

LAND VALUE TAXATION IN PHILADELPHIA: ROUND 2

By George L. Collins

The first tax ever instituted in Philadelphia, adopted just over 300 years ago on January 30, 1683, may have been a land value tax. It is reasonable to judge that what William Penn and his "adventurers and purchasers" adopted was a tax upon the value of the land because of Penn's friendship with John Stuart Mill, whose declarations on the principle are unmistakable. The minute of the proceeding reads -

"Put to the vote, as many are of the opinion that a Publick Tax upon the land ought to be raised to defray the Publick Charge, say yea - carried in the affirmative, none dissenting."

Penn's "Greene Country Town" may not have long retained that levy on "the superfluties of gain and expense" as the sole source of revenue for the city's needs. But it is destined to return to that centuries old system, in modern dress, and each new development/brings in the city greater assurance that it must soon do so. As in every other American city, the value of improvements made upon the land came to be seen as the surest evidence that the owner possessed the ability to pay, and the property tax, as we know it today, more heavily weighted toward the improvements, became the principal source of revenue.

The property tax retained that position up to the 1940s when

taxes on gross wages and net business profits were adopted. Beginning at the relatively bearable rate of 1%, the wage tax has grown to become the possessor of a dubious distinction -- the highest flat rate tax on wages of any city in the country. Even so, the wage tax rate was recently split into two parts, imposing a higher rate, 4.96% on city dwellers, while retaining the old rate of 4.31% on suburbanites working in the city.

A challenge to that two-tier structure is now before the courts on constitutional grounds although the split was necessitated by the provisions of a state law. Engineered by suburban legislators seeking to protect their constituents from the tax hungry big city, the law, as it was originally designed, prevents Philadelphia from increasing the wage tax on workers from Pennsylvania suburbs (New Jersey and Delaware residents working in Philadelphia pay the same as the city residents) until the rate paid by their city brethren has increased one full percentage point above the prevailing rate of 4.31%.

If the suit is successful, the city would be required to return all the money collected from the increase on suburbanites and raise those funds from some other means to fulfil the budgetary needs which made the increase necessary.

But city officials, desperate for the new revenue in 1983 and being careful to avoid hitting any one source too heavily, made the hard necessary choices. The property tax was increased roughly 6.5% from 7.175% to 7.675%. The amusement tax was doubled. The mercantile

license tax theretofore applied only to sales made in Philadelphia, was reduced from 5 to 4 mills and a 2 mill tax was applied to sales made outside the city. This change too, aroused the ire of the business community and, almost immediately, a compromise was struck. The portion of the tax on sales going outside Philadelphia's border would end in one year.

The Mayor and his recalcitrant City Council opted to take the calculated risk that the disproportionate burden of the wage tax on city dwellers would not swell the somewhat diminished flow of population from the city to the suburbs. No doubt the opinion of a recent task force, Philadelphia Past, Present and Future, that the population decline had reached its nadir, played a part in the decision. Since 1950 when Philadelphia's population hit its high point of slightly over 2 million, it has lost approximately 380,000 people. In the decade of the 1970s alone roughly 140,000 jobs followed the departing workers, and or vice versa, leaving a large inventory of obsolete industrial buildings along with 30,000 vacant houses, some 500 acres of cleared land held by the Redevelopment Authority and countless other unused acres in private hands.

The efforts to overcome these problems date back to the halcyon days of the "Great Society," "Model Cities," "Urban Renewal," "UDAG," and "CETA" when federal dollars poured into Philadelphia in response to every grand design to rebuild the city, resettle the displaced, house

the poor, retrain workers, expand social services and end poverty.

There are only a few stars in that firmament of federal largess. And they are not without tarnish. An old section of town, including the original square mile of Philadelphia, stretching from the Delaware River waterfront westward, renamed, Society Hill, was redeveloped from a rotting marketing center and poor tenement section to the most expensively restored, colonially appointed, residential area of the city. It has received worldwide attention and acclaim as a model of urban restoration. Designed to attract the wealthy back to Philadelphia, it has clearly succeeded. But even while restorers were acquiring the colonial facades at the federal write down subsidy rate, complaints were being voiced at the large increases in assessments which followed the completion of each restoration.

