Gentrification and Blight: Relationship to Involuntary Displacement

By Rick Rybeck*

Abstract. Because homelessness is visible in cities with high levels of gentrification, the media have linked the two phenomena. But the displacement taking place in most American cities is due more to blight than to gentrification. This article examines both sources of displacement and traces them to the same source: land speculation. In declining cities, land speculation causes parcels to be held vacant in prime locations, leading to disinvestment and an inadequate supply of affordable commercial and residential buildings. In cities with booming economies, land speculation leads to redevelopment of entire neighborhoods where land appreciates in value due to new commercial or residential demand. The solution to gentrification and blight as sources of displacement is to increase land value return and recycling to stabilize urban economies and avoid the boom-bust cycles that are so detrimental to cities.

Introduction

In some cities in the United States, bitter controversy surrounds gentrification, the process by which high-income residents and upscale businesses displace less affluent neighbors by outbidding them for space. Some of those same cities are also known for large and visible homeless populations. As a result, there is a tendency to link the two phenomena and to blame homelessness on the displacement caused by gentrification. This is a gross oversimplification, as I shall explain in this article. In addition to our failure to provide residential support for people with mental illness, homelessness is influenced by employment opportunities, wage levels (some homeless people are working two or three jobs), and housing affordability. Displacement

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is a manifestation of the lack of employment and affordable housing, but gentrification is only one cause of displacement.

Communities and neighborhoods evolve and change. Residents are born, get older, and die. New generations have different values or different ways of expressing them. Some people move in and some move out. Businesses open, mature, and close. Infrastructure that connects one neighborhood to another or provides local amenities may improve or decline over time. Private buildings are improved, maintained, or allowed to deteriorate. Communities and neighborhoods are defined not only by geographical boundaries and a variety of physical attributes, both natural and human-made, but also by relationships between the people who occupy them. Occupants include both residents and visitors. Visitors might include regular visitors such as daily employees who live outside the jurisdiction where they work, as well as occasional visitors such as tourists. Occupants often have unique customs, language, dress, rituals, and mannerisms that also help define a community or neighborhood.

Some occupants may work hard to change a neighborhood based on their ideas of what would make the neighborhood better. Not surprisingly, promoting change, without stakeholder consensus, can lead to conflict. Others may want to preserve a neighborhood by preventing change. Preventing change is futile and may also lead to conflicts, particularly regarding newcomers seeking access to economic opportunities. Change is inevitable. We can allow it to proceed based on market forces, which are shaped predominantly by the affluent, or we can attempt to manage it through government intervention. If we attempt to manage it, we can manage it well or poorly depending on our choice of goals and depending on how well we understand the forces of change and the tools for guiding these forces.

A Tale of Two "Nations"

In the United States today, we seem to live in two different countries. In one country, mostly in older industrial areas in the geographic middle of the nation, factories and stores have closed. Housing is cheap by national standards. But many people are unemployed or working minimum-wage jobs. For them, even cheap housing can be unaffordable. But the ability of these people to voluntarily relocate to areas with better job prospects is impeded by family and social connections and by the decline in the value of their homes. Homes deteriorate due to an inability to maintain them and are sometimes abandoned. Residents, unable to make timely payments for rent or mortgage, are evicted or foreclosed. Residents and politicians are desperate for new investment, both commercial and residential.

In the other country, predominantly along the coasts, jobs are plentiful and house prices/rents are soaring. In these places, even residents with well-paying jobs have difficulty affording decent housing. Residents who are unemployed or employed in low-wage jobs cannot afford payments for housing. In spite of family ties and social connections, they are foreclosed or evicted. Departing households are replaced by much more affluent ones. This is what is meant by gentrification. Some residents believe that new investment in market-rate housing is responsible for displacing long-time residents with limited incomes.

The issue of gentrification is not new in big cities. For example, Georgetown had been a port city on the Potomac River prior to the creation of Washington, DC. Prior to World War I, Georgetown's port ceased to be economically viable and the neighborhood was physically separated from government buildings (and most employment) by Rock Creek. Thus Georgetown became predominantly poor and African American. After World War I, new bridges linked Georgetown to the downtown, and affluent households discovered the charm of its historical buildings. They began to move into Georgetown, renovating the historical buildings and displacing the African American population.

