The Visual Commodification of Landscape in the Real Estate Appraisal Industry, 1900-1992

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In 1991, city officials of Port Hueneme, California, cast about for a way to finance maintenance of their public beach without violating a state-wide cap on property taxes. They proposed a special assessment district along the first few blocks of beachfront property, arguing that good maintenance would most benefit those being assessed. The proposal graduated the assessment according to a formula involving proximity to the beach, square footage of the dwelling unit, and the amount of beach visible from the unit's windows. The Los Angeles Times reported that, "The proposed assessments, the first in California based on proximity to sea and sand—would tax a property's aesthetic value, with homeowners who enjoy a panoramic ocean view paying the highest rate," about \$184 per year. Views less than panoramic triggered deep discounts: "Those with obstructed views would pay about 35% less" than the maximum, and "those with no view, but within two blocks of the ocean, would pay the least," or about \$66 per year. Indignant residents called it "the view tax." Port Hueneme's Mayor repudiated the charge, certifying that: "Even a blind man . . . would have to pay." Residents quickly filed a lawsuit and town managers and auditors from Orange County to Oregon waited for the results [Pummer, June 1991, p. B1; Pummer, July 1991, p. B1; Saillant, 1992, p. B2].

Lost in the acrimony was a sea of agreement: views were taxable. The city had just proposed as much while residents, for their part, objected because the proposal amounted to a double taxation. Their views were already taxed. The view—how much view and how good—was already a factor in a unit's market value and existing property taxes were already based on that value. An assessor for the county government agreed: "We appraise and tax those benefits that are put into real money terms when someone buys for the beach location and view. . . . people have already paid their dues for being next to the ocean." Further agreed upon was that views were mediated by a number of institutions, including real estate markets and city government, as well as a network of courts ready to protect views from future obstruction. Residents of Port Hueneme were not surprised to find that their views were managed, priced, packaged, exchanged, and taxed within the existing system of property relations. They just didn't want to be taxed a second time.

Almost no aspect of this situation was evident at the beginning of the twentieth century: real estate markets were spotty, a primitive form of zoning had only just been upheld by the Supreme Court, aesthetics was certainly no basis for law, and no method existed, or was even proposed, to determine the cash value of a view. The only aspect of the proposed tax in evidence around 1900 would have been the appreciation of a fine view. More than simply local politics, the real estate market's assimilation of view in Port Hueneme, unexceptional by all accounts, reflects an historical change in how views were believed to be "owned" and a corresponding shift in definitions of real property. A great deal of cultural work preceded the 1991 consensus that the sight of something might be taxed. Although many distinct fields contributed to this development, in this essay I consider the role of the real estate appraisal industry.

Individuals had earlier made their living brokering land, but they organized only after the turn of the twentieth century, establishing a national realtor association in Chicago in 1908. With industrialization revamping the forms of wealth, and with hucksters taking advantage of the confusion, improving the new profession's public image and articulating an ethics upon which popular trust might be granted was the association's first task. The rapid rise in mortgage credit for homebuyers and the related increase in institutional participation in mortgage markets put pressure on real estate salesmen to demonstrate plainly their claims of value. Once begun, the professionalization of real estate appraisal was rapid in response to the growing pace of land transfers, increasing numbers of lenders, and greater consumer awareness. The American Institute of Real Estate Appraisers formed early in the 1930s and began publishing its journal, now called The Appraisal Journal, in 1932. Appraising quickly assumed a central role in everyday affairs in America. The profession's fundamental task, "establishing a measure of value," was so familiar to the average citizen that by 1937 Stanley McMichael, author of one of the industry's leading handbooks, marvelled that standardization hadn't occured much, much sooner [McMichael, 1937, p. 6; Davie, 1958; Rabinowitz, 1978, Weiss, 1987].

Although determining value was the cornerstone of the profession and doing so scientifically was its ambition, "value," to many appraisers, was a desperately vague term [Pollock, 1930; Pollock, 1940]. The first or second chapter of any appraisal manual was usually titled: "Value, its meaning and how to measure it" [McMichael, 1937]. There was something mysterious in the way an appraiser saw a profit margin where the layman saw just a meadow. And the layman might well be excused since, according to the *Appraisal Journal*, the "question of what makes things valuable is probably one of the oldest problems in economics" [Ross, 1938, p. 120] Accordingly, even in the most sober manuals, "value" was defined in a general way as the "aggregate properties of a thing that make it useful or desirable" or the "present worth of all the rights to future benefits of ownership" [Association of Appraisal Executives, 1936, p. 11]. Rather than a weakness, such definitions were designed to allow for the range of often unpredictable influences on property value. Appraisers worked

with "intangibles" and "externalities," that is, abstract or remote factors that might nevertheless have direct impact on the evaluation of a specific parcel of land. A property's worth could be affected by shifts in global politics or national credit markets or, equally, by the bad taste of an eccentric neighbor or the whimsy of a prior owner. For the appraiser, what was common to all such influences was that they had to be made "comparative and measureable in terms of money or its equivalent" [Pollock, 1940, p. 248].

