

URBAN DILEMMA (from page 10)

However, by shifting all taxes to the rental value of land, cities could relieve the worst areas from the burden of taxes.

While those areas have streets, and sewers and police and fire protection, they have trash, and crime and drugs. And the market says the disadvantages are equal to or greater than the advantages. They have no land values, and, therefore, no net benefit is received from the city or the community as a whole.

We would get substantially more revenue from the best areas, and we would also create a stimulus to redevelop all the valuable land within the city.

Re-development would start with the most valuable land and eventually radiate back into what were previously worthless slums. As the previously worthless areas became desirable, the increasing value would represent their fair share of the city's revenue.

You could even remove the exemption from Non-profit organizations. The land value tax is simply a charge for the value of the benefits received from the city. If their services are beneficial to the city, then council can chose on a case by case basis to make a donation to that organization in the same amount as their land value tax or any other amount.

To implement this fully, you need to assess the rental value of every parcel of land within the city — what the rental value of each parcel would be, if the city levied no other taxes.

In every area realtors and renters know exactly what houses and apartments rent for. Realtors and business people can tell you how much per square foot you will have to pay to rent office and commercial space on each block of every street throughout the commercial districts.

All you have to know is the rental value per square foot of floor space for the standard type of building in good condition and the maximum height allowed at every location. The computer calculates what the building would cost to build multiplied times the current rate of interest; and subtracts that plus maintenance, management, depreciation, and insurance from what would be paid for the use of floor space. What is left is land rent, pure and simple.

A tax rate is then applied to the assessment, which gives the city ample funds operate. This is not the full Single Tax as proposed by Henry George. That would collect the full rental value from all the privately held land. There would be no state or federal taxes. And if it were applied to the whole country, it would free up enough land from speculation that it would re-create the free land frontier. It would not be unlike the Homestead acts of the 19th century. Wages and interest would rise, and the selling price of land would be destroyed. What landholders lost in an un-earned income they would be encouraged to make up by investing in buildings, machinery, and other productive capital.

However, shifting taxes to the value of land in a few

cities for municipal revenue will not create a free land frontier. It will not reduce the potential income of landowners. But, it will grossly reduce land speculation and blight within those cities.

As every owner of valuable land puts it to use, the cities will re-develop. They will increase the number of jobs, units of housing, and their population. They will become more desirable places to live and work, and the value of the land within those cities will go up.

Whether all taxes are replaced by the rental value of land, or it is only a partial shift of the real estate tax from buildings to land, the more fully any parcel of land is put to use the less its owner will pay in comparison to the present tax system. Another way to say it is that the guy with an empty building or a vacant lot will pay exactly the same as the person who maintains their house or other building in excellent condition.

What could be fairer than that? The difference in taxes will vary with the desirability of the neighborhood or the number of potential customers, not the condition of a building or how hard someone works.

In conclusion, I do acknowledge that landowners are, by far, the biggest winners. However, is it not better to have enough jobs for everyone who is capable of working? Is it not better to have everyone living in a house or apartment instead of the street? Is it not better to get rid of the slums and abandoned buildings, even if landowners are the biggest winners?

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WALKING THE COMMON GROUND OF NEW YORK CITY

Scott Baker, New York, NY

A 24 minute video, "Walking the Common Ground of New York City" is now online at <http://vimeo.com/18229953>. After 4.5 minutes of swelling introduction by Will and Rachael Lenihan, using Lindy Davies' PowerPoint slideshow to set the background and concepts of Land Value Taxation, the film switches to video of veteran Georgists Lindy Davies and Mike Curtis. You can view them as they go from property to property in New York City, uncovering its hidden assets, created not by any individual landholder, but by all New Yorkers, as they collectively contribute to the Value of the Land!

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