

Land Value Tax Shifts in Syracuse: Toward a Prosperous Future

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**Center for
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Executive Summary

Syracuse, New York, stands at a pivotal juncture, balancing a legacy of industrial decline and persistent urban challenges with the promise of unprecedented economic revitalization. The city's housing market is experiencing a dramatic surge in prices, even as the population remains largely stagnant and significant pieces of land remain stubbornly vacant. This complex dynamic is set against the backdrop of monumental publicly-supported investments, including the multi-billion dollar I-81 Viaduct Project and the colossal \$100 billion Micron Technology fabrication plant, alongside the enduring economic impact of its higher education institutions.

Set against this backdrop, a strategic shift which moves the local tax burden away from buildings and onto land promises to be a powerful mechanism to incentivize productive development, discourage speculative land hoarding, and ensure that the publicly-generated increase in land values benefits the broader community. This report models a revenue-neutral 4:1 split-rate land value tax shift in Syracuse and finds that the policy successfully shifts the tax burden from productive improvements towards vacant and underutilized land. This rebalancing results in considerable tax savings for residential properties and is notably progressive in its impacts, producing the most benefits for lower-income households and historically marginalized communities. A revenue-neutral land value tax shift would therefore help Syracuse meet this critical turning-point by stimulating growth while promoting equity.

This report was prepared by the Center for Land Economics. CLE conducts research and provides education on property tax systems to promote equitable assessments and foster sustainable development for the benefit of communities. I appreciate the thoughtful feedback and input from Stephen Hoskins of the Progress and Poverty Institute in compiling this report.

Syracuse at a Crossroads

Syracuse is a city with a rich industrial past and sits at a pivotal moment in its economic evolution. Once a thriving manufacturing and chemical hub, it has experienced a post-industrial transition, leading to decades of population decline and associated urban challenges. While the city's population has largely stabilized at around 145,000 since 2010 [1], it continues to grapple with volatile housing market dynamics [2]. Meanwhile, Syracuse continues to have vacant lots. According to assessor data, 8.9% of parcels in the city are vacant.

Syracuse's real estate market has recently experienced an unprecedented surge. Over the past year, the city recorded the largest home price increase in the nation, with the median house price increasing by 18% over the past year, to \$234,300 [3]. This rapid appreciation is largely attributed to dwindling housing inventory, intensified buyer competition, and the city's inherent affordability relative to other urban centers. As a prominent college city, home to institutions like Syracuse University and SUNY Upstate Medical University, the demand for housing in areas surrounding these campuses further exacerbates price increases, with the University Neighborhood alone seeing home prices up 30% in April 2025 compared to the previous year [4].

The economic landscape of Syracuse is on the cusp of profound transformation due to two monumental investments. The multi-billion dollar I-81 Viaduct Project, a \$2.25 billion undertaking slated for completion by mid-2027, aims to dismantle an aging elevated highway, reconnect downtown neighborhoods, and spur significant urban redevelopment [5]. Concurrently, a staggering \$100 billion investment by Micron Technology is set to establish a state-of-the-art semiconductor manufacturing campus just north of the city in Clay, promising to create thousands of direct and indirect jobs and fundamentally reshape the regional economy over the next two decades [6]. These projects are poised to dramatically increase economic activity and, by extension, further drive up property values, creating both immense opportunity and potential for land speculation in a city historically marred by post-industrial stagnation and vacancy.

A Tax Shift to Meet the Moment

These converging forces of rapidly rising house prices, significant infrastructure development, and major private sector investment underscore an urgent need for innovative policy tools to manage growth, ensure equitable development, and strengthen municipal finances.

A land value tax (LVT) shift is one such powerful tool, although it is often misunderstood. Rather than imposing a ‘new’ tax or increasing taxes overall, a land value tax shift rebalances the existing property tax system by reducing the tax burden on buildings, offset by increased taxes on land values.

This simple tweak to the tax structure produces a ‘carrot and stick’ approach to urban development. By reducing taxes on improvements, it incentivizes construction, renovation, and productive use of land, a critical need for a city with high vacancy and on the cusp of rapid growth nearby. Conversely, by increasing taxes on land, an LVT shift discourages speculative land banking and encourages efficient utilization of valuable urban space.

