

## **PATTERN OF URBAN SETTLEMENT**

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Maybe y'all get used to it, but I'm stunned. While here doing research, I've gathered incredible data. Your city officials tell me Savannah Georgia suffers from 900 vacant or abandoned structures and over 6,100 vacant lots; and many of them are prime, desirable locations.

This pattern of urban settlement - shot full of holes - not only wastes an enormous amount of prime land, which forces development out of the city center, displacing it outward as sprawl. But look what happens on vacant lots, in empty buildings. Nothing. No business, no commerce, no employment, no investment. Maybe even worse, reducing the supply of buildings inflates the cost of housing.

Bad as blight is, it's not necessary. Other towns have solved these problems by correcting the property tax, which is really two opposite taxes: one on buildings, one on land. Places like Harrisburg (about Savannah's size) shifted its property tax off buildings, onto sites.

Pennsylvania's capital went from the second most distressed city in America (199 out of 200) to its current ranking in the top fifth for livability. Investors poured \$1.2 billion into the city. The number of abandoned buildings dropped 88%, from (continued on page 12)

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4,200 to under 500. Property value rose from \$212 million to over \$880 million. Harrisburg was named an All-American City three times.

How does it work? The tax shift gets speculators and leasers pulling on the same end of the rope. Little or no tax on buildings means when owners improve, they don't increase their tax liability. A fair levy on locations means if they don't improve, they still pay for keeping their lots fallow. Most either develop or sell to someone else who will. This would reopen all those closed stores on Broughton and elsewhere.

The property tax shift is the most common application of geonomics, of Earth-focused economics. Geonomics reverses present policy; now we tax work and subsidize waste. Others got it right. People pay for the values they take, not for the values they make. In Australia, Sydney entirely exempts buildings and business and levies only land. Alaska pays residents a dividend from oil rents; Georgia could pay Georgians a timber dividend.

To use this powerful medicine, Savannah might have to apply to the state for permission. But the happy results would be very much worth the lobbying effort. Let this lovely small Southern town, host for next summer's G8, be known not for empty stores but for solving urban blight. □