As a result, assessed value in the area has remained at a very low percentage of market value when compared with the rest of the city. The resettlement of the displaced poor was a great fiasco. Large numbers never found alternate housing through the program and much of what was done simply crowded too many more poor residents into already declining neighborhoods.

The more recently developed Gallery I, an urban shopping mall designed on the same basis as suburban malls, with 124 shops in a level quadri/ enclosure, anchored by two major department stores, has been another overwhelming success. So much so that a Gallery 2 extension

with 125 additional shops and another department store was just completed - six years after the original was opened.

It has consistently earned higher returns per square foot of space than any other shopping mall anywhere in the country. But a recent study has concluded that considering the cost, the area is generating no more business than did the independent stores and other enterprises that had to give way for the mall to be built. And during the opening of the original section, a community activist group charged, with some justification, that public funds expended in the development were diverted from sorely needed neighborhood housing for the poor for which they were intended.

But without doubt, the most dramatic results in the city's drive to renew its commercial and industrial stock and resurrect its sagging economy has been the assistance programs provided by the Philadelphia Industrial Development Corporation (PIDC). On a selective basis, determined by the adjudged worthiness of the project, the total investment involved, the number of jobs it will create, etc., the PIDC arranges tax abatement on the value of the new construction (not including the land) for 5 years. It has also arranged below market rate financing and site acquisition at writedowns as low as 10% of market value.

Almost all of the beneficiaries of these subsidies have been downtown developments although some industrial projects have also been assisted. Virtually every office building, hotel and high-rise apartment house built in Philadelphia over the last decade and a half has enjoyed

the abatement and other subsidies. Some planners working in the very program which provide the abatement and other sweeteners to bring development to the city, argue that many, even most of them would locate in Philadelphia without these inducements. But as long as it is available, they will not pass it up. That view may be subject to some question since many localities are now competing with each other using those same means to entice investors and Philadelphia has suffered a net loss of population and jobs, shockingly evidenced by the physical decline of its neighborhoods and, until very recently, its urban core.

The inevitable consequences of the artificially induced construction in center city are now present. The lure of public subsidy and the spur of offshore and domestic investment funds have produced a dramatic effect on the scramble for building sites and on land values. Rouse & Associates and The Oliver Tyrone Company have recently been locked in a bidding war to acquire parcels in what is described as the best piece of undeveloped land in the city. It is a half a block of video arcades and porn movie houses sandwiched between two premier office buildings, one block from City Hall. One developer called it "the hole in the doughnut." Each builder claims that the Redevelopment Authority had promised him the right to develop the site and the contest was stalemated with Rouse owning 52% and Tyrone 48% of the land. The word among realtors that prices is/as high as \$500 per sq. ft. had been paid in an area in which \$250 a sq. ft. is thought to be the economically feasible land costs for

On the other side of City Hall, on Market Street East, where the city has announced plans to reconstruct the roadway, separate bus and car traffic lanes, redesign the subway entrances and generally beautify the strip to the tune of some \$13 million, the former Reading Railroad, now the Reading Company, is building a 32-story, \$70 million office tower. The successor to the bankrupt railroad company is the possessor of some 330 parcels of real estate in Pennsylvania and New Jersey. Some of the most potentially rewarding their 13 acres in the city, are on Market Street East. But despite Gallery 1 & 2, the nearly completed 3-mile long tunnel linking all the commuter rail lines underneath the center of the city and the other public and private plans, Market Street East is not yet booming. The players are all waiting for the city to spend the projected \$13 million on the road improvement and for someone else to make a move.

But the Reading Company isn't about to wait. It is anxious to capitalize its land assets and move into other investments that will enable it to take advantage of millions of dollars in federal tax credits accumulated during the railroad company's slide into bankruptcy.