The benefits of such a tax shift are multifaceted:

- **Progressive Impact:** Land ownership often reflects in class divides. Shifting taxes from buildings to land tends to be progressive: disproportionately cutting taxes on the types of homes occupied by renters and low- and middle-income homeowners, while shifting the tax burden onto wealthy neighborhoods and speculative landowners.
- **Sustainable Development:** By penalizing underutilized land, a land value tax shift promotes infill development, reduces urban sprawl, and encourages more compact, walkable communities. This fosters a more environmentally and economically sustainable growth pattern.
- **Steady Municipal Finance:** Land values are inherently stable and often appreciate with economic growth and public investments, providing a more resilient and predictable revenue stream for municipal services than taxes on fluctuating building values. By implementing the tax shift, the city can capture the value of public investments into the city and return it back to the city’s benefit.
- **Addressing the Housing Crisis:** In the context of Syracuse's rapidly escalating housing prices, a land value tax shift is a vital tool. By incentivizing construction and disincentivizing speculative land holding, it can increase housing supply and affordability, directly addressing the pressures currently faced by residents.

Over a dozen cities in Pennsylvania have implemented similar policies to a land value tax shift and have seen increased development. Cities like Pittsburgh and Harrisburg, which adopted this approach, saw increased urban development and a noticeable rise in infill development, leading to a greater overall supply of housing units. Crucially, these cities also demonstrated resilience against the economic downturns of the post-industrial era, and the tax shift has been linked to benefits for residents of land value tax shift cities [7].

To understand the potential impact of a land value tax shift in Syracuse, this report utilizes comprehensive assessor data from Onondaga County, which provides detailed land and

improvement values for every parcel across the city. This granular data allows for a precise analysis of how such a policy change would redistribute the property tax burden and influence development patterns.

Understanding Land Value: The Foundation for Development

Effective urban planning and the strategic implementation of a land value tax shift require a precise understanding of where land value is concentrated within a city. While total property value is often considered, the average **land price per square foot (PPSF)** offers a far more insightful metric for urban development, as it directly reflects the underlying demand and development potential of individual land parcels, independent of the existing structures built upon them. A high PPSF indicates intense competition for space and significant economic potential, signaling areas where development is either highly desired or where land is being underutilized relative to its market worth.

As visually depicted in Figure 1, a map showing land PPSF with darker green indicating higher PPSF, land values are not evenly distributed across Syracuse. Notably, the highest concentrations of land value are found in Downtown, reflecting its central business district status, accessibility, and the agglomeration of economic activity. Significant land values are also observed along the I-690 corridor, a critical transportation artery that enhances connectivity and commercial appeal. These areas represent prime locations ripe for intensified development and efficient land use.

