From the Ground Up

An Analysis of Land Value Tax in Cincinnati, Ohio

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Prepared by
Notre Dame Student Policy Network

Prepared in Partnership with
Center for Land Economics

Project Leads
Curtis Brashaw, Rowan Miller

Project Members
Julia Connolly, William Ehrhard, William Huguenin-Virchaux, Grace Hunt, Kyle Lauckner, Brett Molka, Daniella Morales-Garibay, Dalton Vaughn

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TABLE OF CONTENTS

ABOUT

Student Policy Network (SPN) is a University of Notre Dame student organization that provides hands-on opportunities for students to conduct policy research and advocacy in real-world settings.

SPN partners with government agencies, think tanks, and advocacy groups, allowing student teams to produce research reports, policy recommendations, or other deliverables tailored to each partner's priorities.

Teams present their findings to organizational leaders at the conclusion of each project, giving students direct experience in policy analysis, research, and professional communication. For more information about our work, please visit spnclub.nd.edu.

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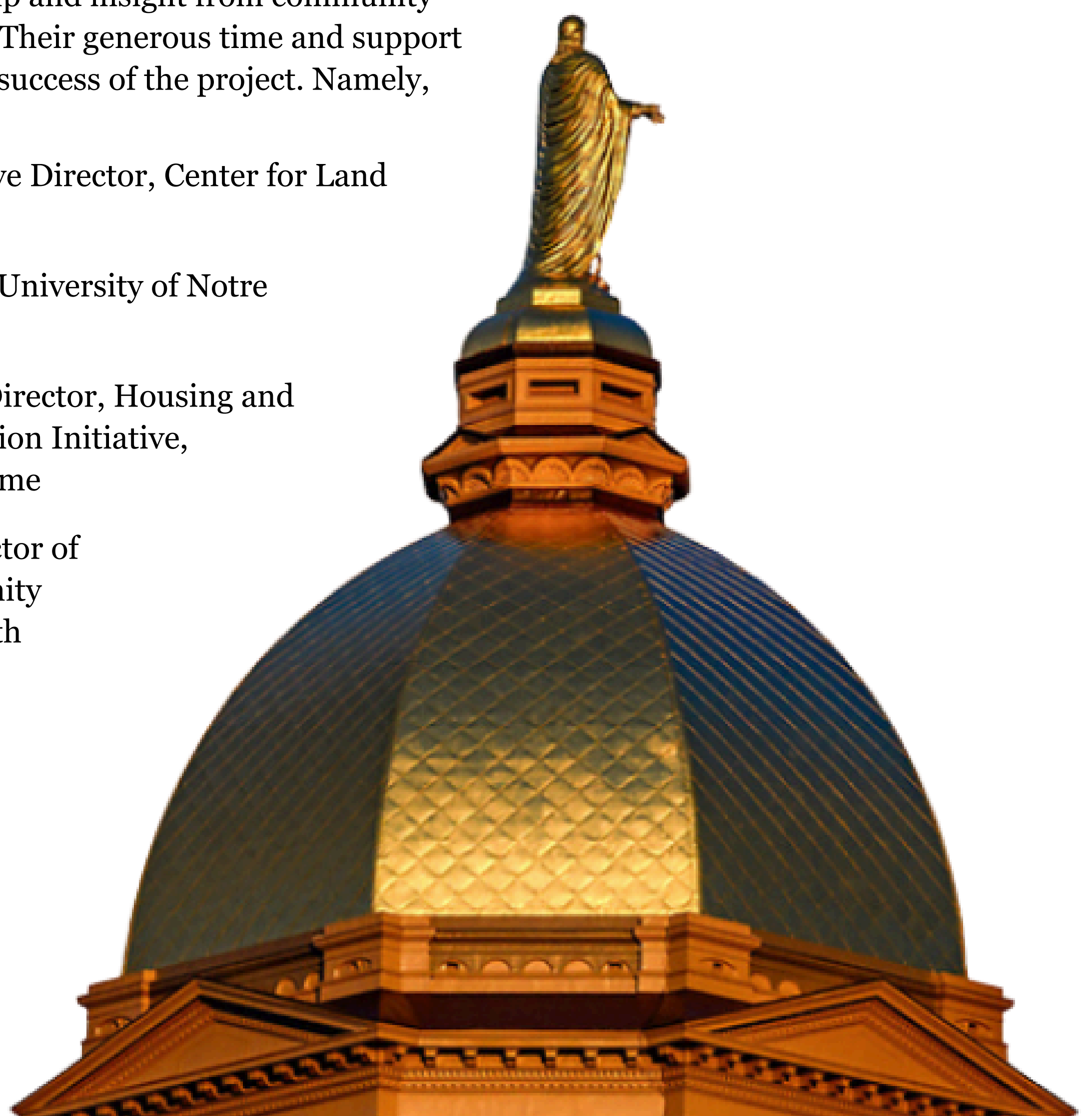

EXECUTIVE SUMMARY

Across Cincinnati, a large share of land sits vacant or underdeveloped, and Ohio's property tax is part of the reason. Because it taxes land and buildings at the same rate, a downtown parking lot can pay less than the apartment building next door, and any owner who builds or improves a property is rewarded with a higher tax bill.

This report models a different approach: a land value tax (LVT) shift, which taxes land at a higher rate than the structures on it. The option is live in Ohio right now. Senate Joint Resolution 7 proposes a constitutional amendment that would let municipalities like Cincinnati adopt a split-rate or land value tax. It is a local option, not a mandate.

Working with the Center for Land Economics, we used parcel-level Hamilton County assessor data, merged with Census data, to model what the shift would actually do. We rebuilt every parcel's current tax bill and compared it against a revenue-neutral, split-rate scenario in which land is taxed at four times the rate of buildings, applied to Cincinnati's 6.1-mill general operating levy. Revenue-neutral means the city collects the same total; the shift changes who pays, not how much the city takes in.

What we found:

- The problem is large. About $1.87 billion in land value, nearly one in five parcels, sits vacant or underdeveloped, much of it in the city's most valuable neighborhoods.
- Most homeowners pay less. The median single-family homeowner saves about $26 a year, with roughly half paying less and about one in four paying more, depending on how much their land is worth relative to their home.
- Apartments and renters benefit most. Between 63% and 70% of multi-family parcels see tax cuts above 10%, with the median multi-family property saving about 16% to 17%.
- Idle land finally pays its share. Vacant parcels see a median tax increase of about 126%, and every vacant lot sees its bill rise more than 10%, creating direct pressure to build or sell.
- The burden shifts progressively. The lowest-income neighborhoods see median cuts near 17% and middle-income neighborhoods 10% to 11%, while only the highest-income quintile sees a median increase of about 11%.

A revenue-neutral land value tax shift would stop penalizing the people who build and maintain property, push idle and speculative land back into use, and cut taxes for most Cincinnati homeowners and renters, all without reducing the revenue the city relies on.