After the assassination of Martin Luther King, riots induced "white flight" from other neighborhoods east of Rock Creek in the late 1960s and early 1970s. During this time, an influx of refugees from Central America occupied many of the dwellings abandoned by whites. However, beginning in the late 1970s, some younger white professionals began moving back into Washington, DC. For these new residents, developers converted rental apartments to condominiums. This entailed some building improvements (mostly cosmetic). But this activity significantly inflated housing costs by capitalizing the value of homeowner tax breaks into the price of housing.

Condominium conversion began in largely white Ward 3 (west of Rock Creek Park) where the influx of young professionals displaced elderly and working-class whites. But condominium conversion quickly spread to Wards 1, 2, and 6 (east of Rock Creek Park), where young and largely white professionals displaced elderly and working class African American households (Reuss and Paige 1979). In these wards, gentrification changed the racial composition of neighborhoods. It also reduced population because incoming affluent households had fewer or no children and because single-family homes that had been carved up into apartments were reconverted into single-family homes for smaller households.

Not surprisingly, landlords overestimated the number of affluent households seeking to move into the city. As a result, they raised rents even in unimproved and unconverted buildings. That indirect effect forced many tenants to look for cheaper space in other neighborhoods or to move to suburban Prince George's County in Maryland. As a result, some neighborhoods (like Shaw) were largely depopulated of African American households even though there were no affluent white households moving in. Boarded-up buildings, arson, and vacant lots proliferated. In some cases, landlords and land speculators lost money because there were no affluent households to take the place of the middle- and low-income households that were displaced. These disruptions served as the impetus for rent control legislation (1975) and condominium conversion control legislation (1980).

Washington, DC's version of rent control was very different from the rent freeze legislation adopted much earlier by New York City. While limiting most rent increases to the consumer price index (CPI), it guaranteed the landlord's right to make an operating profit (set at 12 percent due to the high inflation rate when the legislation was enacted). It also allowed unit rents to exceed CPI when a unit was vacated. However, to avoid having landlords engage in mass evictions in order to maximize rents, the rent control law forbade evictions unless the tenant was not paying rent or was otherwise violating the terms of the lease. This aspect of rent control is often overlooked. But it provides tenants in Washington, DC with security of tenure—something that tenants do not have in most other places. Security of tenure relieves tenants from the threat of random eviction, which is constant in most places and may prevent many renter households from becoming involved in schools and community organizations.

In addition, restrictions on condominium conversion were accompanied by the Tenant Opportunity to Purchase Act (TOPA). Whenever a landlord sought to sell a rental building, tenants were provided with an opportunity to form a tenant association and a right to purchase the building at a price equal to whatever some third-party purchaser might offer. This resulted in many tenant-sponsored conversions to condominiums and cooperatives.

Rent control, condominium conversion control, and TOPA did not stop displacement in Washington, DC. However, these laws slowed displacement and allowed some tenant households to become homeowners. TOPA also provided tenants with leverage to obtain relocation assistance from landlords in instances where tenants decided not to exercise their TOPA rights. These laws provided some breathing space, during which the city government could have addressed fundamental issues and increased the supply of affordable housing supply. Unfortunately, too many politicians regarded these stop-gap laws as solutions. As a result, opportunities to address the fundamental issues of housing affordability were ignored. Ultimately, affluent households did overtake neighborhoods like Shaw. But in many instances, the poor were displaced years before the affluent moved in.

Mallach (2018) updates the investigation of gentrification but with a focus on cities in the Midwest that have generally been in decline and desperately need new development. At least in those cities, if new residents or businesses move into previously vacant lots or buildings, the revitalization of downtown areas is not causing a disruption of housing markets. Gentrification tends to be demonized only under special circumstances where existing residents are being displaced by newcomers, a phenomenon that does not always result from new development.

Nevertheless, in the cities of the "second nation," gentrification does often lead to displacement. Even though some long-time residents might be unemployed or live in substandard housing, they will resist new business development and improvements to their own housing out of a belief that they will not benefit from improved conditions.

Two Causes of Displacement: Disinvestment and Gentrification

Involuntary displacement of residents and businesses is harmful and unfair. This happens all too often. *But gentrification is the cause of displacement in only a minority of the circumstances.* Corresponding to the "two nations" image, there are two distinct causes of involuntary displacement: increased investment in cities with rising incomes and disinvestment in declining cities.