The Reading Company has all but convinced everyone concerned that the best place for the city to build a Convention Center is on the 7-acre site of its old railroad shed just off Market Street. And with the city as a prime tenant, contracted to lease more than one-third of the space, they are constructing the aforementioned

office building on an adjacent parcel. It is going up in an area where there are as yet no office buildings and where no one, except the city whose pre-construction lease agreement made the building possible, has yet shown the slightest interest in renting. The hope is that these projects will start the ball rolling and give their other land holdings on Market Street East the big boost. Taxes on these structures will also be abated you can be sure.

Land speculation of a more basic nature - buy the land and hold it - is best represented by father and son/<sup>team</sup> Herman and Joseph Zuritsky, dubbed, the parking lot czars of Philadelphia. They reputedly own or control 25 to 30 acres in downtown Philadelphia on which 40 parking lots are operated. The Philadelphia magazine in its January, 1984 cover story "Who Really Owns Philly" quotes developer, Willard Rouse as saying "Joe Z. basically has a printing machine. It's a parking operation that is probably as efficient and as smoothly run as any in the country. It's a great way to hold land. Buy it, pave it, and the income from the parking will pay off all or most of the debt on the property."

And while his own involvement intensifies the effects of the speculation, Joe Zuritsky seems to marvel at the result. "The prices people are paying for land are so high that they can't possibly be justified for years to come", says Joe Z. according to Philadelphia magazine. But with all the subsidies, abatements and accelerated write-offs available, there are faster, bigger bucks to be made from the leveraged position of a developer. The Zuritskys have built parking garages and are now in partnership to build a \$70 million commercial-residential complex, with

adequate parking facilities of course, opposite the historic Walnut Street Theater, 2 blocks South of emerging Market Street East.

The tax abatement on new construction has naturally found favor with the Philadelphia Home Builders Association. A bill passed in 1983 granting a 3-year abatement on new residential construction, up to the first \$70,000 (exclusive of the land) is trumpeted by them in advertisements declaring, "American Dream Comes True in Philadelphia." This is a group that along with the Chamber of Commerce opposed land value tax bill #1226 when it was introduced in City Council in 1982.

The essence of their opposition was that home builders who had acquired sites but could not build because of the state of the economy, would be stung by land value taxation. And although the proposed shift was minor, it could, they argued, presage wider changes further down the road. Of course their members are forced to play the game just as everyone else is, whether they want to or not. It's simply a business proposition. They must inventory the land to offset the price with the rise in value over time - and the more they hold and the longer they hold it the better it is.

The Philadelphia Port Corporation, the port of Philadelphia and other enterprises whose land use operations were described as extensive rather than intensive were the other visible opponents of the land tax bill. The big developers and major speculators were nowhere in sight. The Greater Philadelphia Chamber of Commerce presumably carried the ball for them at the public hearings on the bill held by the Finance Committee of City Council on June 22nd, 1982.

The bill would have amended the Philadelphia tax code

" adding a new section relating to the imposition of real estate taxes by providing for different rates of taxation in the levy imposed on the assessed value of taxable land and improvements thereon and authorizing changes in the rate of the annual tax for use by the City of Philadelphia for the tax year 1983 and thereafter ..."

The drive toward LVT seriously began in 1980 when Richard L. Biddle, President of the Incentive Tax League, filed nominating petitions to run for an at large seat on the City Council. His platform was to achieve LVT in Philadelphia and his campaign slogan was "Land Value Taxation Encourages Growth." He did not expect to win, what with having no funds or campaign organization, but intended his visibility, through judicious, select, campaign appearances, and repeated references to the scheme, to spark some reaction from other candidates for the office.

It apparently did more than spark a reaction. Lucien Blackwell, a Councilmember who had received LVT literature, as had all the other members on Council, stepped into the race for Mayor when another black candidate withdrew. Blackwell promptly stated at public meetings and in a <sup>TV</sup> debate, without any prompting, that he favored the land value tax which was working well in Pittsburgh. He did not win the Mayor's chair but he returned to City Council as a friend of the measure, and he may yet do more valuable work in behalf of its adoption. He chaired the Finance Committee and the hearings on the LVT bill held in 1982.