PROPERTY TAXES

Property Tax Framework

Cincinnati's tax code is a combination of local and state taxes. While Ohio controls major taxes such as the state income tax and statewide property tax, the city has the authority to levy certain local taxes to fund city services. The city's main sources of revenue include the municipal income tax, property taxes, and various service-based taxes and fees. Together, these taxes fund schools, public safety, infrastructure, parks, and other city operations.

Property values are determined by the Hamilton County Auditor, which conducts full reappraisals every six years and updates values every three years. Property taxes largely go to school funding, but a portion also helps fund long-term infrastructure projects. The City of Cincinnati collects a millage (the amount of tax per $1,000 of assessed value) of 13.6, while the Cincinnati public school district collects a millage (mill) of 41.2, with the total millage of a single-family home in Cincinnati being 69 mills.[1]

Additionally, Ohio offers tax exemptions that may lower a property's rate. The Homestead Exemption offers reductions for seniors, the disabled, and military families.[2] The Owner Occupancy Credit offers homeowners a reduction of property taxes for their primary residence.[3]

Finally, the tax rate only applies to the assessed value, which is calculated with the assessment ratio. In Ohio, this is 35% across all municipalities. This ratio is multiplied with the appraised market value the assessor at the Hamilton County office determined, meaning the home is only taxed on 35% of its value.

Current Unified Rate Tax System

Under Ohio's current property tax system, a property is taxed at a single rate for its entire assessed value, offering no distinction between land value or improvement value (the value of improvements, or buildings, on a parcel of land).[4] This type of property tax is the traditional and only legal manner for Ohio municipalities to issue property taxes.

The value of a property, called an assessed value, is determined by county auditors. Every six years, auditors re-assess buildings based on any additional improvements or

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[1] City of Cincinnati, "City Charter – Taxing Authority and Millage Limits," accessed February 24, 2026, https://www.cincinnati-oh.gov

[2] "State of Ohio Homestead Exemptions - FAQs | Ohio Senate." 2024. Senate. 2024. https://ohiosenate.gov/news/the-democratic-standard/state-of-ohio-homestead-exemptions-faqs.

[3] "Taxpayer Programs." 2024. Hamiltoncountyohio.gov. 2024. https://www.hamiltoncountyohio.gov/government/departments/treasurer/taxpayer_programs.php.

[4] Ohio Department of Taxation, "Your Guide to Understanding Property Taxes in Ohio," Ohio Department of Taxation, accessed February 21, 2026, https://www.tax.state.oh.us/.

renovations to the property. To calculate a tax bill, the assessed land value (L) and assessed improvement value (I) must be combined, less the qualifying exemptions or abatements (E). Then this number is multiplied by the certified ratio (0.35 or 35%) and millage rate, to produce the final tax bill.

$$\text{Tax} = 0.35 \times \text{mills} \times (L + I - E)$$

In taxing land and buildings together at the same rate, the system inadvertently punishes productive investment and rewards those who just sit on valuable, vacant land. Cincinnati ends up with parking lots taking up valuable city cores paying less than businesses and residences (fig. 1).

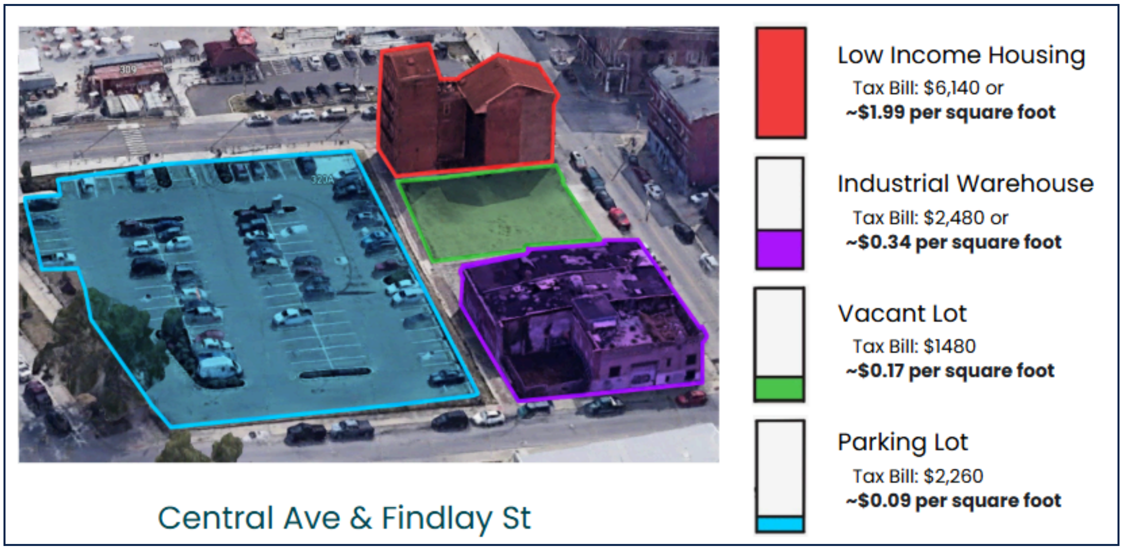

Figure 1. Chart depicting property tax bills among a Cincinnati block.

To illustrate the incentives of current property taxes, we can look at the parking lot at the intersection Central Ave & Findlay St in the Over-the-Rhine (OTR) neighborhood. The parking lot pays only nine cents per square foot in taxes as opposed to the neighboring low-income housing unit which pays $1.99 in taxes per square foot (22 times as much as the parking lot). This trend continues throughout the city: developed landholders pay more than undeveloped landholders. By enacting an LVT, cities can help reduce cost barriers for developers and promote vertical construction within urban cores.

When a property owner chooses to improve their land, whether by constructing a new apartment building or renovating a deteriorating structure, the tax bill rises as a direct result. In this way, the tax code treats investment as a liability rather than an asset, discouraging development. Over time, this creates a financial disincentive for development that contributes directly to vacant lots, surface parking, and urban blight. We tax the wrong thing.

Proposed Land Value Tax System

To address these inefficiencies, a Land Value Tax (LVT) offers a different approach that taxes only the land itself.[5] Land, unlike building or capital investments, is finite and fixed in supply, so no amount of economic activity can create more of it.[6] Because of this, taxing land does not discourage its production the way taxing buildings discourages construction.

Under an LVT, the tax bill reflects the value of the site, not the size of the building on it, so an owner who adds apartments is not penalized for building valuable housing on well-located land. Meanwhile, vacant landowners fail to profit from idle land as the economy around them grows. The practical result is a tax structure that generates public revenue without penalizing the investment and development cities need to grow.

The most common version of this policy is known as a split rate, or two-rate, tax system. Rather than eliminating the tax on buildings entirely, a split rate system applies a higher tax rate to land and a lower rate to the structures built on it.[7]

This structure creates a clear and immediate financial incentive for property owners to put their land to productive use. Owners of vacant lots or surface parking space face a heavier burden because their land is taxed at the higher rate while generating little economic activity, creating pressure to develop or sell. On the contrary, owners of dense residential or commercial development benefit from the lower rate applied to their buildings, making productive investment in those properties more financially attractive than it is under the current unified system. It is necessary for the city to focus incentives and development efforts in the downtown area to prevent urban sprawl, utilize its land more purposefully, generate revenue, and spur positive development for the community at large.