One of the primary causes of displacement is the closure of factories and major businesses, with the resulting loss of jobs. Even where factories are not closing, landlords may charge ever-increasing rents for residential and commercial spaces that are declining in quality. This also causes displacement, even when no affluent folks are moving in. Considering American cities overall, more displacement occurs from disinvestment, "demolition by neglect," and routine rent increases than from gentrification. But the media ignore this and focus on gentrification-based displacement because of the apparent conflict between groups of people based on race, class, religion, values, ethnicity, or old-timers versus newcomers. The gentrification discussion tends to focus on the decisions of incoming residents (either individually or as groups). But the forces that lead to gentrification are generally outside of their control. So the discussion generates a lot of heat, but not any enlightenment about causes or solutions.

It is, therefore, time to shift primary attention away from gentrification and focus more on reducing "involuntary displacement," whatever the cause. That means we need to have an understanding of how real estate markets create displacement. How can development have opposite effects depending on circumstance: lowering rents by increasing the housing stock at times, but raising rents and displacing some residents at other times? To answer this question, we have to make some important distinctions, since much of the public conversation about housing conflates factors that work in opposite directions.

Housing is made up of two components: buildings and locations. Part of the price we pay for housing is for the quality of the building and its amenities. The other part of the payment is for the location, which shows up in the market as the price of land. Involuntary displacement is connected to both aspects of housing. Let us examine them separately to see how both investment and disinvestment can cause displacement.

The Price of Building Construction

Involuntary displacement is caused, above all, by an insufficient supply of housing units in good locations, near public facilities and services. We are going to set aside the question of public housing here since the question we are trying to answer is how the housing *market* causes involuntary displacement. The government may need to intervene to increase the supply of housing, but we should first know how private markets for housing fail.

Housing is built by the private sector only when builders believe that the compensation will exceed costs. Local governments can affect the relationship between costs and compensation in many ways. First, certain types of development, such as apartment buildings, can be banned by zoning. Second, even permitted building types can be constrained through housing codes, lot coverage limits, density limits, height limits, and other regulations. Residential rules that require small buildings on large lots with off-street parking not only inflate the price of individual dwellings, but, by dispersing housing units across a wide area, this "sprawl zoning" increases the infrastructure requirements associated with each dwelling. It also adds to the travel distance between dwelling units and places of employment, education, and shopping. These additional requirements, which typically induce more individuals to own automobiles, significantly inflate costs for households in terms of taxes and transportation.

Speaking of taxes, the property tax unnecessarily inflates the price of housing construction, improvement, and maintenance. We will leave in abeyance an explanation of why this is true. We will return to it below in a balanced explanation of the effects of the property tax. For now, it is enough to say that any action that increases the cost of construction, improvement, and maintenance will reduce these activities and thereby reduce employment in these activities while simultaneously reducing the supply of housing and inflating its price. The loss of employment opportunities and higher housing prices combine to cause involuntary displacement.

Land Prices and Land Speculation

When land goes up in value, why does that happen? Is it because the owner has done something wonderful? No. The value of any site is generally independent of what the owner does. Land value reflects what the community has done around a particular parcel to make it a suitable (or unsuitable) place to live or work.

In addition to the positive use of surrounding land, another factor that inflates the price of land is speculation: the buying and selling of land, not for the sake of using it, but for the sake of holding it until it appreciates in value. This is an important factor related to real estate that leads to involuntary displacement. Thus, we need to focus on the process by which land speculation works.

Although land speculation can occur anywhere, it typically focuses around "prime sites" that benefit most heavily from public infrastructure investments. Prime sites are typically located where infrastructure services are greatest, in the centers of cities and suburban communities. Access to public goods and services makes sites valuable because these are the places where the majority of residents and businesses can be most productive.

Speculation, Not Investment

Since public spending on infrastructure raises surrounding land values, one of the most common forms of land speculation involves the use of insider information about planned government projects to enrich someone who buys nearby land in the expectation of a windfall profit. Plunkitt (1905) explains how the Tammany Hall group that dominated New York City politics for many decades used "honest graft" in this way:

> Just let me explain by examples. My party's in power in the city, and it's going to undertake a lot of public improvements. Well, I'm tipped off, say, that they're going to layout a new park at a certain place. I see my opportunity and I take it. I go to that place and I buy up all the land I can in the neighborhood. Then the board of this or that makes its plan public, and there is a rush to get my land, which nobody cared particular for before. Ain't it perfectly honest to charge a good price and make a profit on my investment and foresight? Of course, it is. Well, that's honest graft.