More than a year and a half after Blackwell made it a campaign position and after many visits with Council members and their aids, Republican Councilwoman Joan Specter and Democrat Councilman Jim Tayoun independently requested of the City Solicitor that he draft for each of them a land value tax bill. They agreed to co-sponsor one bill and 12 other councilmembers signed on. But before the bill was finally prepared, Councilwoman Specter found reasons persuasive enough to withdraw her support of the measure. Bill #1226, co-sponsored by 13 of the council's 17 members was introduced by Councilman Tayoun on April 15, 1982 and referred to the Finance Committee chaired by Lucien Blackwell, the early LVT advocate.

The April 15th edition of the South Philadelphia Review reported on the bill that Tayoun was to introduce that day in an article titled, "South Philadelphia May Benefit from New Tax Proposal." An aerial photograph showed Packer Park near the Veterans Stadium as "one of the areas that may benefit from a new land tax bill to be introduced in City Council." But Revenue Commissioner Eugene Cliett, Jr. was reportedly skeptical that such a system could work in Philadelphia's complex tax structure. We get only 18% of our revenue from the property tax while Pittsburgh receives nearly 40% from it, he told the paper.

The Philadelphia Business Journal of the same week devoted a full page to the story "Tayoun Pushes New Real Estate Tax Formula." It presented Councilwoman Specter's concern for whom it would help and whom it would hurt. Center city and some changing neighborhoods

could benefit Specter conceded. But warehouse and industrial districts, owners unable to pay the tax and unable to sell in a down market and the uncertainty of legal exemptions to avoid accelerating displacement of poor residents in changing neighborhoods, steered her against it. Likewise, Kenneth Cohen, a commercial real estate salesman for the giant Binswanger Corporation, conceded a land value tax would raise the cost of holding valuable center city lots but saw no reason to attribute the Pittsburgh building permit boom to the land tax increase of 1979. After all, there was also a building boom in Philadelphia that year, he told the Journal.

In the meantime, Incentive Tax League members pushed forward their promotion. David Zwanetz, a member of the City's Board of Revision of Taxes (Board of Assessors) raised the issue at a meeting of the Board and City Council. He found good reactions from the council members and, of course, support from Councilman Tayoun. Incentive Tax League President, Richard L. Biddle and members, Jack Himmelstein, Ed Dodson, Rich Thoma, W. Wylie Young, Patricia Lowe, David Zwanetz, Holley Linn and this writer stepped up their visits to city council, meeting principally with the aides to the councilmembers.

With the assistance of the office of the City Solicitor, Prof. Steve Cord of Indiana University in Pennsylvania, Editor of Incentive Taxation, the land value taxation magazine, authored Part 1 of an analysis of The Impact of a Building-to-Land Tax Shift on Homeowners and other Property Owners in Philadelphia. It was done at the request of City Council and detailed the effect on six classes of property - Private Residential, Apartment Buildings and Hotels, Stores with

Dwellings, Commercial, Industrial and Vacant Land. It also analysed the effect on a ward-wide basis. W. Wyling Young and this writer, with a considerable amount of assistance from ITL members and H.G.S. students, prepared Part 2 of the report which showed the effect of the shift from 6.75% on the total assessment to 12.25% on land and 5% on buildings. The sample contained approximately 7800 residential parcels distributed over 66 wards of the city. The survey was issued to the members of Council, the Mayor's administration, business and community groups and the media.

Bill #1226 was scheduled for a public hearing at 8 AM on May 20 while Council and Mayor William Green were in the midst of intense negotiation on a budget with a gaping \$39 million deficit to be plugged.

The time was critical. Council was meeting day and night to finalize their version of the budget and a tax package for reading in Council on the 20th and 27th so that it could be returned to the Mayor by the 31st. A hearing of bill #1226 on the morning of the 20th could have, with suspension of some procedural rules, permitted the land tax increase to be considered among the alternatives for new revenue to meet the projected deficit.

