

REAL ESTATE
INSURANCE
MORTGAGE LOANS

ROBERT BLACKLOCK

ESSEX 2-4123
NOTARY PUBLIC OF N. J.

793 LYONS AVENUE
COR. LINCOLN PLACE
IRVINGTON, N. J.

Mar. 30, 1938

The Freeman,
211 W. 79th St.,
New York.

Gentlemen:

Your request to submit a plan to get us out of the Depression has caused me to write an article explaining from a real estate man's viewpoint the remedy, and as a Georgist who graduated from one of Dr. Bowen's classes, I believe the plan herewith enclosed may be of some benefit, because land is worthless ~~without~~ unless labor using capital makes use of it to create wealth, and my plan proposes the taxation of land only, exempting all the Impts.

If this system could be put into operation, we would soon have permanent prosperity. I have built houses and I would be willing to demonstrate this plan if the above system were in operation.

The Stevens Institute of Technology sponsors a Chataqua in the Jersey Hills each summer and last summer one speaker said we had 7,000,000 graduate engineers unemployed.

Italy had 5,000,000 unemployed youth and Mussolina promised them Social Security, so they followed him and he marched on Rome and announced he was The State. So these youth now have a gun and uniform and are busy murdering people in foreign lands.

Such a thing could happen to this country, if some loud mouthed individual can get their ear, and it's just too bad our schools cant teach our children in simple language, Fundamental Economics, so they can understand that all wealth is created by human labor having access to the land, and not if they can only get this thing called money, which per see, is worthless.

Yours very truly,

11334

Robt Blacklock

P. S. I enclose copy of letter sent Newark Evening News comparing Newark Tax costs with Sidney, Australia, using article from The Freeman. News declined to publish it

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Way To Prosperity

March 30, 1938

As a real estate man in business 30 years, I advocate placing all the tax on land and exempting all Impts. My reasons are as follows: When a man builds a home he has to borrow 80% of the cost, because 90% of all buyers have no more than 20% of purchase price. This may represent the value of his lot. The tax is usually about \$40. on the average lot with all Impts. in street. When he finishes his house, the tax assessor places a value on it and the following year he gets a tax bill for at least 4 times ~~as much as~~ the land. (In this house the tax was 6 times the tax on the land) With the 80% mortgage payable monthly, as to interest and principal, and the increased taxes, no allowance for fire, water and repair bills, he is just a sucker for the mortgagee or the ~~town~~, because if he defaults in mortgage payments the property is foreclosed and if he defaults on tax payments he is fined 8% interest and if taxes remain unpaid the town buys it at tax sale. So his chance of keeping his home (for the average home owner) is just the same as a snow in hell. I can verify this by sending you the Newark Evening News whose columns contain 2 or 3 pages of foreclosure every month or so, about 25% of which are Home Owners' Loan Corporation mortgages. Make tax \$80. on land or less, exempt building. The plan to tax land only would benefit all the people, because government each year could reduce taxes by 10% or 20% on all present Bldgs/and in 5 or 10 years all Impts. would be exempt from taxation and some of the ~~taxes~~ could be placed on the land, especially on business sites, thereby making up some of the revenue, but government would gain, because every municipality has hundreds of lots acquired thru tax sales, carried as assets on the books, but they are like dead horses that the taxpayers have to carry. The Home Owners' Loan Corp. has in our state \$175,326,988 invested in - 36339 Mtges. representing an average of less than \$5000. (This average - mtge. loan indicates the home owner) 307 Mtges. have been paid, 6271 foreclosed, 16274 paid up or less than 3 weeks in arrears, 11395 more than 3 months in arrears, but 6500 of these are regarded in good standing, because the loan has been recast making the payments higher. I know, because I am 1 of them. The method of payment by the home owner is to pay 1 month on the mortgage and next month on the taxes, so eventually the corporation will own 80% of them. The law of rent dictates how much food, clothes, Etc. a man can buy. The average wage thruout the country is \$17. per week and the average rent in our state is \$25. per month. So what happens? The owner in the majority of cases can't collect the rent, the tenant is dispossessed and a short time later the mortgagee or the town owns the property, so then you have the relief problem and not alone the tenants, but ex-owners, too, become applicants for relief. Newark has 8000 relief tenants and the owners are given credit on their tax bills, but the city will only paid \$15. per month per tenant, so a short time later the owners are in the same class with their tenants. I received today from an insurance concern a magazine asking and the magazine stated that the banks thruout the country had \$16,000,000,000 in realty and asking insurance men if they were getting their share of fire insurance. This realty all acquired thru foreclosure. I have in my files \$100,000,000 of realty listings. Foreclosures, Ad Infinitum.