According to Plunkitt, there was nothing sinister in his behavior. He claimed there was no harm to the public from this sort of "honest graft" because the price of land would rise as a result of the new infrastructure regardless of who owns it. Although conflict-of-interest regulations typically prevent public officials from engaging in this type of "insider trading" on land, private firms and individuals continue to buy and hold land in anticipation of future gains because of the misunderstanding that "investment" in land is the same as any other form of investment.

Land speculation is not, however, productive investment. It does not create something new that can create additional value in the future. Rather, it is a parasitic activity that seeks to profit from the work of others. This is such a crucial feature of land speculation, we need to stop a moment to consider the difference between productive and unproductive investment.

From an individual point of view, any money spent to gain a greater reward later is an investment. But from an economic perspective, a true investment is not simply a transfer of assets from one person to another; rather, some new good or service must be produced that adds to the total value produced in that society. According to that criterion, the mere buying and selling of land does not constitute an "investment." It does not create new goods or services for future consumption. When land is merely purchased, nothing new is created. Therefore, the purchase of land is not "investment" in an economic sense.

We have also been taught that buying real estate is an investment because it involves taking a risk: the value of the land can decrease as well as increase. Does taking risk automatically make something an investment? Buying lottery tickets and betting on horse races are risky. But these activities are not investments because they produce nothing. These activities are merely gambling. The essence of capitalism is not rewarding risk-taking per se, but rewarding *productive* risk-taking. If somebody builds a building and fails to recover a profit, society ends up with a building that could be of some use to somebody. But if we hold a lottery, we merely redistribute money from losers to winners; there is no new net wealth created. In the same way, buying and selling land in the hopes of making a profit is not an economic investment; it is gambling. If the gamble succeeds, it is based on appropriating value created by others and not by the purchaser. Thus land speculation is a parasitic activity.

Effects of Land Speculation on Urban Blight

In fact, buying land that one hopes will rise in value is even less productive than gambling because land speculation interferes with productive activity. When speculators hold prime sites off the market (in anticipation of future appreciation), they create an artificial scarcity of land available for development today. This artificial scarcity inflates land prices and encourages additional land hoarding (speculation). This self-fulfilling prophecy can become a self-defeating prophecy when prime sites become too expensive for those who need them for homes or businesses. These priced-out users end up locating on cheaper, but remote, land that has fewer urban services such as transit or schools.

Land speculation is counterproductive in part because it contributes to the dynamics behind urban sprawl. Litman (2015: 1–3) shows how this imposes billions of dollars in social costs by creating low-density, automobile-dependent neighborhoods. As Green (1999: 12) points out, when sellers hold out for a higher price against someone seeking to assemble large urban parcels for development, they force construction to move out of the center of the city toward the periphery. The result is a hollowing out of cities. A number of cities, such as Detroit, Cleveland, and Buffalo, have lost population while continuing to expand at the urban fringe, thereby leaving fewer people to pay for more infrastructure (Mallach 2010: 8).

Indeed, new development may abandon older prime sites. The price of older prime sites continues to rise, but only because speculators are buying from one another—creating a land price bubble. But because land users are locating on less productive land, the economy falters, and the land price bubble bursts when it becomes apparent that land users are not willing or able to pay for these formerly prime sites. Kushner (2010/2011: 207) and W. Rybeck (2011: 146–148) both credit real estate speculation as a significant cause of the 2008 financial meltdown.

In this way, land speculation drives investment out of the center of the city and into the sprawling periphery. This consequence of land speculation is the normal routine process that leads to urban blight and population decline, even in regions of moderate economic growth. It is so common as to escape notice. We have come to think that the disinvestment in cities and the growth of suburbs is a natural and inevitable process, but it is not, at least not unless one thinks of land speculation as an inherent part of a market economy. The process becomes particularly noticeable in distressed cities that were previously manufacturing centers.

In a distressed economy, landowners are seeking land prices and rents that exceed the ability of businesses and residents to pay. To the landowners, it may seem that nobody wants their land. In reality, nobody wants their land at the above-market price the landowners are demanding. Even in distressed cities and neighborhoods, if land is put on the market for $1, there is likely to be a long line of prospective buyers. But, because the cost of holding land out of use is typically small, affluent landowners simply decide to sit and wait for some buyer to pay an above-market price, which seldom happens, or for some government program to subsidize economic development. That economic development subsidy might never come. As a result, potentially productive land sits idle, depriving communities of residential and commercial opportunities. Without affordable land for construction in the neighborhoods with high concentrations of services, there is inadequate investment in housing. In this roundabout way, land speculation leads to millions of people in American cities being ill-housed or displaced from their housing entirely.