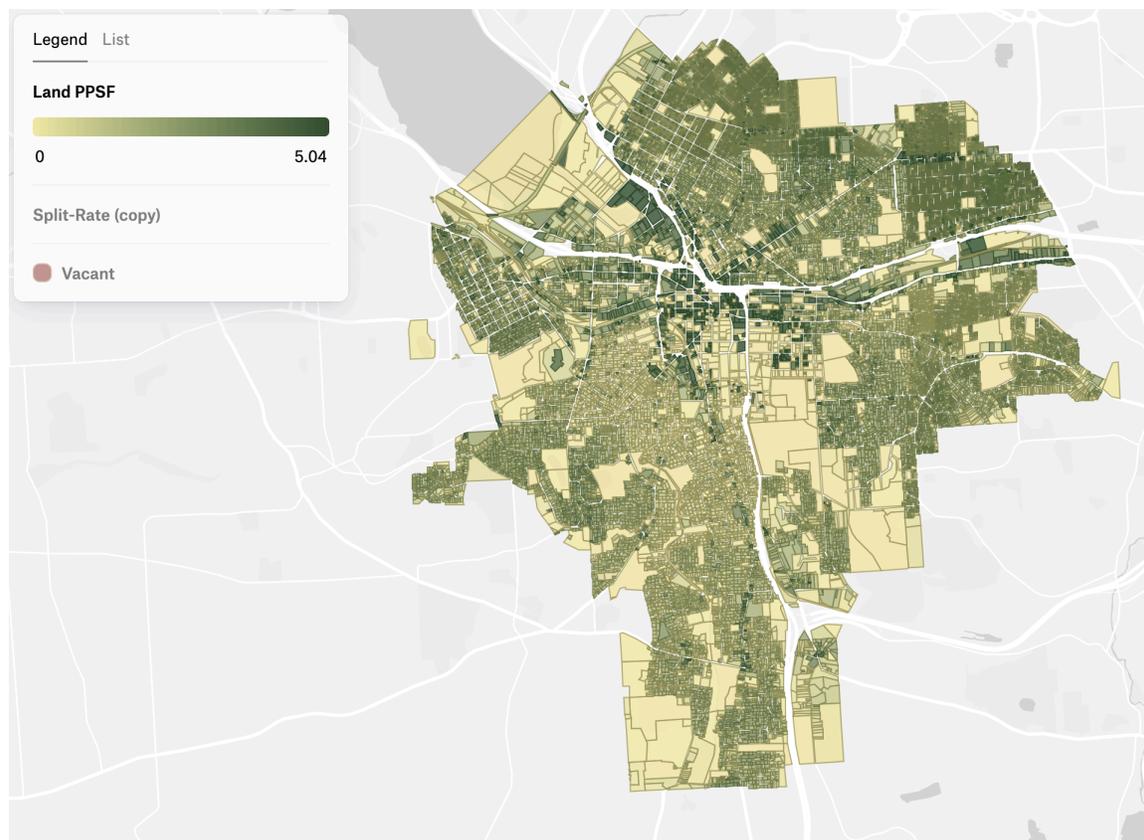


Figure 1: Map of Land Prices Across Syracuse

Table 1 presents a ranking of Syracuse neighborhoods based on their average land price per square foot, offering a quantitative perspective on land valuation across the city. Downtown

exhibits the highest average land price at \$12.97 per square foot, indicative of its central economic significance and development potential. Following Downtown, University Hill and Franklin Square demonstrate substantial land values of \$4.47 and \$3.78 per square foot, respectively, likely influenced by their proximity to major institutions and commercial activity. Several other neighborhoods, including Sedgwick, Far Westside, Prospect Hill, Hawley-Green, Eastwood, and Tipp Hill, show average land prices ranging from \$2.69 to \$2.37 per square foot, highlighting areas with notable underlying land value. This data underscores the uneven distribution of land value within Syracuse, with certain central and well-located areas commanding significantly higher prices.

Neighborhood	Avg Land Price Per Sq Ft
Downtown	\$12.97
University Hill	\$4.47
Franklin Square	\$3.78
Sedgwick	\$2.69
Far Westside	\$2.48
Prospect Hill	\$2.48
Hawley-Green	\$2.47
Eastwood	\$2.40
Tipp Hill	\$2.37

Table 1: Top Ten Neighborhood Land Prices Per Square Foot

Modeling a Revenue-Neutral Split-Rate Tax

To understand the tangible effects of shifting the tax burden from buildings to land, we modeled a revenue-neutral split-rate tax for Syracuse. This approach ensures that the city's overall property tax revenue remains constant, preventing any disruption to municipal services while redistributing the tax burden more equitably and efficiently.

Under the current system, the property tax for each parcel is calculated based on its "City Taxable Value", which is the assessed value of the property minus any applicable exemptions. This taxable value is then multiplied by the current uniform millage rate of \$9.264 per \$1,000 of assessed value. This calculation yields the parcel-level property tax. Across Syracuse, this results in a total property tax revenue of just above \$31 million.

Our model analyzes a split-rate system where land is taxed at a rate four times higher than structures (buildings and other improvements). To maintain revenue-neutrality, we calculated new millage rates for land and structures that would generate \$31 million, the same total tax revenue that is collected currently.

The calculated millage rates under this 4:1 split-rate scenario are:

- **Land Millage Rate:** \$22.59 per \$1,000 of assessed land value
- **Building Millage Rate:** \$5.65 per \$1,000 of assessed improvement value

It is important to note that in this model, any existing property tax exemptions are applied to the value of the structure, rather than the value of the land. This approach aligns with the incentive structure of a land value tax shift, where the goal is to encourage productive improvements (structures) while discouraging underutilization of land.