Approximately 60 LVT supporters from the ITL and HGS plus members of ACORN, a tax reform group, and the Philadelphia Unemployment Project, alerted by Janet Filante and Vivian Williams, were set to attend the early morning hearings. Press and radio announcements were extremely good. The Philadelphia Inquirer ran an Op-ed article by Prof. Steve Cord on May 13th titled, "Property Tax Reform: Raise the Taxes on Land" which revealed the conclusions of Part 1

of the LVT study and recounted the experiences with LVT in Australia and the 5 Pennsylvania LVT cities Pittsburgh, Scranton, Harrisburg, McKeesport and New Castle. A principal point of the Philadelphia study was that 59 of the 66 wards in the city would pay less with LVT.

A letter by Kenneth Ford supporting the conclusions of the article and the bill appeared in the Inquirer on May 16th. On May 19th, the day before the hearings were to have been held, Inquirer City Hall reporter, Jane Eisner's article "Bill Would Set 2 Rates of Property Tax" appeared. She reported other conclusions of the two-part study, quoting this writer that an overwhelming majority of private homeowners would pay less and that industrial, commercial and vacant property would pay more. The specifics, not revealed in the article, were that as classes, private residential would pay 2.3% less; apartment buildings and hotels, 2.8% less; stores with dwellings, 1% more; commercial buildings, 4.5% more; industrial property, 3.8% more and vacant land, 35% more.

Councilman-at-large John Anderson, now deceased, who had been favorably disposed to the measure, told Ms. Eisner "It may be a very good idea but there is no way that you can change the whole tax situation in Philadelphia in three weeks." And Philip L. Goldstein, a spokesman for the Mayor, echoed the same doubt - "It's an interesting idea and one that we think should be explored, but we don't know if there's enough time to enact the bill now."

All hopes for adoption of the change to fill the budget needs, as Pittsburgh had done, were dashed when it was learned that a meeting

between City Council and the Mayor late on the night of the 19th and an emergency 9 AM Council session on the 20th forced the hearings to be postponed.

On that morning radio station WDAS aired a commentary on the bill and announced that hearings, which were by then postponed, would be held that day. That evening, WXPB radio broadcast an interview with yours truly. The following day, the 21st, a long letter by Frank Nelson, ITL member from Delaware, responding to Prof. Cord's article captured the headline in the Letters section with the title, "Land Tax Would Benefit Philadelphia."

On May 25th, followed a front page article in the Center City Office Weekly by William Phillips, Chairman of the Fairmount Tax-payers Association, perhaps the most active and vocal community organization at the time, headed "Tax Land - Stop Penalizing Home-owners." An editorial note following the article read "Someone outside the Mayor's 'serfdom' should sit him down and explain these facts of life to him."

Some optimism was restored for promoters of the Bill when hearing were rescheduled for June 22nd and a drive to again line up supporters and experts to testify for the bill was mounted. The advocates of the bill rationalized the new situation as perhaps better than their original hope. The City Council was in a no tax mood and land value taxation may have<sup>been</sup> rejected in that atmosphere. Now that it was no longer connected with the budget issue or viewed as a tax increase, it would be considered fairly on its own merits. If adopted it could be instituted simply as a technical change.

But the question now was whether or not the support which had been carefully built would hold firm. A strong important voice

in favor of the bill would be homebuilders. Dante Fantasia, an independent builder owned vacant land on which he intended to build townhouses when the market improved. He also owned unsold, newly constructed houses on which he was paying taxes. Calculation of the tax consequences on all his holdings showed that he would have been a net saver with the adoption of land value taxation. Mr. Fantasia was convinced that the change would benefit most builders and he agreed to testify in support of the bill at the May 20th hearings.