Effects of Land Speculation on Gentrification

What is the role of land speculation in booming economies? Gentrification becomes an issue in these situations. If an urban economy grows rapidly enough to attract large numbers of high-income residents, the usual process of hollowing out is reversed. In a booming economy, land that has been held for decades by speculators is now suddenly converted to high-end residential and commercial uses. Even though land speculation continues to inflate land prices and rents, the entry of new high-income residents and businesses can support the new development. The resulting increase in rents makes it difficult for existing residents and businesses to remain. In booming cities, even previously successful businesses close because landlords keep raising their rents to exorbitant levels. In short, in booming economies, land speculation and rising land prices and rents can kill the goose that lays the golden eggs.

The effect on housing is the same as on small business. In a city like San Francisco or New York, the influx of high-income residents leads to redevelopment of older residential neighborhoods, which displaces existing middle-income households. In the San Francisco Bay Area (13-county region), Zuk and Chapple (2019) estimate that 62 percent of low-income households are at risk of displacement. Many other low-income households are subject to "exclusion," a process by which high-income neighborhoods slowly shed their low-income tenants, such as when their rent-controlled apartments are sold to a developer. These numbers translate into the displacement of tens of thousands of tenants by gentrification and exclusion in the San Francisco Bay Area, Los Angeles, New York, and Boston. Most find accommodation elsewhere. Only a small proportion become homeless. Nevertheless, for newspapers hungry for drama, displacements and homelessness caused by gentrification have been turned into the source of a national crisis. For the people in those cities who are forced out of familiar neighborhoods, the change is wrenching. But it is important to realize that the damage caused by land speculation in declining cities is actually displacing more people.

Thus, during both booms and busts (and times in between), land speculation makes it difficult for typical residents and businesses to afford productive locations. In stagnating economies, this leads to involuntary displacement as a result of disinvestment and demolition by neglect. In boom economies, it means that only the affluent can afford commercial or residential development. If the affluent are motivated to locate in an area that is already developed, this can lead to the displacement of existing residents and businesses of modest means through either gentrification or exclusion.

The Property Tax: Ally and Enemy of Displacement

Doing Harm: The Tax on Buildings

We saw earlier that rising costs of building construction reduce the supply of housing in a region. It is now time to explain why the tax on buildings as part of the conventional property tax is a major factor in raising the price of construction and thus restricting the supply of housing.

If an owner constructs or improves a building—thereby providing housing or jobs—the city will raise that owner's property tax. Thus, owners making such investments must charge high enough rents to cover more than the cost of labor and materials. They must cover the cost of the tax on the new construction as well. Any construction project that cannot cover the cost of the tax on top of normal expenses (labor and materials) is not built. The result of the tax on buildings is a significant restriction in the housing supply.

Tax rates vary from place to place, but they average about 1 to 2 percent of value (Mallach 2018: 164). This might not sound significant. But this tax is applied every year that an improvement adds value to a property. On a $1 million building, a 2 percent tax is $20,000 the first year, 2 percent of the slightly depreciated value the second year, and so on, for the life of the building. Collapsing this stream of payments into a single payment (net present value) reveals that the typical property tax on buildings is equal to a lump-sum tax of 10–20 percent of the value of original construction costs, depending on the discount rate and depreciation rate of the building. This is a significant barrier to affordability. Prospective tenants might be able to pay rent required to cover the payments on a $1 million building, but perhaps not on a $1.2 million building. The added cost imposed by the tax on construction can make the difference in whether or not some investments will take place. If not, the housing stock of the city will be diminished from what it might have been. Lower supply results in higher prices. In some cases, this means that only the affluent can afford well-constructed or maintained homes.

If resident incomes are not high enough to support continued maintenance (and the additional tax burden that this entails), the property tax creates a strong incentive for building owners to allow their property to deteriorate. An owner who fails to maintain a building—thereby depriving a community of housing and job opportunities—is rewarded with lower taxes. Owners of vacant lots and boarded-up buildings often pay lower taxes than their more responsible neighbors, even though the cost of maintaining streets, sewers, lighting, and other infrastructure around a property is often the same regardless of whether that property is occupied or vacant.

