

BILL WOULD TAX LAND INSTEAD OF BUILDINGS

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[http://portlandtribune.com/pt/10-opinion/265225-137981-my-view-](http://portlandtribune.com/pt/10-opinion/265225-137981-my-view-bill-would-tax-land-instead-of-buildings)

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by Jeff Strang, Portland, OR

In a democracy, we the people “own” everything within the boundaries of our state — we decide what’s done with our land and natural resources. We deed the private use of a portion of these natural resources to an individual or group.

When those deeds are a commodity (private entities buying and selling), we can lose the perspective that it’s a granted public trust for economic development. Owners are not allowed absolute control — private use has to fit in with our land and natural resource use laws.

Let’s remember Oregon’s origins: Native American-occupied land taken over by western Europeans given 320-acre land grants in the 1850s, spurring the romanticized wagon trains and the need to become a state. Private land ownership was (and often still is) the basis of income and wealth generation. But we need the foundation or background of publicly owned land in order to provide connection to society through commerce, communication and utilities — roads, energy, clean water, waste disposal, etc. We mostly share the air and large bodies of water.

When a place becomes more desirable to occupy, the price of deeds goes up. Oregon’s land price inflation for the past 20 years has averaged 5 percent per year, 8 percent per year in Portland, a much better return than with a savings account and most other investments. We collectively make a place more desirable, though, much more than a particular private landowner. Provision of public infrastructure and amenities, such as parks, motor vehicle parking, access to mass transit, police and fire services, and permission to develop (zoning and land use rules), has a big impact on land price. Private land owners benefit when these services are improved or allowances increased — the value of their land increases.

With such a good rate of return, investment companies are paying cash for land in Portland, pricing out younger residents who want to own but need a loan, which takes longer to process. High land price inflation also allows owners of vacant, derelict buildings to hold onto their land, since it’s a good investment. This keeps land from being improved and developed for housing and other purposes, making it less affordable, keeping rent prices high and putting pressure on the urban growth boundary. Gentrification happens because only wealthy (continued on page 13)

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people are left able to afford to buy land.

A step toward looking at this issue is Senate Bill 573. It establishes a task force to study shifting property taxes away from buildings and onto land. Taxing economic development (buildings and improvements) puts a brake on it. But economic development is what we want. Taxing private land ownership puts a brake on price. This is what we want.

Taxing land rather than buildings would bring rents in multifamily apartment buildings down, since these developments tend to make efficient use of land. Portland and Oregon are changing. We’ve made the place desirable, and global warming is contributing — we have room to get a little warmer here. People will be moving in for the foreseeable future. We need to accommodate them by building up and improving our transportation system and other infrastructure. Some residents see this change as a negative — they don’t want to see taller buildings, accommodating more people, in their neighborhoods. This is part of our growing pains. But we can grow gracefully. Re-examining our economic system will help.

Jeff Strang is chairman of Common Ground OR-WA; on the Web: www.commongroundorwa.org. <<