With these new millage rates, the parcel-level split-rate tax is computed by:

1. Multiplying the assessed land value by the land millage rate.
2. Multiplying the assessed structure value (after applying any exemptions) by the building millage rate.
3. Summing these two amounts to arrive at the new total property tax for each parcel.

This detailed modeling allows us to analyze the precise impacts of a land value tax shift on different property types and neighborhoods across Syracuse, providing a clear picture of how this policy could reshape the city's economic landscape.

Split-Rate LVT: Shifting Burdens, Encouraging Development

The modeling of a 4:1 split-rate tax in Syracuse reveals a clear shift in the distribution of property tax burdens. A split-rate LVT effectively reorients taxes away from productive uses of land and towards those parcels that are relatively underutilized. A particularly significant outcome is the general decrease in tax burdens for residential properties, directly benefiting homeowners and renters.

The data presented in Figure 2, which details the impact by land use category, highlights these shifts. As intended, the most substantial increases in tax burden fall upon land uses that are often underutilized or contribute less directly to the city's built environment, including vacant land and surface parking lots.

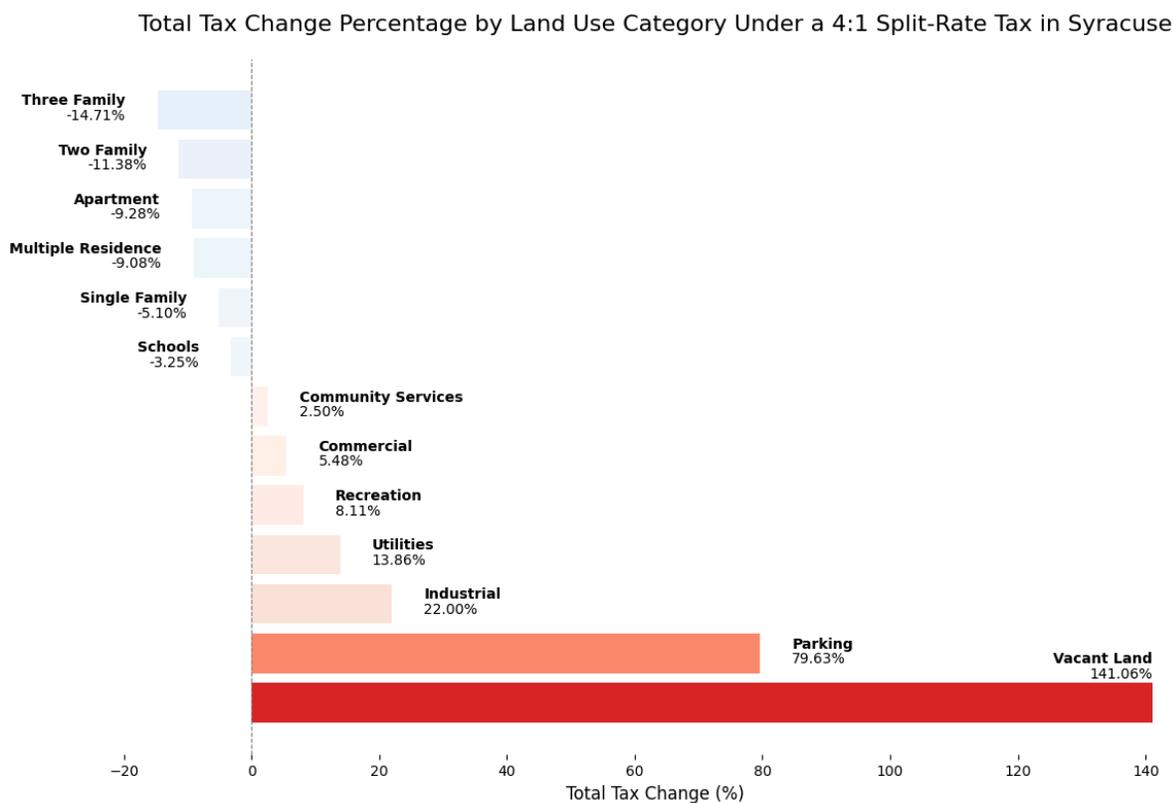


Figure 2: Split-Rate Tax Impact by Land Use

As observed, vacant land bears the brunt of the tax shift, experiencing a substantial average increase of over +140%. This significant increase serves as a strong financial incentive for owners of vacant parcels to either develop their land or sell it to those who will, thereby combating land speculation and encouraging productive urban infill development. Parking lots, which represent underutilized land in urban cores, also see significant increases of +80% on average. Industrial, Utility, and Commercial properties also see their taxes rise, albeit by smaller amounts.

