From: Architecture of Faith and Historic Preservation <architectureoffaith@gmail.com>
Sent: Tuesday, August 4, 2026 10:39 PM
To: Assembly <assembly@petersburgak.gov>; Architecture of Faith and Historic Preservation <architectureoffaith@gmail.com>
Subject: re: Land Value Tax

Dear Petersburg Assembly:

The following passage exists in the Housing Worksession from this January:

- *The "Second Home" Effect: Seasonal homes often consume a large percentage of the available housing. This drives up property values and "hollows out" towns, where houses sit empty for most of the year while locals can't find a place to live. Short-term rentals also contribute to this effect.*

I am a long proponent of regulation of Short Term Rentals. STRs have decimated the rental economies of Juneau and Sitka, and have had a large impact on Petersburg, albeit to a lesser degree. These are homes that you cannot rent, cannot live in and cannot lease. These homes are essentially invisible to the rental market at large, but are used seasonally by often absentee landlords. The displacement effect of STRs has a name: *dark homes*.

What is a Land Value Tax?

This is an *ad valorem* tax piled onto existing property taxes for underutilized homes and buildings, based on the social cost of community resources laid fallow. The premise behind the *land value tax*(espoused by 19th Century urban reformer **Henry George**) is that if someone owns a real asset that is underutilized or not being used for its intended purpose as per zoning regulations, the property gets charged more, not less, than the surrounding properties. With runaway land values spiking all over the country, land value speculation has become even a short term investment opportunity. But this type of investment is harmful to surrounding communities. The land value tax poses the need to "*use it or pay more for it*" to landowners.

As the housing work session cites, the housing crisis is the result of factors relating to choices and incentives. In some cases, the added profit from retail(known in real estate parlance as the *rent gap*) will outweigh the hindrance, and the owner will retain its use. In such a case, at least the Petersburg community will see its tax base increase to compensate for the underutilized resource. Conversely, the added tax burden could incentivize property owners to switch to long term rentals for the good of the community. The idea of a tax presents itself as a gentler way to nudge property owners to use their land in ways that directly benefit the community. The other option is costly regulation.

How the Land Value Tax can be used as a tool for public outreach

The other side of the Land Value Tax that could potentially benefit property owners is it gives a middle ground for those seeking conditional use permits and similar. Due to decoupling improvements from the taxation rubric frees the Borough to express latitude in other ways, making this sort of tax an out for both the Borough and the property owner. Seen from this angle, the Land Value Tax allows an extra dimension of negotiation for future ideas and creative uses of our land that do not fit inside the parameters of our existing zoning.

Land Value Tax and Communications Towers

One of the less examined problems that we are experiencing with the proliferation of Wireless Towers is the displacement effect that they are having throughout the region. This principle applies to Communications Towers in residential areas because they are occupying space that could be used to build homes, which exacerbates the housing crisis. If the Towers are built in commercial or industrial areas, the potential for displacement is even greater, which is why they should be attached to usable structures unless inside the boundaries of the Communications Towers Overlay. The land value tax would be applied in the aforementioned situations to compensate for the negative effects of **land use displacement**. If we allow that sort of thing to proliferate unchecked, it will diminish the value of the surrounding community.

Why a Land Value Tax?

The **Land Value Tax(LVT)** or split-rate property tax would require an overhaul of our present assessment strategy, where land is artificially undervalued in comparison to improvements. In many cities in Virginia, Kentucky, Pennsylvania and Michigan this is already being done as a response to the housing crisis. For us, there is an additional reason. There are few tools at our disposal that may offset the negative effects of large corporations and wealthy individuals wanting to purchase large swaths of land for the purpose of speculation or some other use that does not benefit the community at large. Under our current taxation rubric, property assessments(and therefore taxes) tend to go up around 2:1 with improvements. This tax rubric not only disincentivizes folks from developing raw land, but it also gives a distinct tax advantage to corporate investors wanting land for limited use. The *Land Value Tax* rewards improvements by taxing closer to a "flat rate" for each lot. Property owners aren't penalized with higher taxes for fixing up, improving or adding on to their buildable lots. The land value tax presents itself as a rather oblique measure, using incentives to both resolve the housing crisis and make institutional investors/corporate interest pay proportionately the same as if they were developers.

Local Planning Commissions have no legal authority to recommend adopted changes to tax code; therefore I must appeal to you as a private citizen. Thank you for your consideration of this topic.

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