

N.Y.C. OFFICIALS HEAR CENTER FOR LOCAL TAX RESEARCH PROPOSAL

At the invitation of New York City Deputy Mayor Nathan Leventhal, members of the Center for Local Tax Research presented a proposal "1982-83 Revenue Increases from a Revised Property Tax," to Leventhal, Deputy Mayor for Economic Development Karen Gerard and Finance Commissioner Philip Michael on April 28.

Director Philip Finkelstein, Economic Consultant Larry R. Spancake and Senior Research Associate George Kerchner prepared computerized data analysis in investigating several options for restructuring the city's property tax that would yield an estimated \$200 million increase in revenues to close the city's projected \$800 million budget gap. The options include increasing the effective tax rate on land and decreasing the effective tax rate on improvements and/or assessing all land at one fraction of its market value.

Various ways to implement the proposal within the guidelines of the recently adopted state-wide property tax revision were discussed. Copies of the proposal were also distributed to City Council President Carol Bellamy, Comptroller Harrison Goldin and Councilwoman Ruth Messinger.

GRADED TAX BILL PRESENTED TO PHILADELPHIA CITY COUNCIL

A group of Philadelphia City Councilmen, led by James Tayoun, introduced a land tax proposal, Bill #1226, to the Council on April 15. The bill would amend and add a new section to the code 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 for the tax year 1983, and thereafter."

Representatives of the Henry George School in Philadelphia and other supporters are scheduled to testify at Council hearings on May 20.

Tayoun's bill would partially shift the burden of the city's real estate tax from the assessed value of buildings to the assessed value of the land they occupy, a plan similar to one working in Pittsburgh. The bill is based upon preliminary recommendations by Steven Cord in which the combined value tax, \$6.75 per \$100 of assessed value, would be changed to \$9.13 on land values and \$6 on building values. The Council is expected to vote on the bill before May 31, when the Mayor will act on the 1982-83 city budget.

MASSACHUSETTS LEGISLATURE CONSIDERS HERMANN'S LAND TAX MEASURE

A land tax proposal, House Bill #2531, which has been presented to the Massachusetts Legislature by State Senator Joseph Hermann, has been reported favorably out of Committee, according to H.G.S. of New England Director Mitchell Chanelis. No tax measures are expected to pass the legislature this year, due to state-wide elections. However, the Center for Local Tax Research has agreed to cooperate with Chanelis in doing a pilot study if state legislators express an interest.

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Lancaster M. Greene
Chairman
Publications Committee

Philip Finkelstein
Director

Louise R. Pulini
Assistant

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For change of address
5 E. 44th Street
New York, NY 10017

AFFILIATES

LONG ISLAND
63 Cedar Drive
Plainview, NY 11803

PHILADELPHIA
413 S. 10th St.
Phila., PA 19147

NEW ENGLAND
80 Boylston St. #1106
Boston, MA 02116

CALIFORNIA
Box 655
Tujunga, CA 91042

3410 19th St.
San Francisco, CA 94110

DOMINICAN REPUBLIC
Isabel La Catolica #66
APO #758 S. Domingo

SCHOOL OF ECO. SCIENCE
(CANADA)

215 Lakeshore Blvd.
Toronto, Ontario M5A 3W9

3017 25 St SW
Calgary, Alberta T3E 1Y2

A new nasty word has entered the lexicon of urban land use. From Boston to Washington, from Los Angeles to San Francisco, wherever an area becomes more attractive to people with more money, the cry of "gentrification" is bound to accompany the displacement of those who can no longer afford to live there. Whether it is the rueful comment of a barfly as his saloon is transformed into a quiche-and-salad cafe, or the determined we-will-not-be-moved tenants of an apartment house undergoing renovation, all are seen as "victims" of some inhuman conspiracy of market forces that destroys homes, livelihoods and lives.

There are indeed all sorts of nastiness in the attempts to escalate change and drive out occupants with threats, harrassment, cutting off services, arson and even hiring thugs to commit violence against tenants. The promise of quick gain attracts the marginal as well as criminal operators. These irresponsible elements would not be there but for the land value increment they expect to collect all at once. For these are neither speculators in some future gain nor investors in their communities. They are merely reapers of the uncollected rent of locations that gained in value but not in use. The best way to fight them is to begin collecting the economic rent for the community, making it profitable but neither criminal nor immoral to invest in real improvements.

Alas the resisters of gentrification fail to distinguish real value from romance. Some of them may fight for poor housing, in the belief they are maintaining housing for the poor. Others may pitch battle for a derelict public facility, a rotted pier, a caved-in highway, anything to stave off improvement. It is curious how resistant even liberals can be to change if it is on their turf. One group is getting grants to "protect" its urban gardens--read prettied vacant lots--from, heaven forfend, new housing. But let us not impose our values on the rest of society. Perhaps some community would prefer a spot of green to another family of humans demanding services. Perhaps, but probably not at the price of four dollars a tomato, the cost one group estimated as its subsidy for an urban garden.

We need not subscribe to the old real estate maxim of "highest and best use" to make a case for freer access to land. In cities where valuable land is held out of productive use, the poor and their political spokesmen may thwart development as well as the wealthy and theirs. Too often, the interests are one and the same. Scratch a community group screaming against gentrification and one may find some not-so-poor landowners holding out for higher prices, meanwhile advertising their locations as getting better all the time.