Crucially, the data shows a widespread decrease in taxes for residential properties. Every residential category (single-family, two-family, three-family, multiple residence, and apartment) enjoys a reduction in their average and median tax bill. For instance, two- and three-family residences see their tax bills fall by -11.4% and -14.7% respectively. Meanwhile, single-family homes experience an average tax cut of -5.1%.

This outcome is paramount for addressing housing affordability, as it directly reduces the ongoing costs of homeownership and residential property management, making housing more accessible and sustainable for Syracuse residents. Tenants will also see benefits, as the LVT shift effectively rewards those who invest in building and maintaining residential structures, increasing the housing supply, thereby lowering rents.

The tax shift aligns tax incentives with the city's housing needs, by creating a fiscal environment that penalizes unproductive land hoarding while simultaneously fostering development and easing the financial burden on the city's crucial housing stock.

Spatial Impact of the Tax Shift

The impact of the land value tax shift is profoundly spatial, reshaping tax burdens across the geography of Syracuse. Mapping results for all parcels in the city, Figure 3 uses a color-coded system to denote the shift in tax burden:

- Greener areas depict parcels which experience larger tax cuts as a result of a LVT shift.
- Deeper colors of orange and red indicate properties which see their taxes rise. The dark red areas are vacant land, which sees a significant tax increase (averaging over 140%). This visual confirms the policy's intent to disincentivize holding undeveloped land and encourage its productive use.
- Uncolored areas reflect properties which are exempt from property taxes.

This map shows that most single-family residential neighborhoods throughout Syracuse will see a decrease in their property taxes under the proposed split-rate system. Conversely, tax increases are concentrated along major transportation arteries, such as highways, where land values are often high due to accessibility and development potential, but may currently be underutilized.