Of all the various types of real property, detached single-family houses were the most troublesome. One reason was that they were assessed by "indirect" means. Direct indicators of value included revenue streams from goods produced on site, but a primary attraction of the residential suburb was that it had nothing to do with productivity per se. Instead, to evaluate one property, appraisers had to look at other properties. Worse, these other properties were determined less by comparability than by the simple fact that they had recently changed hands. Hardly scientific, this process was accepted by default; various commissions in the 1920s agreed that the value of residential real estate was "more or less" ascertainable in the market and, in any case, no more precise method could be found [Jensen, 1931, p. 50; Silverherz, 1936, pp. 1-9, 255-66; Henderson, 1931, pp. 136 ff.]. Decades later, the single-family house remained both "a perennial appraisal headache" and "the keystone of the appraisal business." Suburbanization had made single-family housing, with its resistance to precise assessment, the most common form of land ownership in America [North, 1954, pp. 7-14].

Appraising detached houses was difficult for another reason: the people who bought them. Individual properties were bought by individuals, which meant that market data were finally corrected by somebody's idiosyncracies. In other words, volatile subjective values overruled calculations of worth. The industry saw early on that bringing these subjective values to light and ascribing to them economic value, was one of its most important tasks, and one of its most frustrating. A 1912 article in *Real Estate Magazine* began:

If more people could be induced to look upon houses, lots and acreage as ordinary commodities . . . instead of feeling that the minute the land element enters some mysterious and subtle condition, quite apart from the laws of supply and demand and comparative values, governs their transactions, it would not be so hard to answer the question, 'Where shall I buy real estate?' [Day, 1912, p. 22]

Brokers were advised therefore to learn not only local markets but buyer motivations. In the 1931 Standards of Practice for Realtor Appraisers, A.P. Allingham summarized the dilemma: "In a residence occupied by an owner, clearly [the expectancy of future benefits] is not one of income but of satisfaction, service, protection, and intangible benefits which cannot be measured in terms of money. Yet we are here faced with the obligation to do some mental gymnastics and find a money value." Allingham went on to liken apprais-

al to magic: "In the alchemy of appraising the Realtor must transmute the intangible into the tangible in such proportions that the result will be a reasonable and fair value in exchange, which anyone of a dozen "John Does" would be justified in paying" [Allingham, 1931, pp. 183-84].

At the core of the profession's mandate, quantifying value was crucial also for bankers, who were reluctant to lend their money for ephemeral qualities. Recognizing that appraising real estate was no science, appraisers nonetheless tried to regularize the mechanisms by which differences between unique properties might be classified, compared, and calculated. One of the most important tools in this effort was the appraisal form, a checklist offered in many manuals and eventually standardized under the auspices of the Appraisal Institute. While views were noted anecdotally in discussions of value, no appraisal form in the early 1930s included a place for them. If anything, attention was directed toward more tangible aspects of valuation. Allingham's 1931 "demonstration appraisal," for instance, emphasized physical possession of tangible things—"the things the walls enclose," as he put it—and the dollars paid for them. In this model, the appraisal class of real estate was based on the house itself: its finishes, features, systems, and surfaces [Allingham, 1931, pp. 186-89].

The appraisal form lent itself to this objective accent, but the limits to measurement had been a consistent concern in the field. Frederick Morrison Babcock, a founding figure of the industry, suggested in 1924 that intangible aspects of a property should be considered in general terms only. He wrote: "No attempt is made to deliberately study and measure each element of value." Instead, the home must be judged "as an entity . . . all such unmeasurable elements are considered in terms of the home as a whole" [Babcock, 1924, p. 208]. By definition, intangibles simply did not lend themselves to measurement. For example, realtors for a contemporary Los Angeles subdivision described the economic value of views from their site at the same time they claimed to be giving them away; a series of advertisements declared: "The incomparable picture of mountain, valley and city, framed by the windows of Angeles Mesa homes, has a substantial cash value—but we charge nothing for it," and another: "At Angeles Mesa this glorious, entrancing view costs you nothing" [Angeles Mesa, 1919, emphasis in original].

