

CHAPTER I.

The Land Question and Housing Reform in American Cities

A series of articles which has been running in *The Survey* on "The Housing Awakening in America" records the strivings of several American cities to secure, not only the abolition of the slums, but as well the provision of good homes for their workers. The recent organization of the National Housing Association with a Board of Directors who have been prominent in housing reform in cities throughout the country is another indication of the recognition of the prevalence of the housing problem. A careful study of the series of articles on "The Housing Awakening" referred to and of the publications of the National Housing Association shows adequate emphasis upon the necessity for more restrictive housing legislation, such as limits upon the heights of tenements, the proportion of the lot area that may be occupied, provisions as to cubic air space to prevent room overcrowding, and the determination to eradicate slums and vaults. The movers for housing reform have appreciated the necessity for cheapening the cost of housing material, and of thereby reducing the cost of constructing tenements, so encouraging home ownership and helping to lower rents.

Housing Reform Legislation in America chiefly restrictive to date.

Not only the omission, however, of any reference to the relation between the taxation of land values and the housing question, but as well, the actual denial by many housing experts on the directorate of this Association of any vital relation between the taxation of land values and the housing problem indicates the failure to appreciate a fundamental feature of their program.

The New York City Commission on Congestion of Population after nearly a year's study of causes of congestion of population and room overcrowding and methods of preventing these twin evils, prepared bills providing for making the rate of taxation on all buildings in New York City one-half the rate of taxation on all land.

Some housing experts deny direct relation between taxation of land values and good housing.

In a printed memorandum on these two bills, the Tenement House Committee of the New York Charity Organization Society, of which Mr. Lawrence Veiller is Secretary, actually reported that they "are not considered as bearing directly on the improvement of

housing conditions or the relief of congestion."* The fact that Mr. Veiller is an alleged expert on housing and also Secretary of the National Housing Association necessitates an analysis of his conception of the housing reform which presumptively he would inculcate in cities throughout the country. Unfortunately his point of view is altogether too currently accepted. In an article in *The Survey* of November 19th, 1910, Mr. Veiller states, "New York distinguished for having the worst housing conditions in the world, but long the leader of housing reform in America, continues that leadership. Her 7,000 privies are now a thing of the past, and her 100,000 windowless bedrooms are fast disappearing." In his book, "Housing Reform," published in the same year, Mr. Veiller states, "The conditions in New York are without parallel in the civilized world. In no city of Europe, not in Naples nor in Rome, neither in London nor in Paris, neither in Berlin, Vienna, nor Buda-Pesth, not in Constantinople nor in St. Petersburg, not in ancient Edinburgh nor modern Glasgow, not in heathen Canton nor Bombay are to be found such conditions as prevail in modern, enlightened, twentieth-century, Christian New York. In no other city are there the same appalling conditions with regard to lack of light and air in the homes of the poor. In no other city is there so great congestion and overcrowding. In no other city do the poor so suffer from excessive rents; in no city are the conditions of city life so complex. Nowhere are the evils of modern life so varied, nowhere are the problems so difficult of solution."

New York City, with worst housing conditions in the world, has taxed buildings heavily, lands lightly.

The pride of participation in the leadership of housing reform under which such uncivilized and unchristian conditions exist and continue, evidenced in the above statements, is a matter of passing interest.

The important point for those interested in securing good housing conditions in the cities, and towns as well, of this country, is the inevitable result admitted, and due in large measure to the failure to set into operation or rather to release for natural operation those economic forces which would tend to abolish many of the housing conditions, noted by Mr. Veiller, in New York City, and which exist to lesser or greater degree in nearly every large city in the country. The New York Tenement House Law, enacted in 1901, and adopted unfortunately as the precise model by many other cities in the country, is a wonderful example of restrictive legisla-

Intelligent housing reformers must reason from cause to effect.

* In justice to some members of this committee, it should be stated that they disclaimed knowledge that this statement was included and do not agree with it.

tion, in most respects carefully drawn. The size of bolts to a fraction of an inch is laid down. Certain provisions are made as to fireproofing, although four story tenements are not so safe as higher ones, tending to excuse if not actually to encourage the construction of higher ones.

