAY–WEDNESDAY, NOVEMBER 9–10

#### Intermediate Training (CLT 201)

This intermediate-level course offers two days of training, primarily for CLT staff and board members. A comprehensive array of presentations, workshops, and joint problem-solving exercises examines the roots and rationale of the CLT, compares ground leasing to deed covenants, considers the use of CLTs in developing cooperatives and condominiums, explores nonresidential applications of the CLT, and discusses how CLTs frame their message and measure success. Assigned readings are sent to participants three weeks before the training.

### THURSDAY, NOVEMBER 11

#### Organizational Growth and Sustainability

CLTs too often define their mission and stake their claim with words like “permanent” and “forever” without developing realistic plans for the long-term fiscal viability of their organizations. How do CLTs plan financially for the critically important work they do in their communities—not only next year and the year after that, but in 10, 20, even 50 years from now? This course provides an opportunity for participants to explore issues and options in planning effectively for the long-term fiscal health of their organizations.

### THURSDAY, NOVEMBER 11

#### The New CLT Model Ground Lease

The CLT model ground lease has served as a cornerstone of the CLT movement for nearly 30 years. In 2010 the CLT Academy is completing work on the first major revision to the lease in nearly a decade. This course, designed for both CLT practitioners and attorneys, provides a detailed overview of the lease, with an emphasis on newly revised sections.

## Programs in Latin America

**OCTOBER 18–22**

**Quito, Ecuador**

### **Land Methods Analysis Applied to Latin American Land Markets**

**Martim Oscar Smolka, Ciro Biderman, and Diego Erba, Lincoln Institute of Land Policy; Daniel Rodríguez, University of North Carolina; Rosendo Pujol Mesalles, Universidad de Costa Rica San José; José Joaquín Prieto, Universidad Alberto Hurtado, Santiago, Chile; Francisco Sabatini, Pontificia Universidad Católica de Chile, Santiago**

This course is designed to provide tools for professionals in urban land policy to analyze and diagnose relevant socio-economic urban phenomena, assess the consistency of policy and program alternatives, and evaluate the impacts of public interventions. The course reviews basic urban economic concepts and theories, and presents quantitative and qualitative methods and techniques to collect data and analyze empirical aspects related to the functioning of land markets and associated urban issues. This course is part of an effort to build research capacity in the Latin American region as an essential ingredient to improve the quality of the debate and more effective public interventions.

**NOVEMBER 23–26**

**Belo Horizonte, Brazil**

### **Social Management of Urban Land Policies: Elements for Urban Development Financing**

**Martim Smolka, Lincoln Institute of Land Policy; Fernanda Furtado, Fluminense Federal University, UFF-Niteroi, Rio de Janeiro; Paulo Sandroni, Getulio Vargas Foundation, São Paulo; Cintia E. Fernandes, Municipality of Curitiba**

Developed in collaboration with Brazil's State Secretariat for Regional Development and Urban Policy (SEDRU) of the state of Minas Gerais, this course focuses on the operational aspects of regulating and implementing policy instruments that allow local administrations to face the challenges posed by urban development, including the impacts of large projects, such as those related to mineral extraction and processing, now being established in the state. The course focuses on the huge land value increments expected in many cities, and seeks to provide technical tools to public officials so that they can understand and deal with such changes.



Quito, Ecuador

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**DECEMBER 5–10**

**Guayaquil, Ecuador**

### **Informal Land Markets and Regularization in Latin America**

**Martim Smolka, Lincoln Institute of Land Policy; Claudio Acioly, United Nations Human Settlements Program, UN-Habitat, Nairobi, Kenya**

This week-long course is geared to practitioners involved in implementing land regularization and slum upgrading programs in Latin America. Participants will examine informality and the land tenure regularization process through the analysis of Latin American and other international cases. Topics include the formal-informal urban land market nexus; land regularization within the framework of housing policies; legal issues associated with the security of tenure; property and housing rights; alternative policy instruments; slum upgrading and slum prevention; managerial procedures leading to alternative modes of project and program implementation, including community participation; and program evaluation at the project and city levels.