By the end of the 1930's, though, such largesse was increasingly rare. Writers typically included some thoughts on ways to measure the view's contribution to property value. McMichael had appended to the 1937 edition of his manual two tables suggesting adjustments for aspects of home appraisal. Without being any more specific, the tables suggest that "View and climate" could add up to fifteen percent to the value of a home. McMichael, not very committed in this regard, thought the tables "interesting" [McMichael, 1937, pp. 329-30].

An urban economist, Carol Aronovici, concentrated on views in his 1939 book, *Housing the Masses*. How was a view valuable and in what evaluative category does it belong, he asked. He concluded that although the view was not

actually part of the site, it still came under the heading of "raw land." He conjectured that with increasing standardization of dwellings, views might actually determine property value. Taking the simpler case of apartment rentals, he wrote that, "given a particular standard of uniformity in the planning of apartment space, . . . rents could be based upon a differential derived entirely from the outlook to window space." Still, he continued, "Just what standard of measurement could be applied is difficult or impossible to determine" [Aronovici, 1939, pp. 4-5, 15-16]. Acknowledging the view's value was one thing but, with value located so resolutely with the viewer, measuring it was altogether different.

Professionally mandated to transmute intangible into tangible values, appraisers were undaunted. Views, moreover, were increasingly emphasized in related fields. With glass cheaper, flatter, and available in larger sizes, and with a modern architectural style often characterized by its large windows, many architects capitalized on their ability to make the most of views. Interior designers in the 1940s worked hard to assimilate the outside space that was becoming more and more a part of the inside. Brokers, too, advised by trade periodicals to highlight emotional incentives in their classified ads, more frequently extolled views to attract potential buyers. A single issue of The Los Angeles Sunday Times from the early 1950s offered a dizzying array of them: "Million \$ View," "View from Bel-Air," "4 Acres, Sweeping View!," "San Marino Vista", "scenic views in every direction," "Cosmorama," "CHINA...this 2-BR home has a view to China from its living room," and "View that must be seen." Views were often linked explicitly to modern architecture and its glass walls: "Magnificent panoramic view from your wall of glass living room," "View-Modern," "Unobstructed ocean-mountain view. Plenty of glass." Likewise, subdivisions were named to highlight the view: "Grandview Park," "Mountain View Homes," "Sunland View Estates," "Hillview Park Estates," and "Green View Homes" are a few examples. "Panoramic View" was sometimes used as a place heading in classifieds, appearing just before "Pasadena," and "Hilltop View" occasionally preceded listings for Hollywood [Real Estate Classified Advertisements, 1953].

With views thought to be a major motivator of sales, appraisers could no longer treat their evaluation of them so casually. It was during this period, the early 1940s, that "view" began to appear as a line item on appraisal forms. By 1951, the National Real Estate and Building Journal asserted that "rule number one" of planning a home was to focus on the site. This was less a matter of square footage than it was of finding the view and then fixing it in a house plan: "Instead of going to the lot with a measuring tape, I take along a surveyor. We determine the location that will get the best view . . ." ["You Have to Watch," 1951, p. 18]. The same year, The Appraisal Journal published its first full-length article on "The Value of View." In this article, Leonard Cowley, a professional appraiser, asked: "What is the value of view? . . . Can it be set apart from the other components of a property as so many segregate a property's site and structure? Is view an entity . . . ?" View, he wrote, was a "magic word," it "transforms a house into a home." Unfortunately, there just weren't enough

good ones to go around: "Nature is unable to supply a limitless amount of view," he wrote. However, Cowley thought the shortage should be taken as a challenge. Views were much too valuable to do without:

When one cannot capture a view he must create it. Artificial view is becoming more and more a necessity in those areas where duplicate houses, similar in shape, size, color, and construction limit the possibilities of natural pictures. They cannot all have selected natural view. Here prefabricated view comes to life.

Focusing on questions of value, rather than architectural proprieties, Cowley wrote that house plans should actually be dictated by the view: "It is the arrangement of rooms that must be subject to correction in favor of the view." Design features might attract a visitor, but, as Cowley put it, "it is what he sees through the windows of that house that makes him wish to remain." In an era of advancing standardization in housing design, the view gave a house its individuality [Cowley, 1951, pp. 239-42, emphasis in original].