Ed Kardish of the Philadelphia Home Builders Association and Neil Hurowitz of the Multi-Family Council of Southeastern Pennsylvania represent and lobby for single and multi-family residential developers. Initially opposed to Bill #1226 because it would be costly to developers unable to build in the then unfavorable financial climate of super high interest rates, their opposition was softened in face to face discussions with Prof. Cord and your writer. Furthermore, they were somewhat less alarmed by this bill, which applied to all property owners, than by a bill which Councilman Anderson was to introduce. That bill would impose a 10% surtax on vacant buildings. They had worked with Anderson to make provisions of that bill more palatable and would not desert it, but would support LVT.

By the time June 22nd came around, their position had again shifted. Their testimony on that day seriously questioned the desirability of land value taxation and while they did not enter an outright opposition, neither did they support the bill. Builder Dante Fantasia did not appear.

But there was other support. Although they were not all present throughout the day, between 11 AM and 3:30 PM, Lucien Blackwell's Finance Committee composed of Vice-Chairman David Cohen, Francis Rafferty, Jim Tayoun and John White plus non-committee members Ann Land, Ann Verna, Beatrice Chernock, John Anderson and several councilmembers' aides, heard testimony, without a break, from 21 people.

Eleven scheduled and two unscheduled speakers testified in support of the bill. A prepared statement from Congressman William Coyne, who as a councilman was responsible for the land tax increases in Pittsburgh, Pa. was read into the record. Prof. Cord presented the findings of his study. The late Phil Finkelstein, director, Center for Local Tax Research in New York and Larry Spancake, an economist with the Center gave expert testimony.

Local speakers represented different perspectives - Rich Thoma, neighborhood commercial; Jack Himmelstein, LVT cities; Ed Dodson, mortgage lending; David Zwanetz, assessment; Cleo Anderson and Pat Lowe, neighborhood residents. This writer, serving as an adviser on LVT to Councilman Tayoun, coordinated the testimonies of the foregoing group. William Phillips, Chairman, Fairmount Taxpayers Association, gave strong testimony in favor of LVT as the leader in a fringe area of center city, undergoing rapid change and intense speculation. Frank Nelson and Leonard Koller accepted the invitation of the chairman after all scheduled speakers had been heard and made good positive statements to close the session.

Of the other eight persons who testified, most neither firmly opposed nor supported the bill, but along with the First Deputy Director

of Finance, representing the Mayor, urged that the council postpone its decision so that further study could be done. The direct opponents were the Philadelphia Port Corporation, a partner in the prominent accounting firm, Lybrand & Cooper, Publicker Industries, owner of 75 acres of land it is admittedly holding for speculative purposes and the Northeast Philadelphia Chamber of Commerce.

Supporting literature against the idea presented by the Chamber spokesman was a 1971 article written for the Tax Institute of America by Mabel Walker, later printed in the January, 1973 issue of The Appraisal Journal, from which the distributed copies were reprinted. Ms. Walker argued that land value cannot be separately assessed and is only expressed when a property is sold; a heavier tax on land would furthermore, benefit big speculators at the expense of small homeowners; and, in fact, land speculators provide the valuable service of allocating land to its best use.

The questions asked by some council members at the hearings, continuing confusion regarding application, the anticipated results from the tax change, and the findings of the study, confirmed that there was a need for still more education. The same kinds of questions, eliciting similar answers from different people in testimony, led councilmembers to opposite conclusions. Some saw it as harmful to business others as serving only big business. The homeowner was seen variously as beneficiary and victim. The Committee ended the day by declaring the hearings in recess allowing time for further study and research to better prepare itself to make a final decision. The hearings were never rescheduled.

