

**S**PRAWLING cities are wasteful. They stimulate the unnecessary consumption of energy – by, for example, forcing people to commute longer distances to work.

And they encourage the invasion of prime farmland that ought to be used for growing food. Land speculators, for instance, buy up land on the fringe of cities and allow it to lay dormant in expectation of accelerating prices as the cities tumble haphazardly into the countryside.

According to a recent study,<sup>1</sup> 23% of land on the fringes of North American cities are left unused – at a time when potential users are in desperate need of space at realistic rents.

A coherent political plan has at last been formulated for dealing with this problem of urbanised waste of natural resources.

**HENRY REUSS** is chairman of the Committee on Banking, Finance and Urban Affairs in Washington, D.C.

He has just submitted a report prepared by the Sub-committee on the City which proposes policies for creating compact cities.<sup>2</sup>

"The report addresses problems and practices of state and local governments as well as those of Federal agencies", states Mr Reuss (Democrat: Milwaukee).

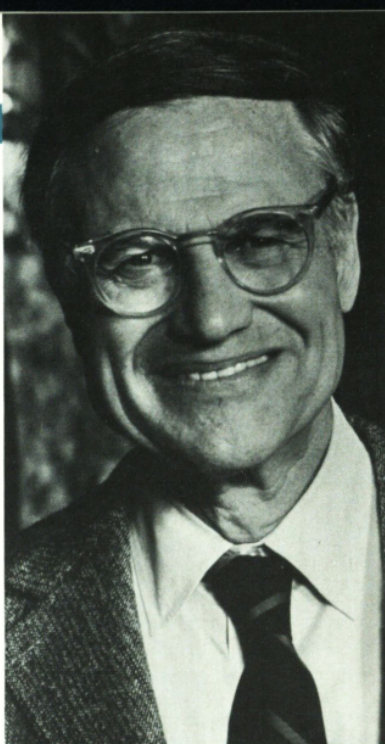
Drawing on studies and hearings over the past three years, the report places important emphasis on the need for land value taxation.

**R**ECOMMENDATION 1 urges the Dept. of Agriculture to promote local efforts to prevent non-essential development of rural land.

The report demonstrates, with a wealth of evidence, that a vast amount of potentially productive urban land is wasted. This should be put to use before city boundaries are allowed to grow outwards.

And one of the instruments for achieving this aim is land value taxation.

Recommendation 32 urges city and county governments to stop relying almost exclusively on zoning to control land use. Instead, they should make greater use of public service pricing and should recapture the land values generated



● **HENRY REUSS**

## Reuss report plans curb on urban waste of resources

by public expenditures.

This fiscal emphasis would discourage holding land vacant while there was a demonstrable need for its immediate use. And it would not penalise investment in new buildings, or the renovation of existing structures.

To reinforce this policy emphasis, the Treasury Department is asked to take action against localities that systematically undervalue land and overvalue buildings. This would "avoid revenue losses from depreciation of commercial buildings whose stated values reflect substantial amounts of land value", (Recommendation 27).

**P**ITTSBURGH, in Pennsylvania, with its graded property tax, provided the investigating committee with useful evidence of the

benefits of shifting the tax burden onto land.

And in Recommendation 28, the report – which was adopted by a majority of the committee's members – promotes the need to allow local jurisdictions to exempt buildings entirely or tax them at lower rates, thereby halting tax "penalties" for structural improvements or investments in solar equipment.

Not surprising, the Committee concluded that there was a need to re-examine property assessment standards, to ensure proper evaluation of land compared with structures.

And as part of the process of coherent policy formation, the Committee notes the need for further research. In particular (Recommendation 22), the Report promotes the need for Federal agencies to finance projects in several urban areas to measure the land use and fiscal impacts of land value taxation.

**T**HE REPORT delivers a powerful indictment against crooked decision-making. Property assessments, for example, are often illegally rigged in favour of vacant land owners. The political bosses, however, are often not interested in upholding the law.

"To their discredit, some state legislatures deal with illegal assessments and related irregularities, not by correcting them but by legalising them. Powerful landed interests in Alabama frustrated court-ordered assessment improvements throughout the 1970s, ex-Mayor Vann asserts, by creating 'a jumble of computation that no one can yet untangle', *Compact Cities* declares (p.65).

Will America's state and city leaders pluck up the courage to implement the reforms so cogently documented in this report?

### REFERENCES

<sup>1</sup> H. J. Brown, R. S. Phillips and N. A. Roberts, 'Land Ownership and Market Dynamics at the Urban Periphery: Implications for Land Policy Design and Implementation', World Congress on Land Policy, Cambridge, Mass., June 23-27, 1980, mimeo, Table 18.

<sup>2</sup> *Compact Cities: Energy Saving Strategies for the Eighties*, US Govt. Printing Office, Washington, DC: 1980.

**Fred Harrison**