

QUESTIONS AND ANSWERS.

QUESTION.

Supposing that the Single Tax was in force in America and a man had erected a residence, say of the value of ten thousand dollars in a city, and the growth of the city becoming rapid, land values increase so fast, his taxes likewise increasing, that he can not afford to pay such increase for residence purposes. His residence being his sole property except a small income sufficient only for living expenses without the increased tax on his lot, would he not be in a sad predicament? For he could not move his residence to another location without destroying its value, neither would he be in a position to tear it down and erect a building of sufficient capacity to enable him to pay the tax on his lot. Or supposing his property to consist of a business building under the sound conditions of increase of taxes. His building being so constructed that the foundations would not carry a greater height than they were bearing, how could such conditions be adjusted so as to do justice both to the property owner and the State?

J. H. S.

ANSWER.

Such extreme cases as are recited in the above letter are not likely to occur under a system which taxes the entire rent of land for public purposes. Much of the rapid rise in land values today and the quick change from a residence to a commercial district, is the result of abnormal growth of cities or the congestion of commercial districts; both of which are largely the results of land speculation which holds some land entirely out of use and prevents other land from being put to its best use. This increases the pressure upon land which is being fairly well used, and thus raises its value.

These cases of a residence becoming unsuited to the site and the land value being too heavy for the owner to pay, are likely to occur however, in the transitory period toward the complete Single Tax, and they form a strong argument in favor of a gradual change in the present system and also in favor of what is known as the "Single Tax

Limited"; that is, to take only part of the rent of land in the form of taxation, leaving some margin to the land owners. A tax could be levied which would be heavy enough to discourage speculation, but, on the other hand, would leave enough of the "unearned increment" to counter-balance the loss to the improver who found it necessary to destroy a good building because he could not pay the land value tax. If only part of the rental value of the land was taken in taxation, the remainder would act as a compensation to the man who found it necessary to change the character of his improvement.

Perhaps when the Single Tax is in complete operation, it will be found necessary to provide for such extreme cases by compensating the owners of improvements, but that day is such a long way off that the problem can be met when it arises. Meanwhile every reduction of taxation on improvements will counter-balance possible loss to an owner through the increase in the land value tax.

For example, a ten thousand dollar residence seldom lasts more than fifty years, so that it may be said to depreciate anyway at the rate of five hundred dollars a year. At the end of twenty-five years, it has become worth only five thousand dollars. If, during these twenty-five years it has been exempted from the ordinary tax on improvements, the owner will have saved probably some three or four thousand dollars in taxes, including interest. So that if at the end of twenty-five years he finds that the value of the land is increased so rapidly that he must remove the building, he is not likely to be any worse off than under our present system of taxation. No residence of this kind ought to be built on land which is apt to be needed for business purposes within so short a time as twenty-five years.

The same principles will apply to the case of a business building, referred to in the above letter, although it is not likely that a business building will have to be destroyed for the reason given. If the value of the land under a business building increases very rapidly, it is usually possible to remodel the lower floors at least, and to secure a greatly increased ren-

tal, which will be enough to cover the increase in the land value tax. Outside of a few very congested centers, the greatest value of a business building is in the ground floor and the land value of the site on which a business building stands will not increase as a rule, (outside of such congested centers) unless it is possible to obtain a larger rent for the store space.

Proper city planning would minimize the possibility of a residential section unexpectedly being needed for business purposes. A Planning Commission could foresee the lines and tendencies of growth in any city and put builders on notice so that they would know what might be expected in the future, both in the way of public improvements and also of growth. The very fact that such a plan existed would mold the lines of city development.

The equal right of all to use the earth implies the right to prescribe the conditions on which the individual is granted the exclusive occupancy of a specific portion. We are coming to recognize this in present laws. The United States Supreme Court has upheld laws to limit the height of buildings, to regulate cutting on private timber lands, and to prevent diversion of water.

Perhaps nowhere do buildings so rapidly become unadapted to their site as in the City of New York. Largely this is because public improvements follow the needs of the people instead of being planned so that they would lead the people. Therefore many substantial buildings are erected but a few years before they must be displaced for larger ones, required because of a change in the neighborhood due to the building of a subway or a bridge, or some other public improvement. However, where any great improvement is expected, such as the building of the Pennsylvania Railroad terminal in New York, new buildings in that section are not constructed until the improvement materializes, so that they can be adapted to the needs of the locality. A City Planning Commission could foresee many of these things and make plans for the future, which would prevent, in large measure, the erection of valuable buildings which must soon be destroyed and be replaced by others more valuable.

A. C. PLEYDELL.

QUESTIONS FROM A NYACK, N. Y.
READER OF THE REVIEW

Question. Please tell me how under this system a man will feel safe in placing high grade improvements on real estate without title to the ground, presuming the government owns all the land. Does he hold the title in fee the same as at present?

Answer. The Single Tax is not government ownership of land, but the taking of the rent of land for public use, instead of the present taxes upon buildings and other property: otherwise to leave present tenures undisturbed. Titles may be transferred as at present, and the fee will remain intact as long as the owner pays the tax. Failure to pay will result as under the present system in the seizure and sale of the fee and any buildings by the proper authorities.

Question. It seems to me it would naturally follow that a \$50,000. residence built on a piece of property would increase the land value on which it was built and all adjacent land proportionately as it adjoined or approximated the improved property. This would practically be a tax on the improvements which did not exist when the land was noted.

Answer. In many cases where a \$50,000. residence is built on a lot, this has the apparent effect of increasing the value of adjacent land, and thereby increasing also the value of the land on which the building stands. But this is the result of the present system which permits land to be put to other than to its best use. Two illustrations will show that such an improvement does not really increase the value of the land.

First.—If a \$50,000 residence was put upon land of very little, or no value in an undesirable place, it would not increase the value of the land under it or adjacent to it, and the owner of such a building would find that the building when erected would be worth only a very small percentage of its cost of construction, if anything at all. This shows that building construction does not of itself increase the value of land.

The second illustration is this. If we conceive of a locality which is the focal point of a large, industrious, thrifty popu-