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[5] Kepner, Elizabeth, and Rick Mattoon. 2023. "Land Value Taxes—What They Are and Where They Come from - Federal Reserve Bank of Chicago." Federal Reserve Bank of Chicago . November 2023. https://www.chicagofed.org/publications/chicago-fed-letter/2023/489.
[6] "Land Value Tax | LEP Policy Report." 2023. Library of Economic Possibility. February 2023. https://www.economicpossibility.org/reports/land-value-tax.
[7] Yang, Zhou. 2014. "The Effects of the Two-Rate Property Tax: What Can We Learn from the Pennsylvania Experience?" https://www.lincolninst.edu/app/uploads/2024/04/yang_wp14zy1.pdf.

LAND VALUE TAX IN PRACTICE

Pittsburgh, Pennsylvania

The City of Pittsburgh has tested various types of property taxes since the post-civil war period.[8] In 1913, the city implemented a split rate tax system that was met with success and contentment from citizens. The city was able to improve land holdings and reduce speculation during this period, however the population of Pittsburgh fell sharply from 700,000 in 1950 to 400,000 in 1980 due to Rust Belt deprivation.[9] In the 1960s, many prominent Pittsburgh leaders credited the tax to the city's success, saying that it played a "significant supporting role" in improvement.[10]

Pittsburgh returned to a flat rate system, similar to a unified rate system, after the City Council faced scrutiny from increased tax rates in 2000, using the LVT as a scapegoat. This decision raised taxes for 14 of Pittsburgh's poorest districts, and lowered taxes for 18 of the wealthiest districts.[11]

Pittsburgh currently still has the same flat rate system that it began in 2001. Many local groups and editorial boards have called for a return of a Land Value or Split Rate Tax for Pittsburgh, citing its fairness and ability to spur development for more housing.

Allentown, Pennsylvania

The City of Allentown, Pennsylvania, implemented an LVT in 1996, aiming to incentivize development and support urban growth. This change established dual tax rates of 5.038 percent on land value and 1.072 percent on building value. When the residents voted to adopt this system, almost 75 percent of properties saw some sort of tax cut. Since the adoption of this tax, the number of building permits in Allentown has increased by 32%, far surpassing Allentown's neighboring Bethlehem.[12] According to the American Journal of Economics and Sociology, "in the 15 cities in Pennsylvania that

[8] Land Value Tax Guide. "The Pittsburgh Experience." 14 March 2018. https://landvaluetaxguide.com/the-pittsburgh-experience/. Accessed 2 March 2026.
[9] Oates, Wallace, and Schwab, Robert. "The Impact of Urban Land Taxation: The Pittsburgh Experience." National Tax Journal 50, no. 1 (1997): 1. http://www.jstor.org/stable/41789240.
[10] Hughes, Mark Alan. "Why So Little Georgism in America: Using the Pennsylvania Case Files to Understand the Slow, Uneven Progress of Land Value Taxation." (Lincoln Institute of Land Policy, 2006), 17. https://www.lincolninst.edu/app/uploads/legacy-files/pubfiles/1275_hughes_final.pdf. Accessed 2 March 2026.
[11] Ibid.
[12] Vincent, Joshua. "Non-Glamorous Gains: The Pennsylvania Land Tax Experiment." Strong Towns Archive, March 2019. https://archive.strongtowns.org/journal/2019/3/6/non-glamorous-gains-the-pennsylvania-land-tax-experiment.

have implemented a land value tax, there has been an increase in building permits, an improvement in housing stock, and a reduction in suburban sprawl."[13]

By taxing land more heavily than improvements, Allentown's LVT system encourages productive land use while removing the disincentives that often discourage development and reinvestment. Allentown's case illustrates that land value taxation can promote efficient land use and support urban development by encouraging reinvestment.[14] Allentown's experience suggests that land value taxation is not simply a local anomaly but a strategy that should be replicated to encourage urban revitalization. By shifting the tax burden from improvements to land, the city incentivized development, reduced vacant property holdings, and strengthened reinvestment. Other municipalities facing housing shortages or widespread vacancy could likely see these benefits by adopting a comparable tax structure.

Sydney, Australia

Sydney, Australia is the capital city of New South Wales and the area has a long history of utilizing the Land Value Tax system. The LVT dates back to 1895 when it was first introduced by the Land and Income Tax Assessment Act. New South Wales implemented the Land Value Tax to allow the government to tax wealth in the hands of property owners with land speculation and break up large estates and it has been largely successful. The land value tax is based on unimproved capital value of the land determined by the NSW Valuer General. Land is revalued each year and then averaged over the past three years to determine tax. Some landowners can be exempt from the tax depending on land usage.[15]

The land tax is applied narrowly to commercial land, industrial land, and non-owner occupied housing and could thus create incentives for the development of land to be devoted to exempt activities.[16] Currently, only owners above the set general land threshold are liable for the Land Value Tax. The general rate is around $71 US dollars

[13] Hartzok, Alanna. Pennsylvania's Success with Local Property Tax Reform: The Split Rate Tax. https://baltimorethrive.org/wp-content/uploads/2024/02/Pennsylvanias_Success_with_Local_Propert.pdf.
[14] Schwerhoff, Gregor, Ottmar Edenhofer, and Marc Fleurbaey. Equity and Efficiency Effects of Land Value Taxation, December 2022. https://www.imf.org/-/media/Files/Publications/WP/2022/English/wpiea2022263-print-pdf.ashx.
[15] NSW Government, "What Is Land Tax?," Revenue NSW, September 25, 2025, https://www.revenue.nsw.gov.au/taxes-duties-levies-royalties/land-tax/understanding-land-tax/what-is-land-tax#:~:text=In%20New%20South%20Wales%20(NSW,is%20liable%20for%20land%20tax.
[16] NSW Parliamentary Library Research Service and Stewart Smith, Briefing Paper No 5/05, Land Tax: An Update, April 2005, 7-19, https://www.parliament.nsw.gov.au/researchpapers/Documents/land-tax-an-update/FINAL%20VERSION%20Land%20Tax.pdf.

plus 1.6% of the land value above $774,000 US dollars with a premium threshold rate for land valued above $4,731,120 (based on a combined total of all non-exempted land.[17]

Sydney experienced enormous development after the implementation of the land tax during the early 20th century. The population more than doubled from 1900-1920 and there was limited overcrowding and congestion in the area because the building development paralleled it.[18] The land value tax incentivizes the use of land to be more efficient and therefore building upwards on land.

In addition, proponents support the idea that the tax can serve as a revenue to capture land holding and support the building of new infrastructure through the implementation of a land value capture system. This would enable infrastructure to essentially pay for itself by reallocating what is taxed.[19] Australia has experienced benefits from the land tax system with proper growth plans in place for targeted development.[20]

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[17] NSW Government, "How land tax is calculated," NSW Government, September 25, 2025. https://www.revenue.nsw.gov.au/taxes-duties-levies-royalties/land-tax/understanding-land-tax/how-land-tax-is-calculated#:~:text=Land%20tax%20rates%20are%20the,land%20tax%20thresholds%20and%20rates.

