

# Noah D. Alper's Brief Cases

## UNDER THE WATER TOWER

If the City of Hayward ever doubted that there is money to be made in real estate, is in doubt no longer. In 1933 the city bought a fifth of an acre for \$10 to erect a water tower. Now the once familiar landmark is gone and the giant tower has been hauled away. The city auctioned off the land for \$50,000. The Hayward (California) News Dispatch took significant notice of the fact.

## HOW TO GET RICH WITHOUT TRYING

Wendell Phillips, an attractive 45-year old archeologist, was the guest of the Sultan of Oman on one of his expeditions, and received a gift from the monarch of an oil concession. It was considered worthless or of negligible value. Would you care to hazard a guess as to what its value is today? A conservative \$100 million!

## TAX ON POTENTIAL VALUE

A Republican Alderman, Joseph Badaracco, has advocated two revolutionary changes in assessing real estate for tax purposes in St. Louis: first enactment of a law that would permit property owners to make improvements on their homes, such as a garage or a bathroom, without having their assessments increased, second revision of the method of assessing real property "possibly in the form of site valuation under which land would be taxed according to its highest potential regardless of whether or not the property has been developed."

He said this valuation system would benefit the property owner or developer who improves his property and would not penalize him for enhancement of his property, however substantial. He added that he intends to introduce a bill in the Board of Aldermen that may serve this purpose, and if it goes beyond the city's powers legislation should be submitted to the State Legislature giving the city the proper authority to act.

Both morning and evening newspapers in St. Louis, the Globe-Democrat and Post-Dispatch, reported on this statement and noted that the plan is somewhat similar to the single tax theory advocated by Henry George in the 1880's, where no taxes would be levied against improvements such as buildings.

## RAPID TRANSIT ON TWO LEVELS

Everyone who has had the experience of riding on Toronto's new and colorful subway will concur most heartily with remarks of G. Warren Heenen, past president of the Toronto Real Estate Board, when he addressed the Cleveland Real Estate Board in July.

"For any major urban area like Toronto with a population of around two million, mass rapid transit as the main base of a balanced transportation system creates and enhances property values like nothing else on earth. If an urban rapid transit system never earned a dime it would still pay for itself a thousand times over through its beneficial impact on real estate values and increased assessments. The greatest cities in the world have that essential common facility—an efficient transit complex.

"The total cost of the subway, including right-of-way, rails, electrical distribution system, signal system and rolling stock, was \$67 million," he said. "This small investment ignited a \$10 billion development explosion along the route. The appraised value of all the land and facilities in Metropolitan Toronto is now \$50 billion; \$15 billion of this appreciation in physical value has been added in the last ten years and two-thirds is attributable to the existence of the Yonge Street subway.

"Properties doubled and tripled and sometimes increased as much as tenfold in value. Land prices would have increased anyway, but sales at \$125 to \$150 per square foot near the downtown stations have become commonplace." On the basis of increased assessments it was stated that the Yonge subway has earned enough new tax dollars to pay its annual amortization costs.