

Graded Taxes Urged Here To Take Profit Out of Slums

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City, County Receive Results Of Lincoln Foundation Study

By HOWARD HALL, Daily News Staff Writer

A six point program, including a graded tax plan to take the profit out of slums, was scheduled to be presented to city and county commissioners today by consultant Albert Pleydell of New York.

The study of the relationships between urban renewal and real estate taxes was financed by the Lincoln Foundation of Cleveland. It was started in 1960 after approval by city and county commissioners.

Recommendations are:

ONE—The county should seek state legislation permitting a graded tax plan by local option.

TWO—The city should experiment with strict code enforcement in areas scheduled for slum clearance.

THREE—The county should keep statistics concerning sales of approved and vacant land.

FOUR—The city should study the advisability of leasing instead of selling cleared urban renewal sites.

FIVE—The county should explore the feasibility of an electronic system for assessment records and tax billing.

SIX—The county should seek to accelerate the revaluing of land, with the ultimate goal of attaining a biennial schedule.

Concerning the first point the report states:

"FACTS DEVELOPED by the tax study clearly show that the present system of uniform tax rates on buildings and land pen-



ALBERT PLEYDELL
Consultant Gives Report

nalizes owners who improve their properties. Such owners pay higher taxes than are paid by those who neglect their properties.

"A graded tax plan gradually shifts the tax burden from buildings to land and facilitates the valuing of land in terms of its potentially highest and best use.

"IN CONTRAST, by and large, under the uniform tax rate system, land is valued and taxed

in terms of its current use."

The report prepared by Management Services Associates, Inc., of New York, said that cities around the world are looking to tax laws to prevent and clear slums.

Property taxes designed to make slums unprofitable are now being used by New Zealand, Australia, Canada and other countries, the report states.

THE "SLUM-PUNISHING" tax assesses property on the value it would have if used for its most valuable purpose and is called "site-valuation" by the report.

Concerning the recommendation for strict code enforcement by the city, the report states:

"IT IS the city's present practice to discontinue code enforcement in areas scheduled for clearance. In effect, this permits owners of badly run-down residential buildings to continue deriving income from such properties, free from the responsibility of providing living quarters that are decent and sanitary.

"By thus permitting an uninterrupted flow of income, withdrawal of enforcement tends to sustain relatively high values for the improvements, and hence, high costs of acquisition result.

IN URGING the county to keep statistics concerning sales of improved and vacant land, the report said:

"The tax study disclosed a wide range of variations of indicated sale prices from actual tax values. This was particularly true of the prices for vacant land and improved land to be cleared for re-use. In these cases, the

prices exceeded actual tax values by more than 100 per cent in some of the study areas."

ON THE recommendation that the city lease rather than sell cleared land, the report states:

"Retention of ownership by a city is permitted by federal law. Six cities are presently leasing cleared sites, rather than selling them.

"THERE ARE many reasons why leasing might be advantageous under special circumstances. The city should obtain the facts about the experiences of other cities with leasing, and review its own policy of selling each site in the light of those experiences."

On the feasibility of an electronic system for assessment records and tax billing, it said:

"THE TAX study emphasized the difficulty of developing research data from the present manual records in the auditor's office. It also pointed up the need for more frequent revaluations of real property. A modern electronic computer would be more efficient, and possibly more economical than the present system."

On the final point, more frequent revaluation, the report states:

"REVALUING once in six years does not permit a close relationship between assessing and market values. The optimum biennial assessing probably isn't feasible today, due to limitations in the manual record-keeping system, but automation would make it quite practicable to assess every two years."

Take Profit Out of Slums

St. Louis Globe-Democrat Sat., Sun., May 19-20, 1962

After taking a close look at its slums—their cause and cure—Dayton, Ohio, made a startling discovery. This city decided it was perhaps largely at fault for its acres of tumbledown dwellings.

Dayton, a city of 262,000 population, had been gone over with a fine-tooth comb by a New York consulting firm, which concluded that the city's tax system encouraged the growth of slums by making them profitable.

Slum property carried the lowest assessed value in Dayton. If owners improved the property, their assessments, and thus their taxes, went up. If they let it run down, their assessments and taxes were cut.

Thus, the city was rewarding owners who neglected their property—and penalizing those who improved it.

The Dayton Daily News carried a page 1 story on the firm's formula for taking the profits out of slums. One of the main ingredients was revision of Ohio law to shift the tax burden "from buildings to land" and to value the land "in terms of its potentially highest and best use."

Australia, Canada, New Zealand and other countries have successfully used this approach to slums, the consultants stated.

Dayton's tax set-up is not unique. It is basically the same that most American cities follow.

Not long ago, the City Assessor's office told the Board of Aldermen why it must hike assessments if buildings are improved and reduce them if the property goes to pot. Oliver Dippold, supervisor of City Hall's real property appraisers, stated:

"In my opinion, any improvement to real property that actually increases its value must, under Missouri law, be reflected in the assessed value."