[18] Alderman Firth, "*Land Value Taxation in Practice*." The United Committee for the Taxation of Land Values, May 12, 1925, 1–7, https://doi.org/https://hgarchives.org/wp-content/uploads/2016/10/j-r-firth-land-value-taxation-in-practice-reprint-june-1925.pdf.

[19] Prosper Australia, "Land Value Capture," Prosper Australia, June 4, 2024, https://www.prosper.org.au/land-value-capture/.

[20] Sam Nichols and Chantelle Al-Khouri, "Why Sydney's Skyline Is Short Compared to Other Cities and a History of Tall Buildings in the CBD," ABC News AU, July 19, 2024, https://www.abc.net.au/news/2024-07-19/sydney-skyline-short-building-restrictions-sydney-tower/104115892.

CONTEXT OF CINCINNATI

Brief History

Cincinnati witnessed steady growth from the 1840s-1950s, with German immigrants defining much of the culture and historic parts of the city. The city's population peaked at half a million in the 1950s and has since witnessed extensive urban sprawl. This shift in population, combined with a decline in manufacturing, led the city to face urban decay, racial segregation, and economic disparities throughout the latter half of the 20th century.[21] Revitalization and urban renewal efforts have resulted in the city recording positive population growth since the 2020 census (fig. 2).[22] In addition, Cincinnati's economy has diversified from heavy manufacturing to a mix of health care, corporate services, logistics, and advanced manufacturing. Today, the city has a homeownership rate of just 40.1% and a poverty rate of 25.7%.[23]

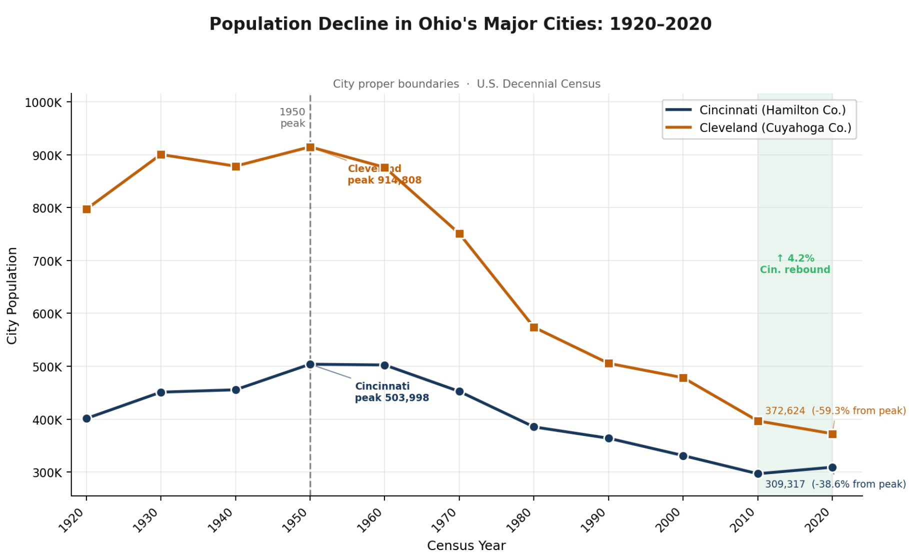

Figure 2. Graph depicting population trends among Cincinnati and Cleveland.

Land Value Trends

Land value is not uniform and is highly concentrated. In the greater Cincinnati area, such as Clifton, Corryville, and Northside, there are several clusters of higher valued land (Fig. 3). The city's highest land value is along the Ohio River in the downtown district, including the West End and Mount Lookout neighborhoods. In this area, land value per square foot reaches up to $72.

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[21] Towner, City. 2025. "History of Cincinnati Ohio - City Towner." City Towner - Travel, History & True Crime Blog. August 25, 2025. https://citytowner.com/cincinnati-oh-history/#google_vignette.
[22] "Cincinnati, Ohio Population 2024." 2024. Worldpopulationreview.com. 2024. https://worldpopulationreview.com/us-cities/ohio/cincinnati.
[23] Brachle, "Cincinnati Regional Chamber Releases 2024 State of the Region Report."

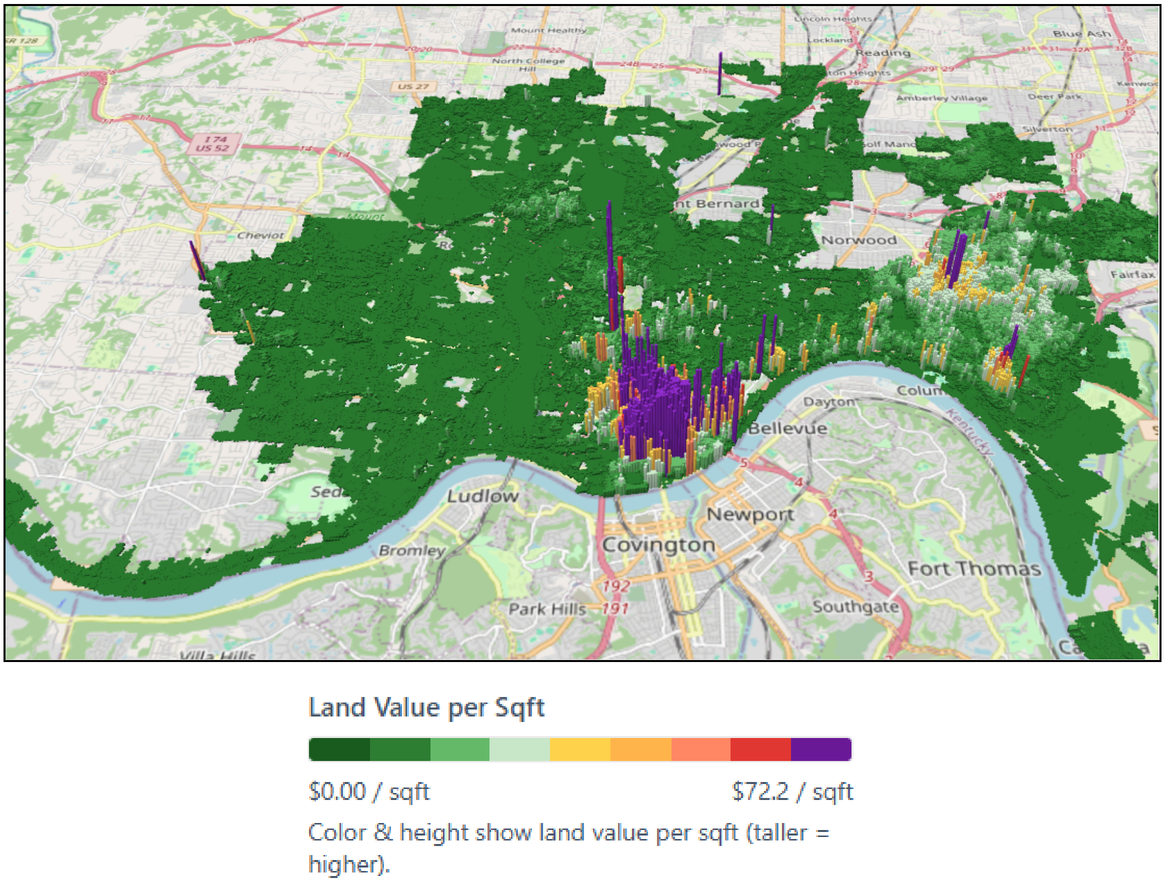

Figure 3. Graph depicting land values per parcel (Civicmapper).

