

How High Taxes Hold Back Slum Repairs

By RAYMOND MOLEY

I have waited to comment on the Negro riots—especially in Newark—until the first tidal wave of published comment has spent itself. For every sort of reformer has contributed suggestions of how this violence might have been avoided and how other outbreaks might be prevented. Those reformers have been of infinite variety, from the bleeding hearts to the iron-fisted Cromwellian suppressors. And much of what has been said is unsupported by any intimate knowledge of the unfortunate or, if you wish, the guilty cities themselves.

In Newark, the problem of slums has been known for many years. The files of the Newark public library are crammed with material on the subject, which runs back to the turn of the century.

The old Third Ward was the center of public interest long before there was any considerable migration of Negroes. Crime, slums and disease prevailed then. In 1946 the housing authority of Newark reported on conditions that are even now the target of comment.

The blight was there. The Negroes from Harlem and the South simply moved into its midst. Areas decayed by neglect compelled a lowering of rentals, which invited the influx of impoverished Negroes. And such cheap living quarters drew inhabitants who were too ignorant to realize that there was also a low limit to employment opportunities. The economy of the Newark area simply could not meet the need of jobs for the people who came to live there.

Nor have the problems thus created lacked recognition by people and institutions whose business is to study and contrive solutions. Three or four years ago some people in what is called the Urban Studies Center of Rutgers University planned an intensive study of the slums, largely centered upon hous-

ing in the urban area of which Newark is the center. Their plans were developed with the help of the Urban Land Institute, which provided some of the money. Funds were supplemented by the Federal Department of Housing and Urban Development. The Lincoln Foundation, in which I serve in an advisory capacity and as a board member, made a small contribution. The result of the operation is a book, *The Tenement Landlord*, by Prof. George Sternlieb, director of the project, and published at Rutgers last year.

Few of the sociological questions involved in the Newark troubles are considered in this study except peripherally. The major center of interest is housing.

Welfare expenditures in Newark increased in the years 1941-1963 by 400 per cent. Public assistance to the poor rose nearly six-fold in 20 years. The conclusion is clear. A mere poverty program is simply a palliative. It solves nothing.

Taxation is far more important. For it goes squarely to the basic questions of the return to landlords on their properties, the rental costs to slum dwellers and, what is most important, the lack of inducement to private capital to invest in improved housing.

I have been told that property taxes in Newark are the highest in the nation. I cannot vouch for that. But Sternlieb shows that over the past 20 years the Newark tax rate per \$100 of valuation has more than doubled.

The broad impact of property taxation is not the real question. The vital point is that assessments and the consequent tax burden rise only when owners improve their property. Here Sternlieb produces incontestable evidence which justifies his conclusion: "In the face of rent level plateaus, the increasing

level of the tax rate, which Newark and many other municipalities have found necessary, has reduced the profitability of slum investment." In simpler language, he says, "The typical landlord response has been to reduce maintenance and avoid additional investment."

In even simpler language, the conclusion is that present assessment and tax rates slap a penalty on the owner who improves or rebuilds his housing. And since that is true, the landlord receives a subsidy when he permits his property to disintegrate.

Robert Kennedy will discover, if he digs deeply enough, that private capital will not rebuild slums so long as this penalty on building remains in the laws and practices of our states and cities.

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