Most of the restrictive legislation of this New Tenement House Law is valuable, and in certain respects further restriction should be enacted. The height of tenements in outlying districts should be restricted to four and three stories, or even less; and the proportion of the lot area they may occupy should be decreased. The cubic air space to be provided for each occupant of an apartment should be increased and some provision made for the prevention of the overcrowding which on grounds of health such a regulation attempts to prevent.

But the existing restrictive provisions, admirable though they may be, have not served to reduce room overcrowding nor congestion per acre. Most of them have actually increased rents and hence room and apartment overcrowding and congestion per acre. When a family has to choose between having enough rooms to comply with the impulses of decency and privacy or even with the inadequate requirements of the New Tenement House Law, and having food, they default on the housing, health, and moral safeguards, and take in lodgers so they may buy food. Doubtless their logic seems vicious to the owner of land, but it is general and they cannot be too seriously blamed, at least as long as in New York City public relief in their homes is not permitted to the victims of restrictive legislation, on the one hand, and a policy of *laissez faire* on economic causes of poverty on the other hand. An apparent dilemma faces every housing reformer of the result upon the wage-earners of the community of additional restrictive measures. Is it really worth while to secure stricter housing regulations, if the inevitable result will be higher rents, and a lower standard of living for the wage-earner, including the taking in of lodgers with the consequent disruption of family life? The dilemma is only apparent, however, since while restrictive legislation alone will increase rents, its influence can be largely counteracted by such heavier taxation of land values as will terminate the ability of the landlord to shift on to the tenant, in higher rents, the loss entailed upon the landlord by legitimate restrictive measures.

This will be seen by taking up separate objects of the housing reformer to see what he wants to accomplish. It is admitted by practically every economist, as shown later, that the proportion of

Restrictive housing legislation essential, but must be safeguarded by lower tax rate on buildings.

What housing reformers want to accomplish.

the tax which is levied on the land is paid by the landowner or landlord, and that that part which is levied on the building is shifted on to the tenant. In other words, if all taxes were taken off buildings and put on land, the landowner would pay the taxes, and the tenant would escape any payment of taxes whatsoever, thereby practically reducing his rent to this extent. The heavier tax-rate on land will also compel the adequate improvement of land in order to meet the carrying charges. Mr. William E. Harmon, a well-known real estate operator, with realty interests in many cities throughout the country, testified on this matter before the New York City Commission on Congestion of Population: "Probably the best way to solve the problem of congestion would be to double the tax on vacant land, thus reducing the tax on improvements. If you increase the tax on land you force construction to offset the carrying charges." The housing reformer is naturally first concerned,—since in no large American city can the factory population be immediately shifted from the unsanitary tenements they are occupying to better ones in the suburbs,—with improving the conditions of old tenements.

*Abolition of
unsanitary
conditions.*

Among the evils existing in old tenements are vaults, dark rooms, and general unsanitary conditions. Admittedly, taxing land values alone will not abolish vaults nor dark rooms. These twin pests should be remedied by sumptuary legislation, vacating houses in which the former, and rooms or apartments in which the latter are found.

Nothing can excuse the cowardice with which American cities have permitted the continuance of such conditions, because landlords have had almost complete control of legislative bodies, and in many cities have been able even to thwart the administration of remedial laws.

*Automatic ef-
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taxation of
land values in
encouraging
sanitary con-
ditions.*

Two American cities, Washington and Chicago, have secured legislation empowering the demolition of unsanitary buildings unfit for human occupancy. New York and several other cities have authority to vacate tenements that are not adequately ventilated or are defective in sanitary arrangements. Such demolition or vacating, however, is always difficult to secure, because courts are unalterably opposed to interfering with property rights if they can avoid it. On the other hand, the heavy taxation of land values would be an automatic incentive to the demolition of unsanitary tenements for two reasons. First, old buildings are—if the assessment is even fair—assessed for a relatively small amount, while the land is assessed in the built-up sections of every city, rather high. A heavier rate of

taxation on land than on buildings would mean that the property as a whole would pay more taxes than under a uniform tax-rate on both land and buildings, and by far the larger part, in many cases practically all of the tax, would be upon land values, which the owner must, in large measure, pay himself, since he cannot shift it upon the tenants.