Across Cincinnati, there is a significant amount of vacant and underdeveloped land in high-value areas. By analyzing assessor data for non-exempt parcels and OpenStreetMap parking lot data with assessor valuations, we found immense vacant and underdeveloped land (fig.4),

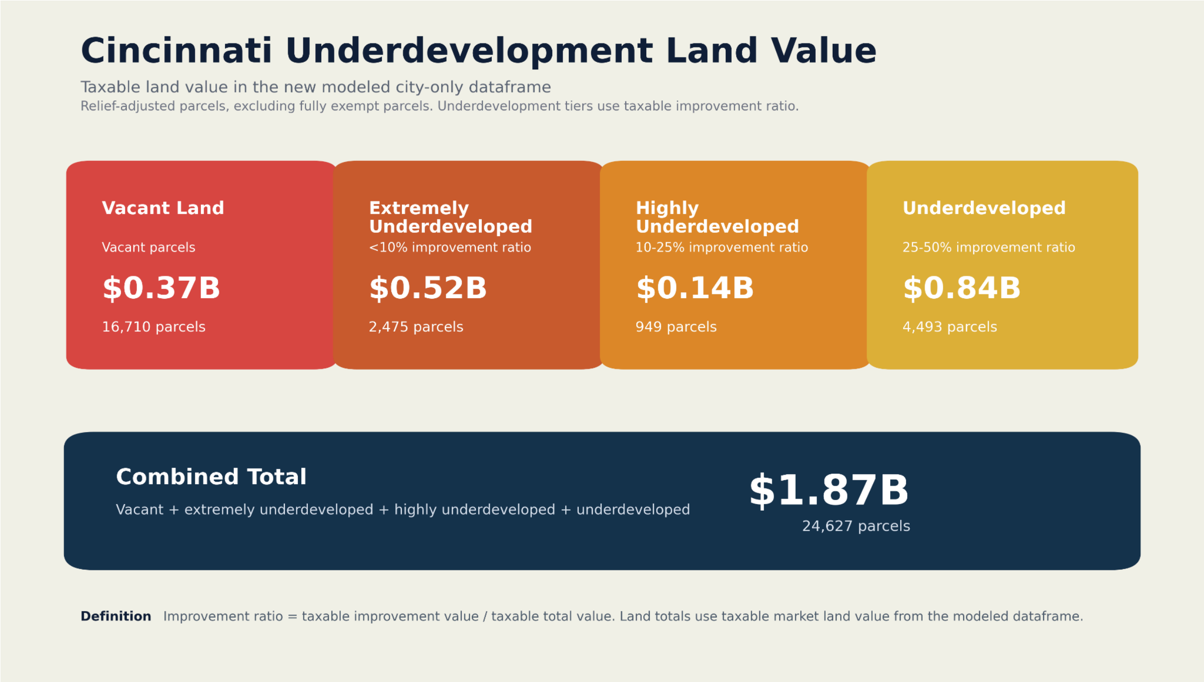

Figure 4. Chart explaining the vacant and underdeveloped land within Cincinnati.

An analysis of Cincinnati's taxable parcels reveals that $1.87 billion in land value, spread across 24,627 parcels, is either entirely vacant or severely underdeveloped. Of this total, $370 million sits on 16,710 fully vacant parcels with no meaningful improvement. An additional $520 million is held in extremely underdeveloped parcels where buildings account for less than 10% of total property value, representing land that is functionally underutilized despite technically having some structure. Highly underdeveloped parcels (10-25% improvement ratio) account for another $140 million across 949 parcels, while the largest single category, parcels where improvements represent just 25-50% of total value, holds $840 million across 4,493 parcels. Taken together, nearly one in five Cincinnati parcels is failing to contribute meaningfully to the city's built environment, representing a substantial reservoir of underleveraged land value that a shift to land value taxation would directly incentivize to develop.

DATA ANALYSIS

Methodology

Through our work with the Center for Land Economics, we used parcel-level assessor data to model the impacts of a Land Value Tax shift in Cincinnati. We merge the parcel-level information with Census data to also understand the distributional impacts of an LVT shift across neighborhoods.

To compile Cincinnati property datasets, we pulled from the Hamilton County parcel data for Cincinnati. The parcel data contained full market land and improvement values as well as taxable values for every parcel in Cincinnati, along with other property characteristics such as property type (residential, commercial, etc.). Hamilton County also publishes parcel-level exemption and abatement data which we merged onto the parcel dataset. Using this data, we recreated current property tax bills at the parcel level. Because SJR 7 does not apply across the full stack of millages, we restricted our analysis to Cincinnati's 6.1 general operating millage.

After calculating current property taxes for each parcel, we then calculated a split rate tax where land would be taxed at four times the rate as improvements. To keep revenues neutral, this resulted in a land millage of 13.8 and an improvement millage of 3.4. In doing this, we ensured all fully-exempt parcels remained fully exempt, and for parcels with partial-exemptions, we applied exemptions to improvements first then to the parcel's land value. Importantly, there are around 30 agriculture parcels in the Cincinnati dataset. We chose to hold those even as we suspect a lot of improvement value on these parcels are done to the land itself yet assessed as land value—though future research may interrogate this further. In the end, we ended up with parcel level calculations of the current tax bill and split rate tax bill for the Cincinnati millage. Our findings are then directionally accurate for a split rate policy that extends to other millages.

