

COMMON GROUND PRESENTATION (from page 6)
and method.

This may be counterproductive, as taxing improvements to a property may discourage investment in that property; for example, landlords may permit residential buildings to deteriorate rather than maintain and improve the buildings, thus contributing to the deterioration of neighborhoods and negatively affecting the quality of life for the families and neighborhoods involved. Other municipalities have contemplated and/or experimented with the "two-rate" or "split-rate" property tax reform. This approach would tax each parcel of property at two discrete rates, a higher one for the land's value, and a lower one for the value of its structures/building.

The theory is that the decrease in the latter rate would offset the increase in the former to preserve revenue-neutrality in the immediate term. Over the long-term, however, the lower rate on buildings/structures has the potential to encourage economic development, increase available housing, and rejuvenate blighted neighborhoods while discouraging absentee landowners from forgoing improvements. This approach should be considered as part of a property tax review.

Finally, any review of the City's current approach to property taxation must consider the over \$13 billion in property tax exemptions that have been granted, how the City should approach tax exemptions going forward, and whether/how to allow voluntary payments or an increase in payments in lieu of the taxes.

Sometimes a policy can be so game-changing, it will actually cause politicians to oppose it. When Common Ground-NYC members Rita Rowan and Scott Baker went to State Senator Liz Krueger's office, she told us that the policy of Land Value Taxation would create so much new development that she feared her constituents, many of them Seniors, would be displaced by new housing. But the solution to gentrification and displacement is not a freeze on development; it is to encourage the most complete use of existing housing stock and the building of new stock where vacant land exists. There are over 22 miles of vacant land in NYC and even more in under-utilized building stock. Non-displacement clauses and deferment can be created for specific groups of vulnerable populations, until the market forces unleashed by the Land Value Tax bring down the cost of rent for everyone by increasing the quantity of available housing for all.

State Land Value Tax Initiative
Project Leader: Scott Baker

This idea was based on a ballot initiative by Geor-gist Frank Walker in California, and seeks to replace nearly all taxes with a state-wide Land Value Tax that would be revenue-neutral. This project, begun in Fall of 2012, uses

land value information obtained by a Freedom Of Information Request (FOIR) from the NY State Equalization Board and other resources, including CGNYC's database based on NYC Department of Finance figures. A template for model legisla-tion was developed for New York State, adapted from the Cali-fornia initiative, working with Walker and with former Green-wich CT assessor, Ted Gwartney, who is now working directly on the California initiative.

Working with an outside consultant, we developed a spreadsheet of land values, by county, including equalization rates to adjust the figures (the actual taxes are based on non-equalized rates, but this causes distortions we seek to eliminate when going to an all-state-wide LVT scenario).

While some assessments are very much in dispute, as CGNYC member Bill Batt points out, they have the advantage of being, as Ted Gwartney put it, "adjudicated and accepted." This gives us a place to start, and the ability to prove the concept that switching to a Land Value Tax could raise the neces-sary revenues for the state, while neither damaging its potential for growth, nor the ability to untax other revenue streams, thereby removing that deadweight loss. If, as we expect, the assessments are mostly too low, we will have even more reve-nues when they are adjusted upwards. It is too soon to make definitive statements, but it looks like the current assessed val-ue of the land alone is \$865B and the land plus buildings is \$2.2T, but with lots of exceptions, special industry arrange-ments, etc.

It also has the advantage of giving us a specific pro-posal to present to legislators, so that there is a concrete goal to work towards.

Replace Most City Taxes with Land Rent
Project leader: Ron Rubin

The goal here is to replace most city taxes with Land Rent (LVT - Land Value Tax). This will also require dealing with, and maybe offering plans to alter or abolish the city's byzantine 4-class property tax system.

The overall strategy is outlined below. There are sev-eral broad phases:

PHASE ONE

(1) Continue to build a New York City grassroots organization (Common Ground-NYC) to:

(A) Educate ourselves and the public about the pro-posed tax reform

(B) Promote the organization to increase membership

(C) Work on initial prototype of "Feasibility Study" (see phase two)

(D) Raise money to:

(1) Rent a full time office space

(2) Pay a modest salary to one or two individ-uals who are able to devote a full 40-hour week to Common Ground-NYC organizing

(3) Create a fund to pay for a Professional Feasibility Study

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