

STATEMENT ON TAX ASSESSMENT PRACTICES

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"Those concerned positively with maintaining and improving American housing standards and negatively with arresting the decay of our cities have long felt that a variety of approaches to the problems may be needed. One approach that would not involve public subsidy would be to modify present assessment and tax policies which tend to penalize home improvement and reward slum ownership, improper land uses, and land speculation. The price of big city slum land has risen so high that private enterprise cannot meet the need for low income or middle income housing, without public subsidy. Suburban land values have also soared as a result of speculation and unwise land uses. California voters may have inadvertently encouraged this still further in their November vote on assessment and taxing golf courses.

The slum owner in our metropolitan areas is rewarded twice at the expense of his fellow-taxpayers. First he collects high rents and pays a low tax because his run-down property is assessed at low rates. If the blighted area later becomes part of an urban renewal program, he is rewarded again because the public agencies, in order to avoid prolonged condemnation suits, usually pay him more than the property is worth. On the other hand, the property owner who improves his home and maintains his property has his assessment and taxes raised when he improves or maintains his property.

Other countries and certain American communities have attempted various plans to reduce inequities and give an incentive to home improvement and proper land uses. Site taxation, heavier taxation on the increment in land values, assessment on income from properties rather than physical values, more consistent application of existing assessment practices are only a few of the devices being considered.

The State of California could well consider allowing local option to communities that desire to use the tool of taxation to achieve the same total revenues by assessing slum and speculative properties more heavily, and properly used property and improvements less heavily.

Such a measure should not be imposed uniformly by the State but should be available to those communities desiring to make use of the possibility. There are complex legal and constitutional aspects to be considered, and further study and local agreements as to goals and methods should precede its adoption, but experience elsewhere has shown that it can be done successfully."