

TAX REFORM, PRIVATE SECTOR CAN HELP

by Edward J. Dodson, Cherry Hill, NJ
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Streamlining the way Philadelphia acquires, inventories, manages and disposes of vacant and underutilized parcels is certainly important ("The city needs a fresh approach to dealing with vacant property," May 23). But I am not sure about the city engaging in "civic speculation."

The flight of population to the suburbs occurred because of real demand by people for better housing and some open space. The housing stock in many parts of the city was not constructed to still be in use. The neighborhoods were built to serve industries that have long disappeared. There are few, if any, amenities, and the only reason people still live there is that they have few other options.

What Philadelphia needs is a tax policy that drives land into use and rewards the construction of new buildings and the rehabilitation of existing ones that deserve the effort (those with some historical or functional importance). The new mayor and City Council ought to consider a 10-year program of removing that portion of the property tax that drives land into use and rewards the construction of new buildings and the rehabilitation of existing ones that deserve the effort (those with some historical or functional importance.) The new mayor and City Council ought to consider a 10-year program of removing that portion of the property tax that falls on buildings, shifting the rate of tax on to land parcels only--with allowances for those on fixed incomes who

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own valuable parcels.

Shifting to land-only property tax will cause investors and holders of land to recalculate the economics of holding land idle and off the market. Investors may decide that land speculation is becoming less profitable than actually developing land and employing people. Eventually, as the city rebuilds in response to market demand, the neighborhoods most in trouble may be cleared and rebuilt -- not as a result of some misguided urban-renewal effort -- but because developers recognize a market demand for new housing and stores and warehouses.

A long-term plan ought to be to create an environment that turns the city into a giant enterprise zone.