

Land Value, Urban Revitalization, and Smart Growth

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What defines land value?

**VALUE FOR
PRESENT
USE**

**VALUE FOR
POTENTIAL
USE**

What factors affect value for potential use?

- Location
- Infrastructure
- Regulatory framework
- Scarcity
- Owner initiative

What drives those factors?

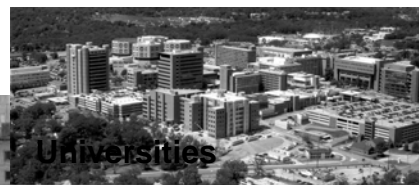
	INTRINSIC TO PROPERTY	GOVERNMENT ACTION	OWNER ACTION
LOCATION	C	D	R
INFRA-STRUCTURE	O	R	E
REGULATORY FRAMEWORK	N	I	S
SCARCITY	T	V	E
OWNER INITIATIVE	E	R	P
	X	O	N
	T	N	S
	E	S	E

Location, location, location

Location can have intrinsic value, but...
governmental actions create most location
value by:

- Creating amenities and facilities
- Building transportation systems
- Providing public services

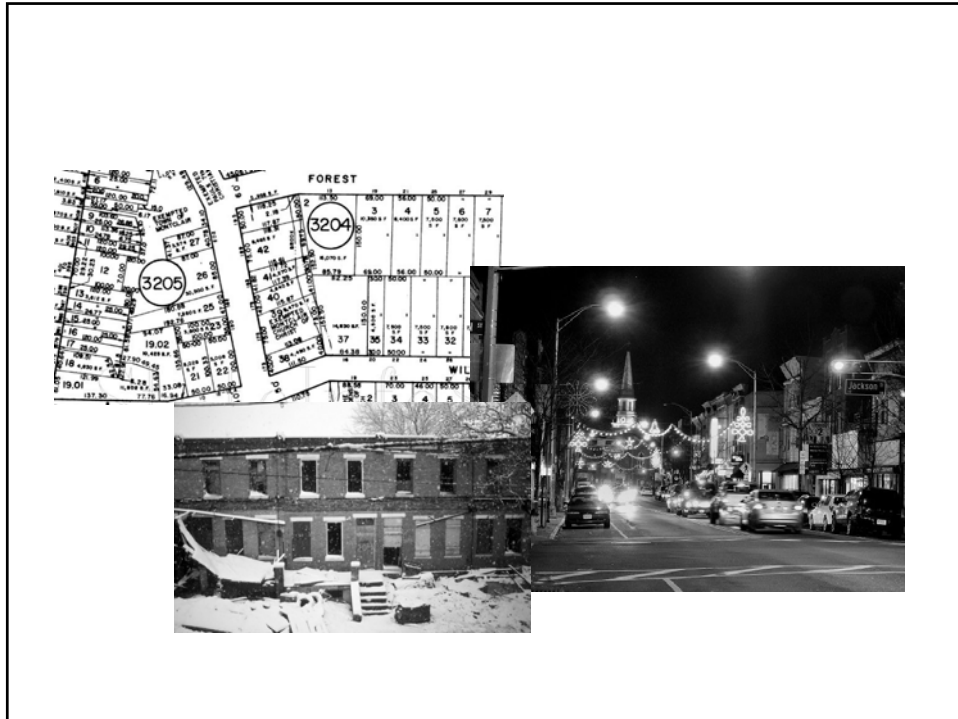
Creating location value...



- Governmental action also affects land value by.....
 - Changing development regulations
 - Extending infrastructure
 - Changing taxation systems
- These actions can increase or decrease land value

Urban land value is subject to distinct forces

- Weak market demand
- Difficult land assembly and development process
- Uneven amenity picture (convenience and variety vs. crime and poor schools)
- High taxes
- Disparity between land **value** and land **cost**



- Land **value** = the capitalized value of economically feasible reuse of the land
- Land **cost** = the amount the owner expects for her property or the appraised value of the property.
- **They are often not the same thing.**

land value **outside urban areas** is affected
by other forces

- Stronger market demand
- Higher amenity levels
- Relative ease of land assembly
- Restrictive land use regulations
- More limited infrastructure
- Lower taxes
- Less disparity between land **value** and land **cost**

What does this mean?

- Land value disparities between urban and non-urban areas discourage urban revitalization and encourage sprawl.
- Public actions can build land value in urban areas and foster revitalization
- Public actions can also discourage sprawl and foster smart growth

What public actions can be pursued?

- Public actions can increase urban land value by:
 - Enhancing market demand through amenities and facilities
 - Reducing land assembly and development obstacles
 - Redesigning the tax system to further revitalization goals
- Public actions can also reduce disparities between land value and land cost

But....

- The goal of urban revitalization is not to promote building for building's sake, but to build a community that offers....
 - An attractive quality of life
 - Economic diversity
 - Economic productivity
 - Social equity
 - Environmental sustainability

Therefore...

- Land value enhancements should be **recaptured** for long-term community benefits:
 - Walkable, mixed-use development
 - Mixed-income housing – use inclusionary zoning to integrate affordable and market units
 - Quality design and amenities
 - Community economic benefits
 - Environmental sustainability/green building

Walkable, inclusive communities



This requires planning

- Planning is not just about land use – land use planning may be less important than other elements:
 - Investment and infrastructure strategies
 - Market-oriented development policies
 - Urban design principles
 - Community engagement
 - Vision

What about sprawl?

- Even the most successful urban revitalization efforts will not significantly reduce sprawl
- Areawide planning should balance open space and environmental preservation with meeting housing demand.
- Strategies must integrate infrastructure, land use regulation and preservation.
- Development outside urban areas must provide for economic diversity and environmental sustainability.

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