Doing Good: Land Value Return

The property tax includes another side: the tax applied to the value of land where a building is situated simply returns to the public sector value that the public sector has created in the first place. What is the effect of the property tax on this other component of housing value? The effect is indirect and ironic: returning publiclycreated land values to the public entities that created them *encourages* construction of housing in cities by reducing the profits from land speculation. The price of land is based on purchasers' expectations of the benefits of land ownership. Returning publiclycreated land value to the public sector, all other things being the same, causes the expected benefits of landownership to decline, thereby causing prospective purchasers to offer lower prices. Thus, a tax on land value is not a cost of production. Land is not produced, and there will be just as much land after the tax is imposed as there was before. A tax on land is a cost of ownership. Increasing the cost of ownership reduces the price (Samuelson 1973: 562–564).

Speculation can occur only if the tax rate on land values is held low by public officials. When that occurs, private landowners are able to appropriate 80 to 90 percent of the value created by infrastructure and other value-enhancing activities nearby. Thus, a low tax rate on land amounts to an incentive for speculation.

Since land speculation is the primary cause of displacement, returning land values to the public sector is an anti-displacement policy. If assessments are updated regularly, then increases in land values will be quickly returned to the public sector. This increases the economic cost of hoarding land, thereby discouraging land speculation. Where land values are high, typically prime sites near urban infrastructure amenities, development is encouraged. The result is an increased supply of housing in prime areas, characterized by prices that rise slowly with the economy, without the erratic boom-bust quality associated with speculation (Rybeck and Rybeck 2012; R. Rybeck 2018). Some displacement may still take place, but on a scale and tempo that are more manageable.

For many years, economists have ignored the powerful incentive effects associated with land value return. Their focus has been solely on capital. But in recent years, Joseph Stiglitz (2015) has challenged that view by advocating the use of land value return to reduce wealth inequality in the United States. Stiglitz critiques Thomas Piketty's (2014) claim that returns to capital are outpacing returns to labor. Stiglitz suggests that if land and housing are removed from the category of "capital," the returns to capital have been constant since the 1950s and are somewhat lower than they were at the turn of the 20th century. Stiglitz suggests that it is important to distinguish between productive capital and land. Stiglitz also suggests that land value return would diminish inequality without the negative impacts on productivity that characterize many other types of taxes.

Conclusion

A major cause of homelessness is the displacement of people from housing, either as tenants or owners. Some displacement is an inevitable part of living in an economy in which there is freedom of movement. But the sort of large-scale displacement that makes homelessness a national crisis is not inevitable.

Land speculation leads to involuntary displacement. The preceding discussion shows that the traditional property tax punishes productive behavior while rewarding slumlords and speculators. Some communities have rectified this upside-down tax system. They have converted their property tax into a public service access fee. This is accomplished by reducing the tax rate on privatelycreated building values while increasing the tax rate on publiclycreated land values. The lower tax on buildings makes them cheaper to construct, improve, and maintain. This is good for residents and businesses alike.

Surprisingly, the higher tax on land values makes land more affordable as well. By reducing the profits from land speculation, land value return reduces the speculative demand for land and this helps keep land prices more affordable. This also creates an economic incentive to develop high-value land. High-value sites tend to be infill sites that are well-served by existing infrastructure. Infill development helps meet market demand without requiring expensive new infrastructure. If new investment is focused on vacant lots and boarded-up buildings, existing residents are less likely to be displaced.

Thus, without losing revenues, jurisdictions can help reduce the prices of both buildings and land. This does not eliminate the need for housing subsidies or other safety-net programs. But, when the market price for housing is reduced, the gap between what people can afford and the price of housing is also reduced. Thus, limited safety-net dollars can help more people. When rents for business spaces are more affordable, businesses can hire more employees, and this helps people remain in their neighborhoods if they want to.

Land speculation is a parasitic activity that exacerbates involuntary displacement in both booming and stagnant economic conditions. Without spending funds or losing revenues, communities that reduce the tax rate on privatelycreated building values and increase the return of publiclycreated land values will enhance the affordability of both buildings and land. This will reduce speculation and involuntary displacement. It will lead to more employment, a more inclusive economy, and a reduction in extreme inequality.

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