Despite placing view at the very center of the home, Cowley still hesitated translating it directly into dollars and cents; its value was ultimately subjective and could not therefore be adequately measured. Nevertheless, he left the door open: his article, appearing in the leading organ of American real estate appraisal, was ardent; had any appraisers missed the role of view up to that point, they could no longer. While he left unanswered his question regarding the objecthood of the view—"is view an entity"—he was confident enough of its attractions to summon it into the arena of finite and competing resources.

The question of more precisely evaluating immaterial factors drew the attention of other appraisers as well. Channing Beeth, also in 1951, described "certain peculiar and intangible advantages" of property, which he termed "amenities." He contrasted these with the "purely utilitarian values derived from the cost of the physical property," which were the usual basis of appraisals. Appraisers, he argued, needed to distinguish "between the utilitarian and the esthetic elements in a property." The latter, he emphasized, are "abstract, yet real." Lending institutions, in particular, needed to recognize these amenities. Lenders traditionally focused on utility and cost to establish their lending limits since they considered, reasonably enough, potential default and the subsequent need to rent or sell a residential property. Appraisers, however, already relied in their judgements on comparative values obtained through market data; these were growing more and more reliable. Such data, as well as his own professional appraisal experience, led Beeth to conclude that intangible amenities actually made for more satisfied and, thus, more stable borrowers and for more attractive homes in the case of default or a soft market. Lenders, he believed, would be safe accepting what was fast becoming common appraisal practice [Beeth, 1951].

Soon after, in 1954, in the landmark case of Berman v. Parker, the United States Supreme Court upheld visual aesthetics as a valid basis for adjudication. In the nineteenth century, "prospects" had been explicitly excluded from legal

protection, precisely because no economic harm could be seen proceeding from the loss of one. A number of cases following the Court's decision, however, specifically sought monetary damages for ruined views. Most often, these cases focused on public lands or urban areas where conflicts of visual interest are often more complicated. With development proceeding briskly in the 1960's, a number of studies tried to balance continued growth not only with existing uses, but in relation to existing views. Beauty for America, for example, was the massive study produced by the Johnson administration in 1965 that proposed a national armature for the preservation of scenery [Beauty, 1965]. The following year, the American Society of Planning Officials sponsored the development of "View Protection Regulations" for urban areas, drawing on the prior efforts of municipalities [Parke, 1966]. Scenic easements, that is, the right to view a scene in perpetuity, were fast becoming a tool of land management.

In 1960, The Appraisal Journal's legal forum, "The Appraisal Docket," noted the courts' recognition of "damage to esthetic values" in determininations of injury from governmental takings. While scenic easements appear much earlier as a land management tool, the issue at stake centered on determinations of value for purposes of compensation [Edman, 1960]. By 1967, appraiser Charles Seymour lamented that "More and More of my Reports are Valueless." The reason, he explained, was that valuations were rapidly changing as real property was construed in increasingly abstract ways. He noted, in particular, the attention dedicated to landscape views, and predicted that: "Much more will be made of scenic easements in the near future. They may be our most challenging new appraisal activity" [Seymour, 1967, p. 462; Bosselman and Callies, 1979, pp. 41-54]. Since then dozens of studies have been conducted to determine the value of views and to propose means of protecting them [Tunnard, 1978; Smardon, 1993].

By now, "vista management" is a well-defined area of land policy, employing entities such as "visual resources" and "view corridors," as well as "scenic easements." Views have become an everyday object in what one historian calls "the legal landscape." With greater trade in scenic easements, their economic value needs to be established firmly and fairly. Appraisers have correspondingly developed sophisticated methods for measuring the value of the view. Even remaining strictly within the area of single-family houses, views have been measured with ever-greater precision. A 1994 study in Appraisal Journal, for example, used multiple regression analysis of market statistics "to estimate the value of a view in a residential housing market." "How much is a 'good view' worth in a single-family housing market?" the authors asked. Like a wide driveway or a second bathroom, the view was an amenity, in fact they called it a "view amenity." Breezing past aesthetic evaluations that have plagued art critics for centuries, the authors defined visual beauty as "something that a typical buyer is likely to find appealing." Moreover, different markets accounted for views to different degrees [Rodriguez and Sirmans, 1994].

The process of coming to see views, especially those over other people's property, as economically valuable components of one's own property, and the

efforts to stabilize and protect value, are steps in the visual commodification of the everyday landscape. They may, in fact, define it. They were steps taken by a number of professions in addition to appraisers, and homeowners, who stood to profit from their views, lent their blessings. And, once a view could turn a profit, it could, logically speaking, be taxed.

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