Findings

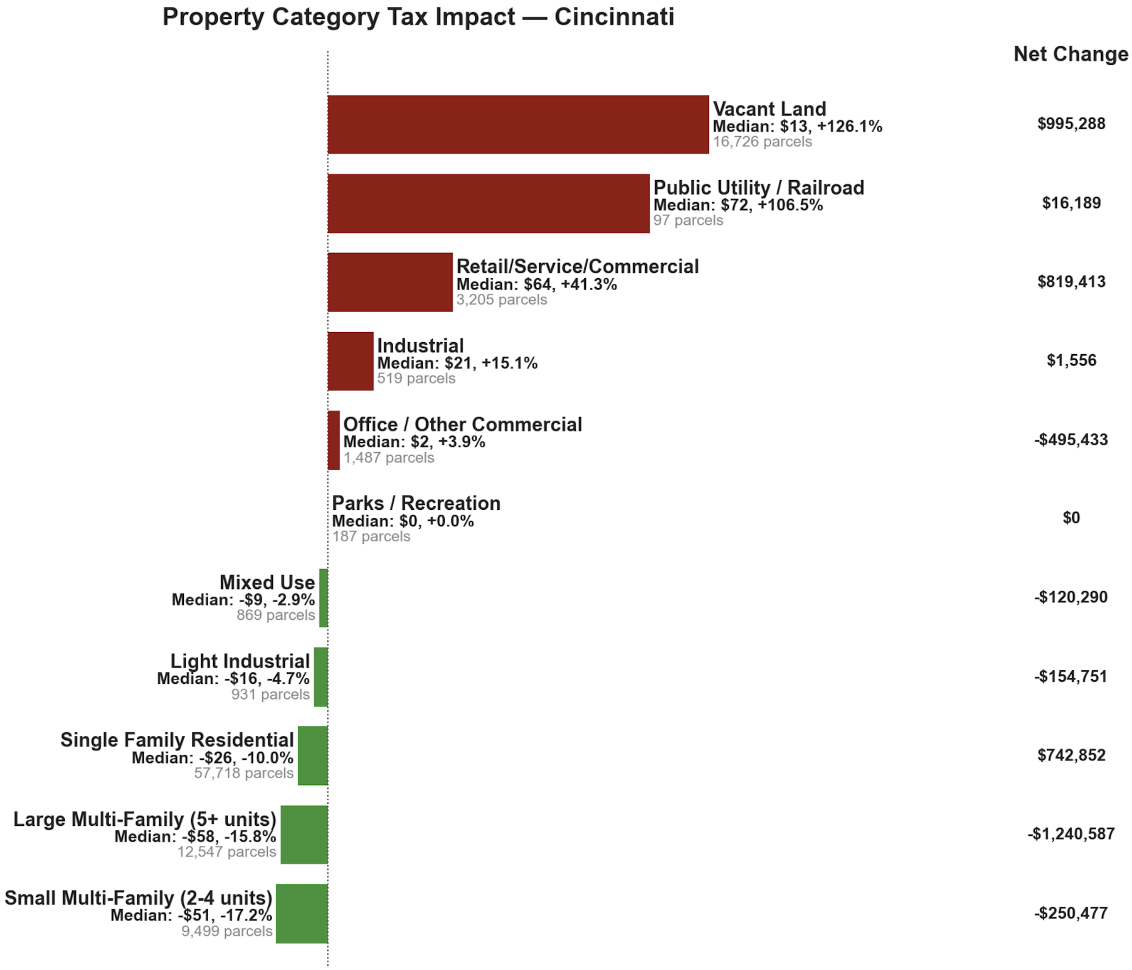

Figure 5. Graph depicting the median tax change across different property types with the modeled tax shift.

Under a revenue-neutral scenario, vacant land bears the greatest proportional increase, a median of +126.1% per parcel, while generating nearly $1 million in additional aggregate revenue across 16,726 parcels, signaling a meaningful new incentive against land-banking and speculative holding. Retail and commercial properties also absorb additional burden (+$819,243 net), reflecting the high land-value intensity of commercial corridors. Multi-family residential properties, both large (median -$59, -16.1%) and small (median -$49, -16.8%), receive the most significant aggregate reductions, with large multi-family alone seeing a net tax cut of $1.3 million across nearly 14,000 parcels. Single-family homeowners, Cincinnati's largest property class at over 57,000 parcels, see a modest median reduction of $26 annually. Notably, the +$742,433 net figure for single-family reflects the minority of higher-value homeowners paying more offsetting the majority paying less.

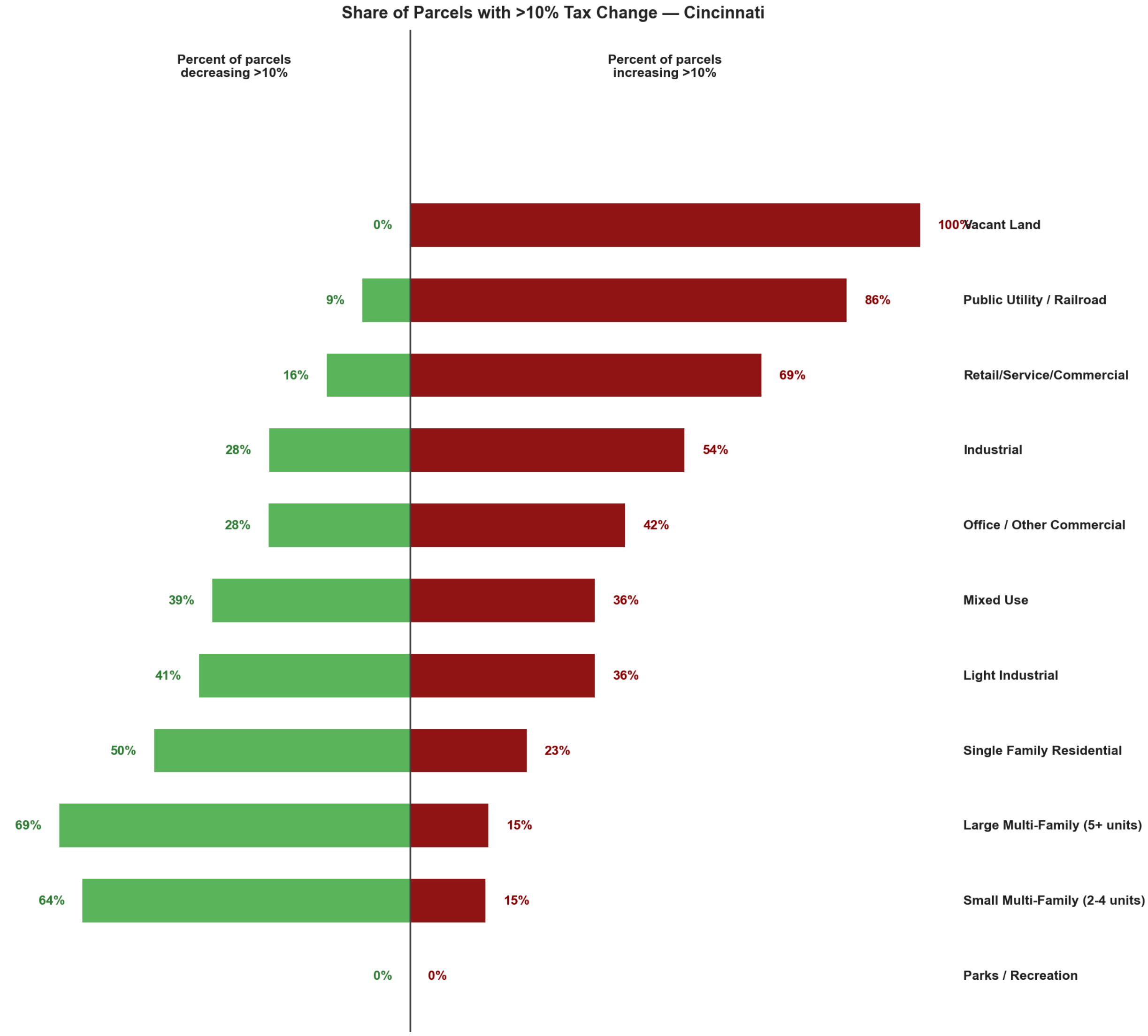

Figure 6. Graph depicting tax changes above 10% across property categories with the modeled tax shift.

