

“Make Room, Make Room!”

WHAT kind of city do we want? This question was considered by 33 urban experts, such as mayors, federal government officials, architects, educators, real estate developers and private foundation representatives. The discussion was arranged for publication by Perry Prentice, of Time, Incorporated, and appeared in the April issue of *Nation's Cities*.

The 16,000 word report reflects hundreds of comments by the panel members, none of whom subscribed to every conclusion. Limited as we are to a brief summary, there is the temptation to search out the familiar doctrine and extract those views which support ours. We suspect Dr. M. Mason Gaffney of the University of Wisconsin in Milwaukee of having contributed much of the material dealing with city taxes. Whether or not his conclusions were shared by the panel, it was stated that all did agree with Dr. Dick Netzer's* statement that "the present property tax tends to discourage investment in new construction and rehabilitation. A change to the site value tax will encourage building and rehabilitation. . . . Heavy taxation of land values would increase substantially the holding costs of land, and thus encourage more intensive utilization."

Research conducted by the Urban Land Institute, with cooperation from the Milwaukee tax commissioner under direction of Professor Gaffney, showed that it would be profitable for private enterprise, without any subsidy, to tear down and replace practically all obsolete downtown buildings if all the property tax was on the valuable land they cover, so the tax burden on the replacement would not be many times heavier than the tax burden on the

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relic. It is foolish to subsidize slums by assessing and taxing properties only half or a third as heavily as good housing with the same market value. Letting each new owner depreciate the same building over again is another serious deterrent to replacement. The more decrepit the building, the shorter its life expectancy for tax purposes, and the bigger the depreciation the new owner can take.

It was estimated that nothing less than a 10 percent rate, more probably 15 percent, would be adequate to make the owners of underused land release it for more intensive use. Most states compel cities to apply the same tax rate to land as to improvements, and condone the practice of assessing land half as heavily as improvements. With the federal government absorbing 50 percent of the local land tax, and assessors assessing idle land at not more than 20 percent instead of the theoretical 100 percent, the effective yearly tax cost of holding a \$100,000 tract off the market is not the \$3,000 it is supposed to be but a negligible \$300.

One reason why city living is more expensive than country living is that landowners capitalize all the economics of urban cost-sharing for their private profit. No matter who makes the investment they cash in on it. Citizens and suburbanites pay twice for all their community facilities — first on their tax bills, charitable donations or business investments, then in higher rents to landowners.

The profit motive should be harnessed to good planning and good land use, so private enterprise will find it profitable to assume without subsidy most of the cost of rebuilding our cities. There are hundreds of small things cities could do to help themselves, such as attempting to control

air pollution, making parks and streets safe, easing downtown congestion, and prohibiting street parking instead of allowing free parking on land priced up to \$100 a square foot.

With transportation already at the breaking point, more recreational facilities inside the central city would make it less necessary to spend millions for highways. In a high density city like New York the cost of bringing in one additional car a day during rush hours is estimated at \$21,000. Over the next 33 years the money needed for over-all building and rebuilding of our cities will average an estimated \$100 billion annually.

It is suggested that in large cities the downtown be made a magnet for attracting crowds with a variety of cultural, recreational and business opportunities. For reconditioning smaller cities, Fresno's shopping area is being widely studied. With the ever mounting urban population there is no time to lose in focusing on practical ways to make living close together more rewarding and less expensive.

Air conditioning, called "the greatest improvement for indoor living . . . since we brought the toilet indoors," makes the city livable all year; and electronic elevators are changing our habits almost as much as did the automobile. High speed elevators make it possible to use land as much as a hundred times, with shopping, parking and schools on lower floors and dwellings above.

Chicago offers an outstanding example of such stratification in Marina City, where 40 stories of apartments top 20 stories of parking, on 2 shopping levels, on top of a marina for 200 pleasure boats—all integrated with 16 floors of offices, a theater, bowling alleys, tennis courts and a swimming pool. Architects are also designing arcaded sidewalks, decked-over streets and railways, underground sidewalks, and off-street loading facilities. They

would have stopped the waste of space sooner if it had not been subsidized by the under-assessment of under-used land. Too often when a plan for renewal starts speculators double its cost by raising the price of land needed to carry it out. From Rotterdam comes the universal dictum that "good land planning is impossible in the face of land speculation."