N. J. State Housing Commission completed survey of housing conditions in

from the library

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Newark, our metropolis. We have 44451 Dwellings, some multi family. 4706 unfit for occupancy, 17852 needs major repairs, so half of the Dwlg. have no value, because if you are to make major repairs, it amounts to practically a new house, but Newark has made an 1938 budget for \$45,000,000 increasing the rate to \$5.34 or \$1.64 per \$100. of value, Last year \$3.70 per \$100. The citizens are very indignant, over 1800 jammed the City-Hall in protest. Over \$9,000,000 of the budget represents interest on bonds Newark drove the Standard Oil Co. out, because they found the company had 300 million of personal property. Office equipment, Etc. and demanded \$5 million tax money. Co. paid \$2,000,000 and moved to Elizabeth, N. J. taking about 500 clerical workers with them. Elizabeth was content to have them remain, but the Union Co. Tax Board (Elizabeth being in Union Co.) decided to assess on \$75,000,000, so company moved to Flemington, N. J. A number of insurance companies and others have moved for the same reason. so after awhile the city will be in the real estate business, by their system of taxation and the politicians will have the pleasure of rent collecting, Etc. John L. Lewis demands the government provide \$3, Billion to put 13,000,000 unemployed to work.

Our crime control bill is from \$13 Billion to \$18 Billion per year and the type of criminal is the youth from 16 to 21 years old. These boys, full of life, with nothing to do, naturally do things they should not do and get in the clutches of the law. In our own state the CCC has 3 times the amount of applications than there are jobs for.

All this could be changed by putting the tax where it belongs, on the Land. If you don't believe it, have some one look up Building Records in N. Y. City Hall, from about 1920, when N. Y. passed a law exempting all Bldgs. housing families from taxation for 10 years.

I have done building and if this method of taxation were adopted, I would do it again.

George White of Asbury Park, N. J. says, "Our State Constitution is unique, we can, apparently, discontinue the practice of levying annual fines on those who build and improve, and those who acquire personal property - Believe it or not", but the average real estate man has about as much understanding of the 3 factors used to create wealth as the average school boy, so it is up to us of this state to put into practice of discontinuing the practice of levying annual fines on the producers who create the wealth.

I state that half the dwellings have no value, because Fredk. M. Babcock, in his book, "The Appraisal Of Real Estate", states that a frame house has no value at the end of 30 years and a brick house at the end of 40 yrs. What at the end of that period, ~~the original cost of the land and Bldg.~~ the land should equal the original cost of the land and Bldg., because of enhancement in land value. From my experience I agree with him, to a certain degree, for while the land, if rightly located, would increase, it might not increase in value to equal the original cost of land & Bldg. This would depend a great deal on the trend in the neighborhood, as ~~a~~ type of development that would take place, such as business, industrial, Etc. He is advisor to the F. H. A.

Robt Blacklock

Mar. 3, 1932

To the Editor,
Sir:

is in prospect.

Your news item Feb. 19, "Previous Debt Boosts Budget", and "tax a tax levy several millions dollars in excess of 1937 total of over \$35,000,000 ~~unintended~~". There is no limit to the amount of tax-resources required by government, because each year it goes higher, and as you have practically stagnation in practically all lines of industry with millions unemployed. This week at Newark Picture Houses are being shown the 150th Anniversary of Sidney, Australia. It is a city of over 1,500,000. Sidney is the 2nd largest city in British Empire and has no slums or slum conditions. All their revenue is obtained from land value taxation. Roy Hendy, Town Clerk, explains how Sidney does it "The unimproved capital value, land value, basis of taxes has been in existence since 1909 but up to the 1916 was only partially in operation, the authorized and enforced rating powers till that time being dual rating comprising a system based upon the assessed annual value and the unimproved capital value. The incidence of the one tax has been to relieve the rating liability of the residence wards very considerably at the expense of the main or commercial wards. The tax payers have, however, cheerfully accepted the position and the prosperity of the city has not become affected therein".

The last fiscal year of which a report was had, the total expenditures of the city amounted to \$5,152,000. of which \$4,392,500 was raised from rental value of unimproved land. The remainder of the expenses of the City about \$750,000. came from licenses, fines and various fees incident to the management and control of the City. The District of Sidney has just recently finished the famous Harbor Bridge connecting the city of Sidney with North Sidney at a cost of \$50,000,000. The cost of this bridge is taken care of from the funds received from the ratable value of unimproved land. The latest report gives the rates levied as a City Rate at 4 1/2 pence in the pound; the Bridge Rate 1/3 of the penny in the pound; mainroads rate, 7/32 of a penny in the pound, making a total charge in our language of 2.3%. This does not seem exorbitant when one remembers that the basis on which this is calculated includes no impts. whatever.

So Newark requires 7 times more money in taxes to operate its business with a population of less than one-third of Sidney, who has a population equal to any of our cities, excepting N.Y. Phila., & Chicago.

The above shows that if we had a just system of taxation, we would have no Depressions, or should I be polite and say, "Recessions"