Under a land value tax shift, what you pay depends on what you do with your land. Vacant lots and surface parking, land sitting idle in the middle of the city, would see the biggest tax increases, with 100% of vacant parcels seeing bills rise more than 10%, creating real financial pressure to develop or sell. Apartment buildings and rental properties would see the biggest relief, with 63-70% of multi-family parcels seeing tax cuts exceeding 10%, which could translate to lower rents or more housing investment. For regular homeowners the picture is mixed, about half would pay less and one in four would pay more, depending largely on how much their land is worth relative to their home. The median single-family homeowner would save $26 a year under the 4:1 scenario, with lower-income neighborhoods seeing cuts of around 17% while the wealthiest neighborhoods see modest increases of around 11%.

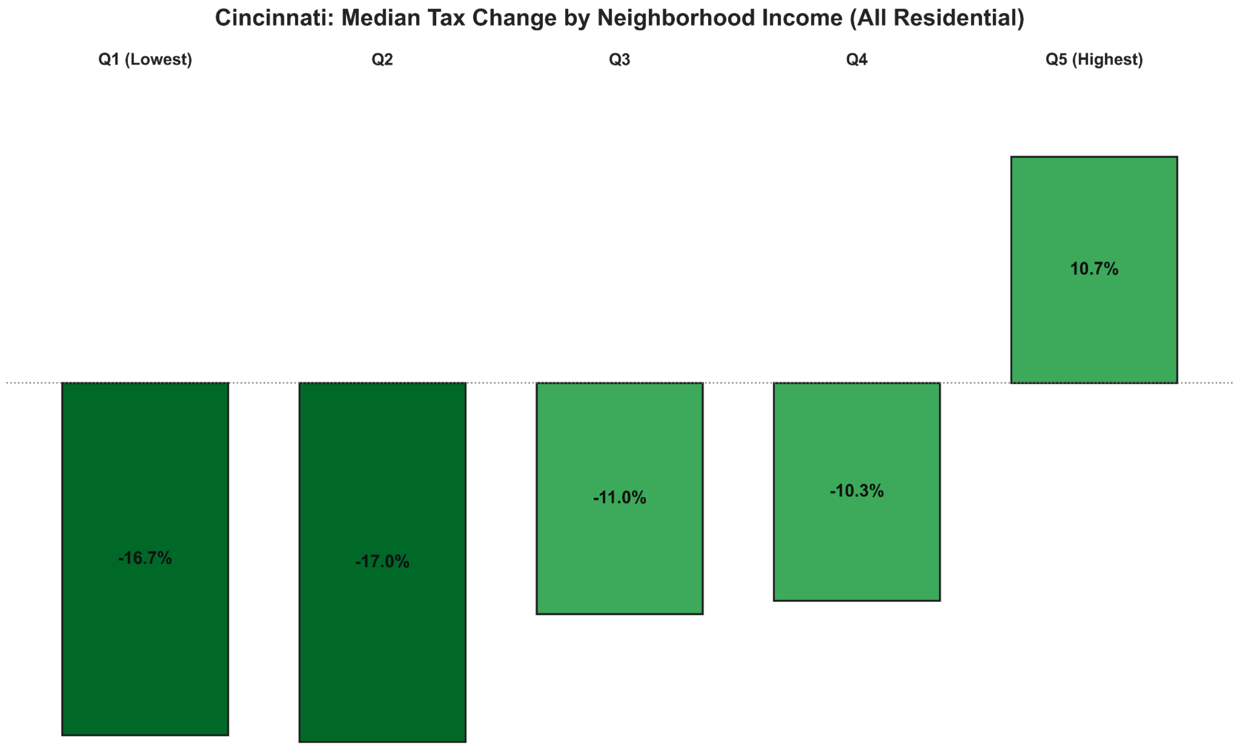

Figure 7. Graph depicting the median tax change by a neighborhood's median income with the modeled tax shift.

A split rate land value tax would produce progressive distributional outcomes across residential properties. Neighborhoods in the lowest two income quintiles would see median tax reductions of approximately 17%, while middle-income neighborhoods would experience reductions of 10-11%. Only the highest-income quintile would face a median tax increase, of roughly 11%. This pattern reflects the relationship between neighborhood income and improvement-to-land ratios: wealthier areas tend to feature larger, higher-value structures relative to their land, meaning they benefit less from reduced taxation of improvements and bear more of the land value tax burden.

	Vacant Land *Downtown*	**Industrial Warehouse** *Riverside*	**Two-Family Home** *Corryville*	**Single-Family Home** *Mt. Lookout*
Land Value	$11,114,280	$338,730	$41,600	$129,200
Improvement Value	$0	$1,144,010	$222,400	$526,270
Current Annual Tax (City Millage)	$23,729	$3,165	$563	$1,399
4:1 Split Rate Tax (City Millage)	$53,643	$3,108	$483	$1,297
Dollar Change	+$29,914	-$57	-$79	-$101
Percent Change	+126.1%	-1.8%	-14.2%	-7.3%

Figure 8: Table of Cincinnati Parcel Case Studies Under LVT Scenarios

Using specific examples of parcels in the City of Cincinnati, we measured the tax shift when modeling a Land Value Tax based on assessor land and improvement values. A commercial vacant lot with $11 million in land value and zero improvements currently pays just under $24,000 in annual taxes, under a 4:1 split rate scenario that bill more than doubles to over $50,000, creating direct financial pressure to develop. Meanwhile a working industrial warehouse sees its bill drop by just $57, a two-family home saves $80 annually, and a typical single-family homeowner saves $101. The current system rewards holding valuable land unproductively while penalizing those who build on it. The reform inverts that incentive without raising overall revenue.

IMPACTS

Impacts on Homeowners

A land value tax shifts the tax burden away from buildings and onto land. For homeowners, this means property taxes would no longer rise because they added a room, renovated a kitchen, or made other improvements. Instead, tax liability would depend primarily on the value of the lot.

That change can sound unsettling for homeowners, especially in areas where the land values are high. While this concern is real, the current property tax also created distortions that work against homeowners over time. Under the current system in practice, homeowners are taxed not only for location, but also for maintaining, expanding, or modernizing their homes. An LVT removes the penalty of improving a home.[24]

Impacts on Developers

An LVT shift offers developers clear benefits, including lower barriers to market entry, greater construction activity, and more vibrant urban growth. Speculative landholding is a problem in major cities, where potential investors buy and hold onto underdeveloped land for years at little to no cost.[25] This reduces the supply of available land for developers, raising land costs and barriers to market entry. Instituting an LVT will discourage speculative landholding by raising the annual taxes on underutilized and vacant lots, thereby making more land available to developers. This increased supply will help lower acquisition costs and ensure that active developers who want to build properties in cities can do so more quickly and at more affordable levels.[26]

On top of this, developers will be taxed less during the construction, renovation, and owning process. Because LVT focuses on land, developers would not see a tax increase by adding or renovating a building. Empirical studies have shown that a shift to an LVT increases renovation activity in both residential and non-residential buildings.[27] LVT makes construction more affordable and more profitable.