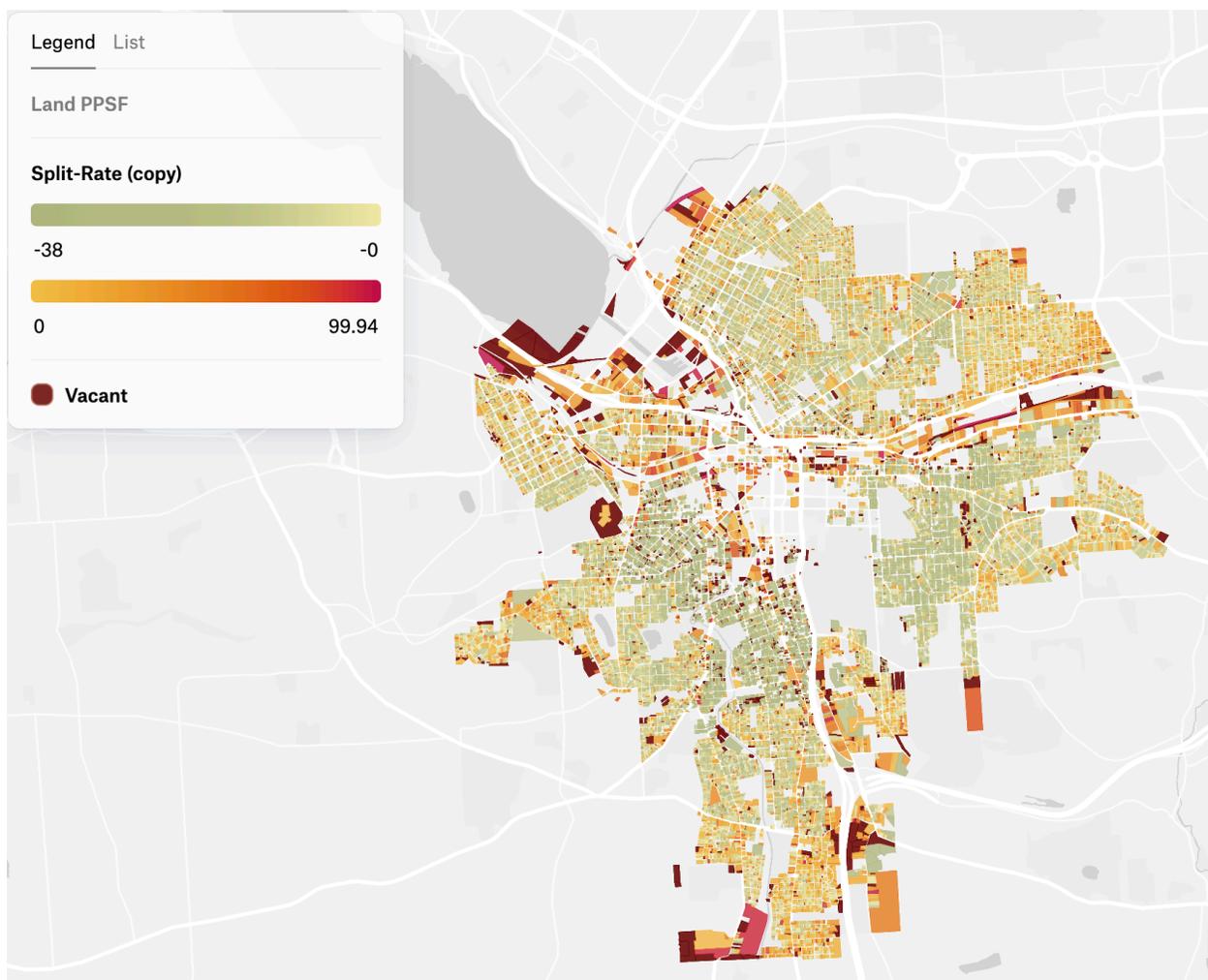


Figure 3: Overall Tax Change by Parcel

For ease of visuals, Figure 4 and 5 remove vacant land and split the gainers and losers into independent maps. Figure 4 highlights developed commercial and industrial properties facing higher burdens and signaling areas which are ripe for more intensive development. Conversely, Figure 5 illustrates tax relief across residential areas, indicating the potential for an LVT shift to alleviate housing costs for Syracuse residents. Tax cuts are especially clear in low-income neighborhoods to the south of the city, underscoring the progressive nature of the tax shift.

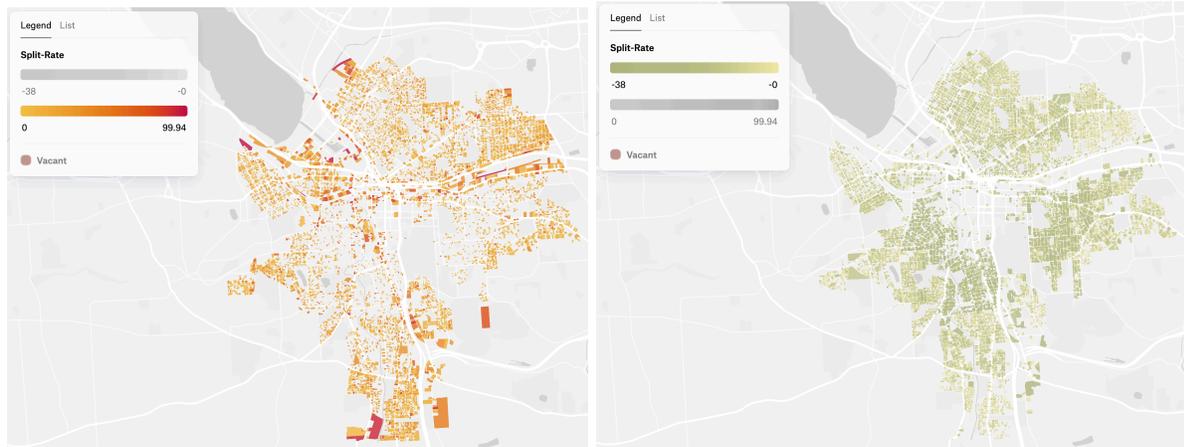


Figure 4 (Left): Parcels with Increased Taxes (Excluding Vacant Land)
Figure 5 (Right): Parcels with Decreased Taxes

Neighborhood-Level Tax Shifts

The results observable in the above maps can be summarized by analyzing the results of the LVT shift at the neighborhood level. Table 2 presents the projected changes in total tax burden for each of Syracuse's neighborhoods looking only at residential uses. Mixed-use buildings will often be classified as "Commercial" and get excluded from this analysis, so neighborhoods such as Downtown and Franklin Square have few parcels in this analysis.