By contrast, he cited examples, picked from his books at random, to show how "sagging exterior walls," "wall cracks," "foundation

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THE MOST PROPHETIC LETTER

UNCIVILIZED
By EDMUND VANCE COOKE

In 1857 Lord Macaulay wrote, in the famous letter to Henry S. Randall, the biographer of Jefferson—a letter which President Garfield said startled him “like an alarm bell at night,” as follows:

“I have long been convinced that institutions purely democratic must sooner or later destroy liberty or civilization, or both. You may think that your country enjoys an exemption from these evils. I will frankly own to you that I am of a very different opinion. Your fate I believe to be settled, though it is deferred by a physical cause. As long as you have a boundless extent of fertile and unoccupied land, your laboring population will be far more at ease than is the laboring population of the old world, and while that is the case the Jefferson politics may continue to exist without any fatal calamity. But the time will come * * * when wages will be as low and will fluctuate as much with you as with us. You will have your Manchesters and your Birminghams, and in these Manchesters and Birminghams hundreds of thousands of artisans will assuredly be out of work. Then your institutions will be brought to the test. Distress everywhere makes the laborer mutinous and discontented, and incline him to listen to agitators who tell him that it is a monstrous iniquity that one man should have a million while another cannot get a full meal. * * *”

“I have seen England pass through three or four such critical seasons as I have described; through such seasons the United States will have to pass in the course of the next century, if not of this. How will you pass through them? I heartily wish you a good deliverance. But my reason and my wishes are at war, and

faults,” “general poor maintenance” or “general poor condition” cut the assessed value of buildings by up to 40 per cent!

If our state statutes and city ordinances require St. Louis to give tax breaks to slum property, and discourage improvements, then the laws must be changed.

In effect, City Hall is encouraging slums with one hand, then buying them up and razing them, at great cost, with the other.

Could anything be more foolish!

ABOUT — THE Most Prophetic Letter (1857)

Thinking people are shocked, and rightfully so, by learning of and reading Lord Macaulay's famous letter. But, why? Because they have not learned of economic science provisions which we can use to restore the “free frontier” spirit of natural economic opportunity. This can be done, “in freedom”, by taxing our publicly earned value of land more, and by untaxing our privately earned Labor and Capital, and Wages and (honest) Interest, produced Wealth — improvements and the like. To learn how to wipe out all fear of Lord Macaulay's prophetic letter, send for out free pamphlet “Wrong-Source Public Revenue, The Greatest Obstacle to Free Private Enterprise, and How To Correct It.” Other items will be sent, too.

I cannot help forboding the worst.

“The day will come when in the State of New York, a multitude of people, none of whom has had more than half a breakfast or expects to have more than half a dinner, will choose a legislature. On one side is a statesman teaching patience, respect for the vested rights, strict observance of public faith. On the other is a demagogue, ranting at the tyranny of capitalists and usurers, and asking why anybody should be permitted to drink champagne and ride in a carriage while thousands of honest people are in want of necessities. Which of these candidates is likely to be preferred by a working-man who hears his children cry for bread?”

“I seriously apprehend that you will, in some such season of adversity as I have described, do things which will prevent prosperity from returning. There will be, I fear, spoilation. The spoilation will increase the distress. The distress will produce fresh spoilation. There is nothing to stop you. Your constitution is all sail and no anchor.

“As I said before, when society has entered on this downward progress, either civilization or liberty must perish. Either some Caesar or Napoleon will seize the reins of government with a strong hand, and your republic will be as fearfully plundered and laid to waste by the barbarians in the twentieth century as the Roman Empire was in the fifth, with the difference that the Huns and Vandals who ravaged the Roman empire came from without; and that your Huns and Vandals will have been engendered within your own country by your own institutions.”

“The Earth hath He given to the children of men.” Ps. cxv 16.

“The land shall not be sold forever; for the land is Mine; for ye are strangers and sojourners with Me.” Lev. xxv 23.

“Moreover, the profit of the earth is for all, the king himself is served by the field.” Eccles. v 4.

An ancient ape, once on a time
Disliked exceedingly to climb,
And so he picked him out a tree
And said: “Now this belongs to me.
I have a hunch that monks are mutts,
And I can make them gather nuts
And bring the bulk of them to me,
By claiming title to this tree.”

He took a green leaf and a reed
And wrote himself a title-deed,
Proclaiming pompously and slow:
“All monkeys by these presents know.”
Next morning when the monkeys came
To gather nuts, he made his claim:
“All monkeys climbing on this tree
Must bring their gathered nuts to me,
Cracking the same on equal shares;
The meats are mine, the shells are theirs.”

“But by what right?” they cried, amazed,
Thinking the ape was surely crazed.
“By this,” he answered; “if you'll read
You'll find it is a title-deed,
Made in precise and formal shape
And sworn before a fellow ape,
Exactly on the legal plan
Used by that wondrous creature, man,
In London, Toyko, New York,
Glengarry, Kalamazoo, and Cork.
Unless my deed is recognized,
It proves you quite uncivilized.”

“But,” said one monkey, “you'll agree
It was not you who made this tree.”
“Nor,” said the ape, serene and bland,
“Does any owner make his land.
Yet all of its hereditaments
Are his and figure in his rents.”

The puzzled monkeys sat about;
They could not make the question out.
Plainly, by precedent and law,
The ape's procedure shows no flaw;
And yet, no matter what he said,
The stomach still denied the head.

Up spoke one sprightly monkey then:
“Monkeys are monkeys, men are men;
The ape should try his legal capers
On men who may respect his papers.
We don't know deeds; we do know nuts,
And spite of 'ifs' and 'ands' and 'buts,'
We know who gathers and un-meats 'em,
By monkey practice also eats 'em.
So tell the ape and all his flunkies,
No man-tricks can be played on monkeys.”

Thus, apes still climb to get their food,
Since monkeys' minds are crass and crude,
And monkeys, all so ill-advised,
Still eat their nuts, uncivilized.

“They shall build houses and inhabit them; and they shall plant vineyards, and eat the fruit of them. They shall not build, and another inhabit; they shall not plant, and another eat, for as the day of a tree are the days of My people, and Mine elect shall long enjoy the work of their hands. They shall not labor in vain nor bring forth trouble.” Isaiah lxxv 21-23.

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