Fortunately we have friends in just about every city where neighborhood improvement is taking place. And we have some good evidence, in solid statistical studies as well as empiric findings from jurisdictions that impose a higher land tax, that our remedy can work. Freedom and economic development are better for everyone, including the poor, than controls and stagnation. Collecting the land rent for the community can make gentrification a blessing rather than a dirty word.

Philip Finkelstein

SCHOOL NOTES

NEW YORK

An exhibition of twelve paintings, "Mi Tierra Y Yo," (My Land and I) by Milan Suero, a Dominican artist, was recently shown in the lobby of the H.G.S. On May 4, members of the Dominican Mission to the U.N., the Dominican Consulate General's Office and other officials attended the opening of the week-long show. Ms. Suero, a long-time associate of Lucy De Silfa, Director of the Santo Domingo school, has her own art school in that city. She presented paintings as gifts to New York trustees at the Land Policy Conference in her country in January, 1981. A painting of a farmer sowing seeds was given to the school on the final day of the exhibit. Before coming to New York, Ms. Suero had shows this year in Curacao and Las Vegas.

NORTH CAROLINA

Jerry Schleicher, who has been teaching Georgist economics courses in Raleigh, spoke to a group of thirty-five people on "Supply-Side Economics And A Freer Society: Can The Reagan Plan Work?" at a breakfast meeting of the B'nai Brith Lodge on April 18.

Cathy Covell Orloff graduated four students from the basic course taught this semester in Winston-Salem. One of the graduates, Tom Roberts, a professor of Real Estate at Wake Forest University, has shown the film "One Way to Better Cities" to his classes as a result.

SAN FRANCISCO

Courses are being offered in the Bay Area this spring in three locations. Contemporary Social Problems, an advanced course using George's "Social Problems" as its text, meets on Wednesdays at the school on 19th Street, with Education Director Alanna Hartzok serving as facilitator. Clay Berling and Laraine Stiles are teaching the basic course on Wednesday evenings, with Berling's class being held at the Berkeley Adult School and Stiles' at the Fireman's Fund Building in San Francisco.

Registration for "Economics of Peace," the June 11-13 conference sponsored by the school, is going well according to Director Bob Scrofani, and those interested in attending can contact the school for further information.

LOS ANGELES

Dr. Mason Gaffney, a Director of the Henry George School of Los Angeles, and Chairman of the Economics Department at the University of California in Riverside, spoke on "The Peripheral Canal Is All Wet; Reflections on the California Land Wars," at the May 7 First Friday meeting of the L.A. school.

GEORGIA LEAGUE FOR LAND VALUE TAXATION FORMED IN ATLANTA

Mary Davis of Atlanta announces the formation of The Georgia League for Land Value Taxation, a non-profit, non-partisan organization, which recommends land value taxation as a emerging new concept; not as just another government program. The League invites the cooperation and support of concerned groups and individuals to propose land value taxation as an essential reform in the public interest. For further information contact Ms. Mary Davis at 1051 Mason Woods Drive, Atlanta, GA, 30329.

L.I. DIRECTOR PRESENTS TESTIMONY TO REAL PROPERTY TAXATION COMMITTEE

(The following are excerpts of remarks presented by Stan Rubenstein at the Joint Public Hearings of the Standing Committee on Real Property Taxation, on the Future of Veterans Benefits, in Hauppauge, L.I., on May 6.)

"As a veteran of both World War II and the Korean War, I would welcome any tax advantages. But one must weigh the benefits in contrast to its disadvantages. One gain is another's loss. And as wars are fought for the benefit of nations and not individuals, so be it with tax benefits. Are these benefits, selected for one group, beneficial for all of New York State? It is always at the expense of the rest of the taxpayers. Why not take a giant step forward and give all taxpayers a new lease on life. A sound property tax policy can accomplish that."

"Rather than taxing improvements, and we tax it quite heavily in New York State, let us shift the burden of taxation to land values. Remove the taxation shackles on homes, buildings, motels, factories, stores, condominiums, and the like, and place the tax on land values. And, if it is politically unsound to remove all the taxes on improvements at once, then at least let us make a giant step forward by removing some of the taxes. By instituting such a policy, we can hope to accomplish, for taxpayers as a whole, what cannot be accomplished for any particular group."

"The Nassau Citizen's Budget Committee recently sponsored a computerized study of Nassau County, based on school districts. The study concluded that the average homeowner, in 80% of the school districts, would have their taxes decreased if land values were exclusively used."

"When delegates were chosen to meet in Philadelphia to patch up the Articles of Confederation, they decided that its defects were too prevalent. Rather than repair a little here and a little there, the Convention delegates carved a document of granite--one that has stood the test of time. Let us stop the patchwork as the fabric becomes weaker. It is time to discard the old system of taxing improvements and begin anew with the taxation of land values."

Henry George School of Social Science
5 East 44 Street
New York, NY 10017

Address correction requested

Jack Himmelstein
22 W. Airy Street
Norristown, PA. 19401

FIRST CLASS MAIL