**FEBRUARY 14–18**

**Medellín, Colombia**

### **Large-Scale Urban Projects**

**Martim Smolka, Lincoln Institute of Land Policy; Eduardo Reese, Instituto del Conurbano, Universidad Nacional de General Sarmiento, Buenos Aires, Argentina; Beatriz Ravé, Área Metropolitana de Medellín, Colombia**

This professional development course examines the large-scale projects designed to redefine uses of large land tracts in urban areas of Latin American cities. It focuses on the tools and instruments available

for alternative land use regulatory regimes and on methodologies to evaluate the impacts of these projects. The projects include those designed to promote the redevelopment, regeneration or conversion of deteriorated or abandoned urban areas, and the rehabilitation of historic centers and city center building stock.

## Lincoln Lecture Series

This annual lecture series highlights the work of scholars and practitioners who are involved in research and education programs sponsored by the Lincoln Institute. The lectures are presented at Lincoln House, 113 Brattle Street, Cambridge, Massachusetts, beginning at 12 p.m. (lunch is provided). Consult the Lincoln Institute Web site ([www.lincolninst.edu](http://www.lincolninst.edu)) for information about other dates, speakers, and lecture topics. The programs are free, but pre-registration is required. Go to the Web site or email [bburgess@lincolninst.edu](mailto:bburgess@lincolninst.edu) to register.

**FRIDAY, OCTOBER 1**

### **From Debate to Implementation: Colombia's Territorial Development Law**

**Gina Parody, lawyer and former member of the Colombian House of Representatives and Senate, Bogotá, Colombia**

**THURSDAY, OCTOBER 7**

### **Shared Space: Reconciling People, Places, and Traffic**

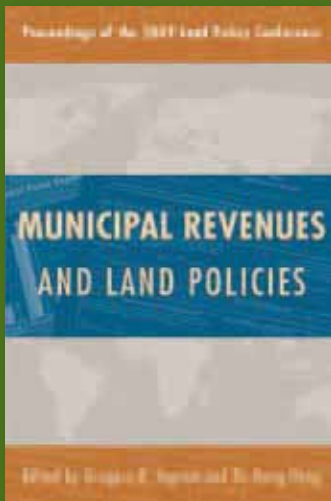
**Ben Hamilton-Baillie, architect, urban designer, and movement specialist, Bristol, England**

# What's New on the Web

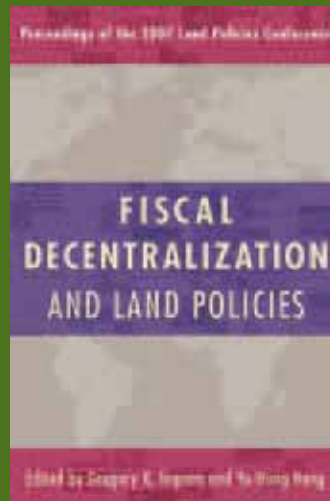
## Land Policy Series

The Lincoln Institute of Land Policy presents a series of collected works based on our **Annual Land Policy Conference**. Each year, an important topic is covered, new research is presented, and a new volume is added to the series. Our goal in publishing the Land Policy Series is to make innovative ideas generated from careful land policy research available to academics and practitioners.

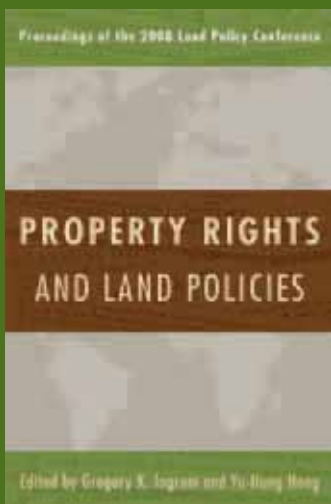
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**Featured article:**  
“Restricting Residential Construction”  
*by Edward L. Glaeser*

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To receive exam or review copies, email [mbenson@lincolninst.edu](mailto:mbenson@lincolninst.edu).

[www.lincolninst.edu](http://www.lincolninst.edu)

## Land Lines

OCTOBER 2010

### 2010–2011 Program

The Lincoln Institute's annual Program for 2010–2011 presents a comprehensive overview of the Institute's mission and its diverse programs for the new academic year. It includes department descriptions; courses, seminars, conferences, and online education programs; research, demonstration, and evaluation projects; publications and multimedia products; Web-based resources and tools; and lists of fellows and faculty. The complete Program catalog is posted on the Lincoln Web site for free downloading. To request a printed copy, contact [help@lincolninst.edu](mailto:help@lincolninst.edu).

