Tax Revenue and Opportunities lost to Private Land Banking

By Adrian Madriz
Project Lead
Struggle for Miami’s Affordable and Sustainable Housing
Why we care

• Severe lack of affordable housing and parks
• 82,275,919 sq ft* of private vacant lots in City of Miami. Due to land banks and irregular lots
  • Assume value of at least $10/ sq ft, and a gap of $10/sq ft between fully developed appraised value and current appraised value
• City has lost $6,291,228.15 THIS YEAR in Ad Valorem Taxes because of undeveloped land

*Source: Miami-Dade County Property Appraiser
Liberty City Vacant Lots
What we learned

- Washington D.C. and Pittsburgh* have mitigated this problem by creating a “Land Value Tax” which levied $9.4 M in 1st Year!
  - is a levy on the unimproved value of land, and unlike Property taxes, disregards the value of buildings, personal property and other improvements.
- Has resulted in less land banking, more development, and MORE revenue!
- Pre-fab Technology allows us to develop previously undevelopable land

*Source: The Pew Charitable Trusts
What we recommend

/What we will do

- Modified Land Value Tax, applicable after 2 years purchase (and exempt to non-profits) of 2 Pennies per sq ft
  - Have these revenues go into Affordable Housing Trust Fund
  - Would create $1,645,518.38 this year!
  - Perfect to kickstart pre-development!
- SMASH can develop public parcels using modular/pre-fab technology and place the lots into a Community Land Trust
SOLUTION:
Transition slum affected residents to shipping container homes after rapid 40-day construction on Community Land Trust (CLT) Land. Simultaneously, slum buildings are turned into Affordable Housing Co-ops for 30%AMI and residents have right-to-return.

HOW IT WORKS:
Slumlord affected families are moved into shipping container homes on CLT land. Simultaneously acquire slumlord properties through legal action and renovate buildings. Residents return to newly renovated affordable housing on CLT.

Phase 1:
- Resident rent payments
- Mixed-income CLT portfolio

Phase 2:
- Resident rent payments
- Slumlord final judgment

Phase 3:
- Resident rent payments
- WORLDS Network of co-op businesses
What the audience can do

- Advocate for “Land Value Tax” and Unconventional Construction which will house people quickly and affordably!