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Site Taxing Advantages Revealed by New Survey  
by J. A. Hume, Citizen Staff Writer

An exhaustive, revealing fact-finding survey on site value taxation, compared with the capital system of municipal taxation on both buildings and land, has recently been completed for publication in Canada, the United Kingdom and the United States.

H. Bronson Cowan, former Ottawa newspaper man, research director of the International Research Committee on Real Estate Taxation, spent 18 years on research for his 500-page report, soon to be published. A 54-page "Graphic Summary on Municipal Improvement and Finance as Affected by the Untaxing of Improvements and the Tax of Land Values" has just been released.

With both photographs and text, Mr. Cowan describes many specific situations in which inadequate land uses, in both central and suburban areas, were remedied by site value taxation. Such taxes appear to reduce land speculators' profits, increase their risks, and speed the transition to productive uses.

Many Examples

Also with many examples, Mr. Cowan illustrates his finding that, on the great majority of homes, there has been a net reduction of taxes as a result of the shift of the tax burden from improvements to land values. Old buildings have been improved; new high-value buildings have replaced low assessment blight; industrial properties have gained a tax advantage by similar relief from assessments based upon improvement values.

The Cowan report is based on research in New Westminster and Regina, and in Australia, New Zealand and South Africa, where site value taxation has been in operation for some years past.

The skyrocketing cost of land is becoming a matter of increasing concern to house-builders, retailers, industry, banks, and insurance companies -- all types of enterprise

engaged in productive investment.

Governments view rising land costs with alarm as to the building of highways, air terminals and many other public works, and because of their interest in stimulating house-building.

Municipalities find the high cost of land makes it difficult for them to share in financing the cost of redevelopment.

### Supply and Demand

The cost of raw land rises sharply, not because of any change in the attributes of the land itself, but as a result of a vast increase in the demand for a fixed supply. The price of land multiplies as a result of pressure of population combined with improvements erected by public and private investors.

In the capital system of taxation on both buildings and land, the vast community-created increase in land values is very lightly taxed.

Both taxpayers and private investors are finding this discrimination against the improvement of properties increasingly irksome.

The Cowan report indicated the advantages of the untaxing of improvements and the taxing of land values are that holding of vacant land for speculation is discouraged, maximum improvement of and use of land is encouraged, and taxpayers are not penalized or fined for improving their property.

Site value taxation, the facts show, checks land speculation greatly though the profits to be made are too great to get rid of it completely.

As well, the Cowan report revealed, facts show that site value taxation assists in the reclamation of slums and blighted areas, in stimulating housing, and in easing municipal financing.

### Cut Taxes

From the mass of concrete illustrations given in the Cowan report, municipal taxes, for the average home owner, are reduced in 75 or more percent of cases.

Similarly, facts disclosed in the report indicate that site value taxation does not shrink land values. Through the elimination or reduction of taxes on buildings and improvements an increased demand for land develops.

The Cowan report cites the use of site value taxation in building the world famous bridge in Sydney, Australia. An extra land tax of about one percent on every \$5 of assessed land values in 13 adjoining municipalities was imposed by the state of New South Wales. This tax raised about \$11,520,000 toward the \$50,000,000 cost of the bridge.

The financing contrasted, Mr. Cowan pointed out, with the financing of the Triborough Bridge in New York at a cost of \$60,300,000, of which 40 percent went for land acquisition. One New York paper called the bridge "a maker of fortunes" and a real estate authority estimated the bridge would increase land values in New York and all over Long Island more in 10 years than they had increased in the previous 25 years. In the case of the Triborough Bridge the increased land values went to the land owners.

Not Utopian

Mr. Cowan is not a utopian, nor is site value taxation to be confused with "the single tax" for federal, provincial and municipal taxation. He prefers to have the facts of his survey speak for themselves.

Leading members of the Canadian branch of the International Research Committee on Real Estate Taxation are: George Mooney, Montreal, executive director of the Canadian Federation of Mayors and Municipalities; W. M. Beach, (PC, York South), chairman of the Canadian Legion national housing committee, Eric Beecroft, Ottawa, national director of the Community Planning Association of Canada; W. M. Mott, ex-MP, and ex-mayor of New Westminster; Senator T. A. Crerar, Winnipeg; Senator Arthur Roebuck, Toronto.

The late H. S. Southam, CMG, was chairman of the Canadian branch of the

committee for four years prior to his death.

Harold S. Bottenheim, Madison, N. J., editor emeritus of *American City*, a municipal magazine, is chairman of both the International Committee and its U. S. branch. Lord Douglas of Barloch is chairman of the U. K. branch.