Neighborhood	Total Parcels	Median Tax Change (%)	Mean Tax Change (%)
Downtown	6	120	101
Winkworth	422	3	10
South Valley	1730	2	10
Outer Comstock	788	-1	4
Far Westside	810	-2	3
Eastwood	4523	-2	3
Lakefront	51	-3	4
Sedgwick	1096	-5	0
Court-Woodlawn	2262	-6	0
Lincoln Hill	951	-6	-1
Meadowbrook	1764	-6	-2
Strathmore	1744	-7	-2
Park Ave.	604	-8	-3
Northside	2794	-8	-4
North Valley	1350	-9	-4
Tipp Hill	1296	-9	-4
Skunk City	578	-10	-4
Washington Square	930	-10	-6
Elmwood	1188	-12	-9
Brighton	1899	-12	-9
Salt Springs	1182	-12	-9
Hawley-Green	188	-12	-6
South Campus	29	-14	-8
Prospect Hill	209	-15	-8
Westcott	1376	-16	-12
University Neighborhood	1073	-16	-13
Franklin Square	3	-17	-14
University Hill	150	-19	-9
Near Eastside	257	-20	-12
Near Westside	1151	-24	-15
Southside	847	-24	-18
Southwest	675	-26	-18

Table 2: Tax Shift Impact on Residential Buildings by Neighborhood

Almost every neighborhood sees property taxes fall under the proposed split-rate tax shift. Notably, several neighborhoods are poised for significant tax relief. Southwest, Southside, and Near Westside, key residential areas, all show substantial average tax cuts, of over -20% for the median home. This suggests that these neighborhoods, which contain a high ratio of building value to land value, will see considerable financial benefits from the tax shift.

Conversely, Downtown stands out as the primary neighborhood where the overall tax burden is projected to increase significantly by over double, though only representing six of its parcels that are not mixed-use. Smaller increases are also observed in Winkworth and South Valley.

Other neighborhoods, particularly those with a strong residential character (like Eastwood, Sedgwick), and the University-adjacent areas (e.g. University Hill, Westcott, University Neighborhood), generally experience moderate to substantial tax cuts. This widespread relief for residential areas underscores the progressive nature of the tax shift, potentially making housing more affordable and fostering greater investment in existing structures across the city.

A Progressive Tax Shift for Syracuse

A crucial consideration for any tax policy is its fairness and impact across the socioeconomic spectrum. We find that shifting taxes from buildings to land in Syracuse would make the property tax system more progressive, offering greater relief to lower-income households and communities with higher percentages of Black residents.

To understand this, we connected our parcel-level tax change data with U.S. Census Block Group information, allowing us to analyze the median shift in tax burden across various income brackets and racial demographics. Again, we excluded vacant and non-residential properties preferring to focus on actual homes as the most direct measure of how an LVT shift will impact households. Figure 6 demonstrates the progressivity of this tax shift.

