Our Blighted Capital

A NEWSPAPER report from the Washington (D.C.) Post indicates that the nation's capital, a once-beautiful city now badly in need of reconditioning because of the prevalence of wretched slum areas in the heart of the city, may, in its extremity, consider the principle of land value taxation.

According to the staff reporter, Jerry Landauer, "district officials are weighing far-reaching changes in the real estate tax structure designed to take the profits out of slum properties and stimulate building in blighted areas."

Since tax inducements, as weapons against blight, have been considered in many cities—among them Pittsburgh—a report and recommendation now being prepared considers two approaches to urban renewal, he reports. But if these were approved, Congress would have to approve revision of the assessment policy.

The two approaches being considered are: granting real estate tax exemptions or abatements for specific periods on new homes and other buildings in run-down neighborhoods; and switching to the site valuation method of assessment (with land taxed more heavily than the improvements on the land).

The theory behind the site valuation method, writes Mr. Landauer, is this: "the value of land depends somewhat on nearby public improvements, roads, schools, etc., and therefore should be taxed at a higher rate than improvements, which tend to rise and fall with the owners' investment in upkeep.

"Under site valuation, the tax rate would be determined by the potential, not the actual income from land."

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FARM REAL ESTATE VALUES

(From The Wall Street Journal)

Farm real estate values July 1 were 172 per cent of the 1947-49 average, one point higher than a year earlier. The chart shows annual figures only in all years previous to 1960. However, the figure, which is calculated three times a year, November 1, March 1, and July 1, was down one point from the record reached March 1. Specialists say the decline may continue because farm land values are now up to 9.7 times earnings per acre, against about six times in the years 1950-54.