Immediately after the hearings, Councilman Tayoun began

receiving pressure from Democratic Party officials to drop the bill completely. He was told that it could hurt some of their people and that he should be careful about this sort of thing. Other councilmembers, co-sponsors of the bill, received similar caution and Tayoun predicted that whatever support was there would vanish. He vowed, however, to continue to push. The President of Philadelphia Port Corporation, G. Fred DiBona, Jr. wrote to all members of Council expressing strong opposition. He cited the conclusion in our own study that commercial and industrial categories as a class would pay on average 4.5% and 3.8% more, as injurious to the economy of the city and the survival of many enterprises. Trucking operations were cited as businesses with terminal yards requiring little capital improvements and therefore vulnerable to land value taxation. The Port of Philadelphia did likewise. The Chamber of Commerce set up an anti-LVT hot line for members to call in their opposition to the bill. Chamber President W. Thacher Longstreth, now retired from that position and a newly elected member of City Council, repudiated all the glowing remarks he made about Henry George and LVT as a speaker at the Progress & Poverty Centennial Banquet held in Philadelphia in 1979. In an article in the Chamber newsletter, he wrote that there has been no evidence of any benefits to cities that have tried land value taxation; negative results have been experienced from it. If such a change, he said, merely gave cuts to some taxpayers and increases to others, that would be no good for Philadelphia.

In a letter to the Incentive Tax League, Councilman Tayoun urged the group to organize its efforts toward convincing council and the community that land value taxation is absolutely necessary

if Philadelphia is to survive economically. It was agreed/that the business community, through the Chamber of Commerce, had staked out its position and was not movable at that point. (G. Fred DiBona, Jr., former President of the Port Corporation, has since succeeded Longstreth as President of the Chamber and is, no doubt, still a foe).

Direct effort was again aimed at councilmembers and community organizations. W. Wyle Young wrote a series of letters to the members of Council and compiled a booklet titled, "A Tax Reform Whose Time has Come."

Speakers and film presentations were made to the Philadelphia Council of Neighborhood Organizations and individual neighborhood groups by several league members. Banker, Ed Dodson, nurtured the budding interest that he had aroused among some colleagues in the financial community and David Zwanetz quietly kept up his commentary on the measure among his wide circle of Republican and Democratic officeholders and office seekers. But the end of fiscal 1982-83 arrived without a recall of Bill #1226.

By then, some big changes in the city were afoot and changes do offer opportunities. Mayor William Green decided not to seek a second term and his managing director, W. Wilson Goode, became the first black man ever to win the democratic party nomination for Mayor of Philadelphia. He went on to win the election in November, 1983.

Jim Tayoun won re-election to Council in November with a plank in his platform which read, "I pledge to continue the fight I have been waging for a land value tax which will reduce taxes for most homeowners at the expense of land speculators." But he has just resigned from council to run for a seat in the U. S.

Congress. The opportunities in this change are not so obvious. Lucien Blackwell may be the only real LVT supporter remaining on Council. Time will tell if he will carry the fight for LVT as forcefully as Tayoun did.

The changes of leadership in the business community may not be all bad for LVT. A prominent representative of a business advisory group admitted in a recent off-the-record discussion that land value taxation has to come to Philadelphia. Mayor Goode, who has spent his entire professional life in public service, began his career as head of a housing organization. During his campaign, he told this writer in response to a question relating to higher taxation on business and residents in Philadelphia and Pittsburgh's experience with land value taxation as an alternative, that his administration would thoroughly investigate the measure and implement it if the results prove favorable.

Emerging circumstances may make the resort to LVT inescapable. After the present speculative land and building spree in downtown Philadelphia is over, it will no longer be possible to describe the city's real estate as the "best bargain in the East." Enormously elevated downtown housing and commercial costs contrasted with further neighborhood deterioration through failed programs and neglect, will usher in a new season of construction inactivity, physical erosion and financial doldrums. Taxpayers will still be paying the subsidies that the lucky players are winning in this real life monopoly game, and real reform will have to come.

There is support for the change, even at the federal level, but all the necessary work must be done here at the local level. W. Calvert

Brand, Deputy Assistant Secretary for Policy and Budget at the Department of Housing and Urban Development (H.U.D.) in correspondence with one of our ITL members, wrote "We would not favor coercing localities to shift to site value taxation by linking funding to adoption of the change. Nevertheless, in the spirit of cooperation that is symbolized in the Joint Venture for Affordable Housing, we would positively consider encouraging, assisting and publicizing the efforts of any community that adopted the ideas of Henry George to reduce land costs and improve land use in this country."