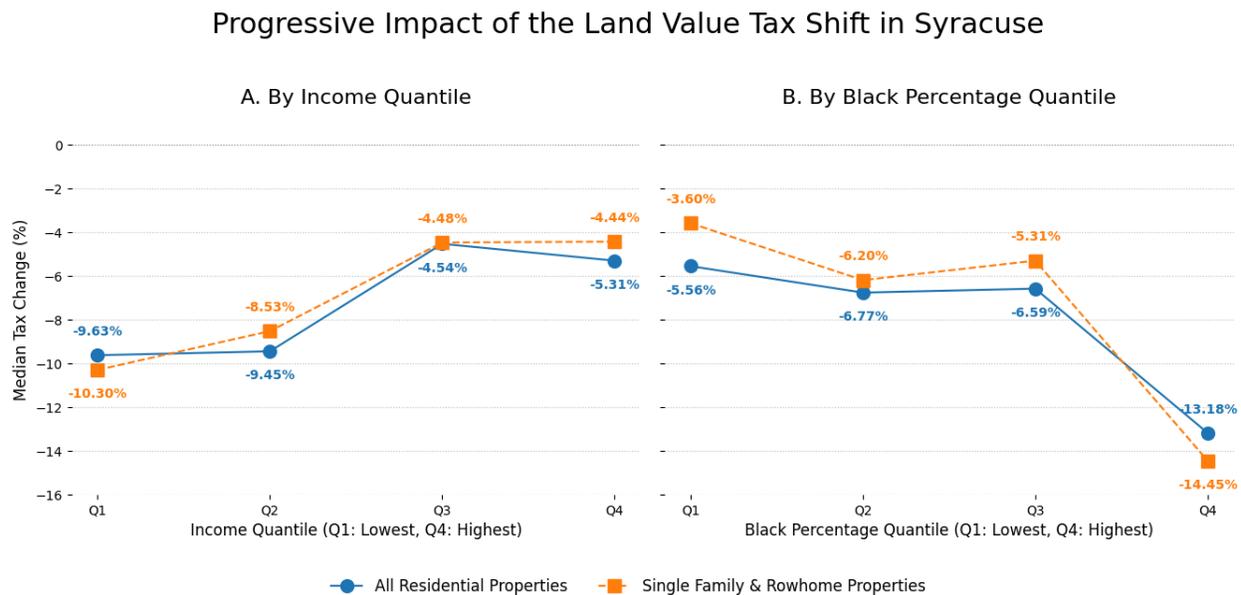


Figure 6: Tax Shift Impact by Area Income and Minority Quantiles

Looking at income, split-rate taxes shift the tax burden away from low-income communities by a larger amount than wealthier areas, reflecting the progressive impact of an LVT shift. Specifically, the lowest-income communities (Q1) would see the largest tax cut, of -9.6% for all residential properties and -10.3% for single-family homes and rowhomes. This is significantly more tax relief than the respective -5.3% and -4.4% tax cuts experienced in the highest-income quantile (Q4). This trend indicates that the tax shift would especially benefit those with fewer financial resources.

Similarly, the split-rate tax would shift the tax burden away from minority communities. Block Groups with the highest percentage of Black residents (Q4) would see the most substantial median tax decreases -13.2% for all residential properties and a notable -14.5% for single-family and row homes. These reductions are considerably larger than those in areas with the lowest percentage of Black residents (Q1). This outcome is crucial for addressing historical inequities, as it offers greater financial relief to communities that have faced underinvestment and housing discrimination.

In essence, by shifting the tax burden from buildings to land, Syracuse's property tax system would become more equitable. This policy change would offer genuine financial relief to those who need it the most, aligning Syracuse's tax structure with goals of social equity and inclusive economic growth.

Conclusion

Syracuse stands at a pivotal moment, poised between post-industrial decline and a new era of revitalization. The city faces escalating housing prices, propelled by transformative infrastructure investments and a persistent issue of vacant land. A forward-thinking response is essential to welcome growth, reward construction, and promote equity. A revenue-neutral land value tax shift offers just such a solution by penalizing speculative land ownership, encouraging infill development, and making the tax system more progressive.

Our analysis of a 4:1 split-rate LVT reveals significant benefits for Syracuse. Residential properties would see their tax burdens decline, with lower-income communities experiencing the largest tax cuts (a 9.6% reduction for all residential properties and a 10.3% reduction for single-family homes and rowhomes in the lowest-income quartile). Similarly, communities with the highest percentage of Black residents would see substantial median tax decreases (a 13.2% reduction for all residential properties and a notable 14.5% reduction for single-family and row homes). This shift in burden from buildings to land would unleash development potential in high-value areas while providing substantial relief to historically marginalized neighborhoods.

Crucially, this policy achieves these benefits without compromising municipal revenue, instead offering a more stable and growth-aligned tax base. At this pivotal moment, a land value tax shift wouldn't just reshape Syracuse's fiscal architecture—it would help realize a more equitable, dynamic, and livable future for all its residents.

Citations

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