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[24] Ohio Department of Taxation, "Real Property Tax – General," May 15, 2020, https://tax.ohio.gov/help-center/faqs/real-property-tax-general/real-property-tax--general

[25] "FHWA - Center for Innovative Finance Support - Fact Sheets." n.d. Www.fhwa.dot.gov. https://www.fhwa.dot.gov/ipd/fact_sheets/value_cap_land_value_taxes.aspx.

[26] "Tax Land, Not Buildings, to Spur Development." 2019. New America. 2019. https://www.newamerica.org/future-land-housing/blog/tax-land-not-buildings-to-spur-development/.

[27] Plassmann, Florenz, and T.Nicolaus Tideman. 2000. "A Markov Chain Monte Carlo Analysis of the Effect of Two-Rate Property Taxes on Construction." *Journal of Urban Economics* 47 (2): 216–47. https://doi.org/10.1006/juec.1999.2140.

Impacts on the Environment

Environmental organizations focus on protecting habitats and reducing carbon emissions. An LVT advances these goals by discouraging suburban sprawl while removing penalties on environmental improvements. The U.S. Environmental Protection Agency (EPA) has consistently linked sprawl to increased land consumption, habitat fragmentation, and higher greenhouse gas emissions due to car dependency.[28] Traditional unified rate property taxes encourage sprawl by taxing buildings and improvements, which discourages development in already urbanized areas. In contrast, LVT taxes land regardless of whether it is developed, creating a financial incentive to build on valuable, urban vacant land, making better use of urban space. Economists at the OECD have identified speculative holding as a key factor contributing to inefficient land use.[29] LVT reduces speculative land holding. LVT also promotes denser development patterns, limiting outward expansion into forests and farmland.[30]

In addition, LVT does not penalize environmental improvements. Traditional property taxes increase when landowners add solar panels, restore wetlands, or improve building efficiency.[31] By taxing only land value and not improvements, LVT removes this disincentive. Given that many environmental organizations call for green infrastructure and renewable energy, LVT could be a popular solution because developers considering green energy won't have to worry about rising taxes.

Impacts on Gentrification

Within cities, gentrification is always a concern as development can come at the expense of long-term residents and community identity. While LVTs can serve as a useful tool to promote development, they also help cut costs for low-income and middle-income residents. This is because they shift the tax burden away from homeowners or renters and toward owners of high-value vacant land as opposed to productive single-family lots.[32] In fact, a study on Tarrant County (which contains Fort Worth, Texas), found that the average tax liability for single-family properties would have decreased by about 30 percent if a revenue-neutral LVT were in place instead of a property tax.[33] The reduction

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[28] United States Environmental Protection Agency, "Smart Growth And Economic Success: Benefits For Real Estate Developers, Investors, Businesses, And Local Governments," December 2012, https://www.epa.gov/sites/default/files/documents/smart_growth_and_economic_success.pdf.
[29] OECD (2018), *Rethinking Urban Sprawl: Moving Towards Sustainable Cities*, OECD Publishing, Paris, https://doi.org/10.1787/9789264189881-en.
[30] Anaya, Austin M. "The Enviro-economic Case for Land Value Taxes." *Complex Effects*, July 9, 2023. https://www.complexeffects.com/p/the-enviro-economic-case-for-land.
[31] Center for EmPowering Communities, University of Michigan. "Local Property Tax Impacts of Large-Scale Wind and Solar Projects." *Renewable Energy Tax Series*, May 2025. https://graham.umich.edu/media/files/Indiana-Property-Tax-Final.pdf.
[32] Plummer, Elizabeth. 2010. "Evidence on the Distributional Effects of a Land Value Tax on Residential Households." National Tax Journal 63 (1): 63–92.
[33] Ibid.

in taxes for households would help counteract potential increases in land value from local development.

Additionally, LVTs would help maintain a progressive taxation system. High-income households have been shown to hold a disproportionate amount of land in comparison to low and middle-income residents.[34] This means that under an LVT, high-income households would contribute a greater share of their earnings to local taxes. It is important to note that even the adjustment on high-income households is not drastic. While both LVTs and property taxes have wealthier houses paying more than low-income, the key difference is that vacant and underutilized landowners would pay their fair share to local governments. By shifting the tax burden to large landholders, LVTs stand to create additional room for construction while reducing tax increases on low and middle-income households.

[34] Organization for Economic Co-operation and Development. 2019. *Land-Use Planning, Housing, and Inclusive Growth*. OECD Economics Department Working Papers, No. 1588. Paris: OECD Publishing. https://one.oecd.org/document/ECO/WKP(2019)58/En/pdf.

CONCLUSION

Ohio's traditional unified property tax rate punishes development, increasing taxes on those who improve properties while giving tax breaks to those who allow properties to sit blighted or underdeveloped. A land value tax shift would solve Cincinnati's vacant and underdeveloped land issue. By solely taxing the land that property is built upon, the tax does not punish property improvement. Furthermore, by taxing developed property at the same rate as undeveloped land, it punishes blight and decay. These characteristics make the land value tax a great fit for Cincinnati and the rest of Ohio's major cities.

Land value and split rate taxes tend to benefit cities that implement it. In Pittsburgh, property values grew quicker than neighboring cities when the tax was implemented. After Allentown implemented a split rate tax, 75% of properties experienced a tax cut and building permits issued increased 32%. Even in Sydney, Australia, a land value tax propelled population growth and responsible development..

An analysis of Cincinnati's assessor data confirms that city downtowns boast higher land values than the surrounding city. A common theme is that the high-value neighborhoods contain both residential property beside parking lots or undeveloped land. Underdeveloped properties offer untapped potential for tax revenue which is unleashed by a land value tax shift. However, implementation of land value tax shifts requires passage of Senate Joint Resolution 7, which proposes a constitutional amendment allowing local governments to choose to adopt land value tax shifts.

It is worth noting that a land value tax shift is best implemented with other growth tools such as developer friendly rezoning, facade grants, and a comprehensive city plan. Uncontrolled growth is not beneficial to a city's populations. Growth should be controlled by zoning that is comprehensive but easy to understand for developers, striking parking minimums and allowing mixed-use development. Additionally, facade grants can help preserve the character of cities. Furthermore, a comprehensive city plan can help the zoning and planning department determine where is best to allow construction without drastically increasing traffic in certain areas.

If passed, the benefits for Ohio residents would be profound. Low and middle income homeowners would experience tax reductions, as the tax burden is shifted to vacant and unimproved land. Developers would no longer be punished for improving properties. Efficient use of land will be rewarded, inhibiting urban sprawl and protecting the environment. Neighborhoods will be better-kept and more lively, as blighted abandoned properties will be passed on to those who will use them productively. It is important to note that this policy will not push people out of their neighborhoods, and in fact oversees a decrease in property tax for low-income residents. For the benefit of Ohio residents, switching from a unified tax rate to a land value tax is imperative.

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