

Figure 1: A rise in  $\lambda$ .

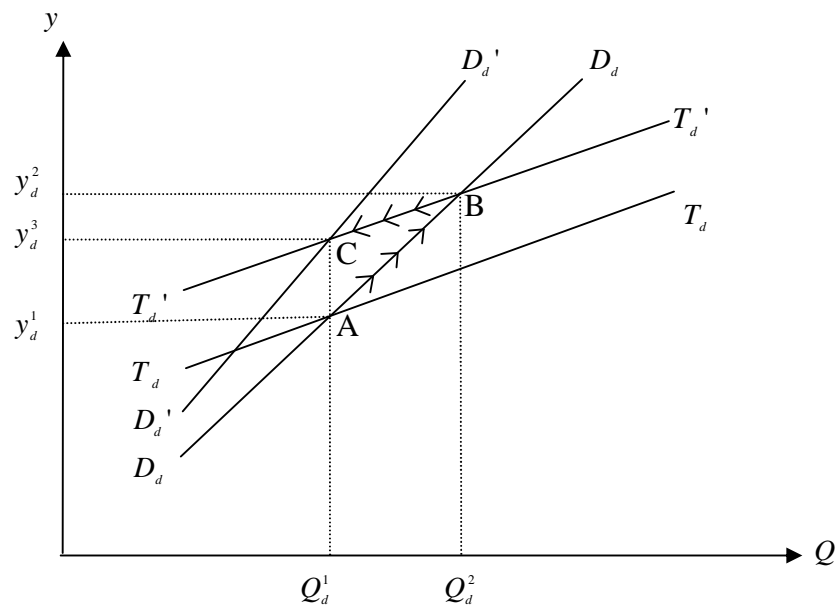


Figure 2: A rise in  $u$ .

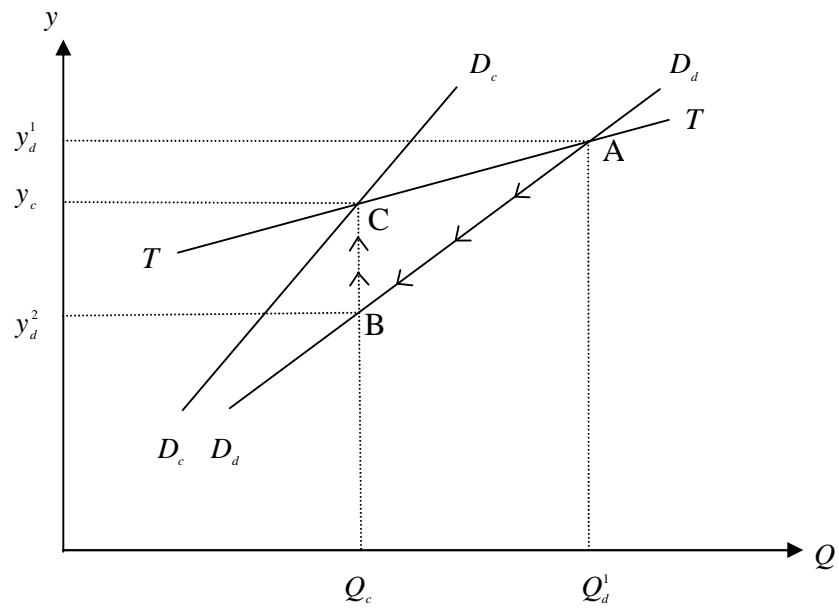


Figure 3: Difference between the centralized and the decentralized economy.

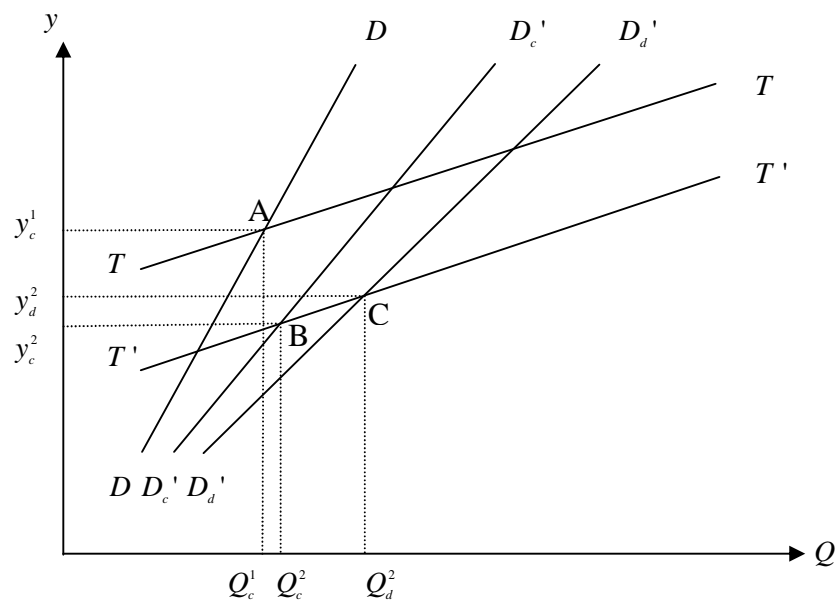


Figure 4: A rise in  $N$ .

Table 1: Comparative-Statics Results

Variable	The probability of threat of development prohibition $\lambda^*$	Property-tax rate on improvement $\mu^*$
The number of landowners, $N$	+	+
The size of externality, $a$	+	+
The expected growth rate of the rent of developed land, $\alpha_2$	$\pm$	None
The expected growth rate of the costs of development, $\alpha_1$	+	None
The total instantaneous volatility, $\sigma$	-	None