Spectacular progress however is afoot in a few cities. The Bay area around San Francisco will construct an \$800 million 75-mile mass transit project that could give landowners around the 30 stations a windfall profit of more than \$800 million—an unearned increment that could (but won't) be captured to pay off the entire system. It is not generally known that most of the cost of the Erie Canal 140 years ago was paid by a special tax on the lands whose value it multiplied.

In an attempt to define the city's role as distinguished from central government, it was stated that since poverty and education account for more than 60 percent of local government spending, the cities, if relieved of these expenditures, could, with the only revenue source reserved for them, the property tax, cover their own local costs and services instead of asking for state aid. Poverty was considered to be the responsibility of the federal government, and education was charged to the state, by general agreement of the panelists. All cities would need less money from the government if they could stop subsidizing obsolescence and waste caused by the undertaxing of valuable under-used land.

Yet with all that must be done to provide "living room" for teeming millions, the cause is not hopeless. Much can be accomplished by citizen's groups if and when they unite for constructive action. It was recalled that Pittsburgh enjoyed a total renaissance when its business and political leaders decided their city was worth saving.

Those familiar with the history of the Georgist movement know that an influential mayor, William McNair, and others who understood the importance of easing taxes on site values, left their imprint on the city by instituting an enlightened tax plan.

In our century we find Georgist leaders emerging again in civil life. A

truth may lie fallow for a time, but in the nature of things it cannot be obscured forever. There are evidences here and there that its time will come.

The Nation's Cities reprint, "What Kind of City Do We Want?" is available from the Robert Schalkenbach Foundation, 50 East 69th Street, New York, N.Y. 10021, at 15 cents a copy.

Assessors in the News

SOMETHING like a community of interest is emerging for channeling Georgist personality and "brains." Last summer Dr. Irene Hickman delighted the faithful by her election to the County Assessor's office in Sacramento. In the general excitement that followed a good many like-minded people began to feel less like outlanders.

For the first elected lady assessor there has hardly been a dull moment, and on June 7th she will plead her case for 100 percent assessment before the Supreme Court in Los Angeles. If she wins, every county in the state will have to change the rate of assessment. On June 5th her story will be reviewed on KPFK-FM 90.7.

This spring another surprise greets us in the news that Ted Gwartney, who was an appraiser in Dr. Hickman's office, has been appointed assessor of Southfield, Michigan, where S. James Clarkson is mayor. At 26, Mr. Gwartney will become probably the youngest assessor of a major metropolitan area. He is president of the HGS Alumni Group in Los Angeles, also a director, and like Mayor Clarkson, he was a class instructor in the HGS.

After receiving a bachelor of science degree at San Diego State College he won a certificate in real estate at the University of California at Los Angeles, majoring in appraisal. He be-

lieves in equality and fairness of assessment and thinks eventually taxes will be on land, because taxing land values is the most equitable method of spreading community service costs.

Mr. Gwartney says he is looking forward to combining California knowhow with methods already in use in Southfield. Although it was incorporated less than 10 years ago, Southfield has already attracted more than 600 major corporations, due to its low tax rate and policy of equitable tax assessment. First on the agenda will be the installation of map books replacing the present system based on legal descriptions. Also the Californian will introduce techniques of gathering verified sales information so assessing can be done on an accurate professional basis.

And now that our interest has carried us to Michigan, we hear from Robert Benton, director of the Michigan Henry George School in Royal Oak, that their honor guest at the meeting on June 10th will be Commissioner Robert F. Patnales, who will speak on "What I Like About Land Value Taxation." This is the man who was recently appointed to the County Tax Equalization Board. While he is not experienced in assessing, he contends that some city property is under-assessed and some is over-assessed, and he thinks assessment in line with actual values might raise operating cash needed by the city of Royal Oak.