Second, the higher tax-rate on land values will, as testified by Mr. Harmon, force construction to meet carrying charges. This is true, not only of vacant land, but of land which is underimproved, that is, whose improvements are not adequate to the district. In most cities, a normal improvement is assessed for at least twice as much as the site. There are, however, in nearly every city, conditions similar to those in the lower part of Manhattan, generally known as the East Side. Although the majority of the buildings in the district bounded by Grand Street, the East River, Manhattan Bridge and Fourth Avenue are five and six stories high, there are, in 1911, fifty-seven parcels of land entirely vacant, seventy-two with only a one-story building, one hundred and eighty with only a two or two and a half-story building, and four hundred and ninety with only a three-story or a three and a half-story building. A heavy tax on land would compel better improvements than a three-story building in this section of the city, not necessarily implying that more people should live in these sections, but a larger supply of tenements, and incomplete as is the New Tenement House Law as to lighting of rooms, its sanitary requirements are far superior to those preceding it. The tendency of a surplus of good tenements is just the reverse of the tendency enunciated in Gresham's law of currency; good tenements tend to drive out bad tenements by reducing the demand for them. An alternative to demolishing houses unfit for human occupancy at the owner's cost, or keeping them permanently vacated, is the English method of demolishing unsanitary tenements and paying the landowner richly for his property while the city proceeds to construct healthy tenements for those displaced. This method of clearing unsanitary areas, as it is designated, has been advocated for American cities, but recourse to this atrocious method of paying the landlord for permitting the deterioration of buildings can be entirely obviated by vacating such buildings and taxing the land at such a high rate that the owner will be obliged to improve it adequately with suitable buildings. Since such property is not producing any revenue, it is obvious that the higher the rate of taxation on the land the greater the inducement to the owner of such unsanitary buildings to substitute therefor healthy

Payment for unsanitary dwellings a premium on slum landlordism.

revenue producers. The converse is also true, that the present uniform rate of taxation on land and buildings discourages the substitution of a new healthy tenement for an old, cheap and unsanitary one by penalizing the owner with heavy taxes. The incentive a higher rate of taxation on land than on buildings gives to the wiping out of slums at the expense of the beneficiaries of slum property, instead of at public expense, is apparent.

The relation of the taxation of land values to housing in new communities and undeveloped sections of cities is equally patent.

Cheap land essential to proper housing of wage-earning population in American cities.

Cheap land is essential to proper housing of the wage-earners in American cities. Taxation of land values as well as adequate restriction upon the height or volume of buildings, and the proportion of the lot area that may be occupied is essential to keep land so cheap that wage-earners may afford homes, in the true sense of the term. Partly because the New York City Tenement House Law has been copied in so many American cities, we are prone to think of housing in terms of multiple family tenements three to five stories high. In point of fact, however, three stories should be the maximum height for tenements in every American city except in the centers where existing land values make this impracticable. Such centers will in most cities gradually be given over to business and commercial purposes. The standard for housing enunciated for the British worker by Alden & Hayward in their book, "The Housing Problem," should be adopted in American cities:

"The minimum for the average working man's family is a cheap but well-built house with four or five suitable rooms, together with a quarter-acre garden, or at least a fair-sized courtyard. The site should be a healthy one and the house perfectly sanitary, well-lighted, well-ventilated and well-drained. And this accommodation must be supplied at a low rental, or it will be found beyond the means of the working classes."

The value of land is determined by its accessibility and its net rental value. A high rate of taxation of land values reduces the selling price and makes it cheaper. Single taxers claim the right of the government to secure by taxation a large part, if not all, of the rental value of land. Most housing reformers will not go as far as this yet, but will, nevertheless, agree as to the desirability of preventing land speculation as a means of keeping down land values and the effectiveness of taxing land values as a means of accomplishing this.

The selling price of land is determined by the capitalization of the net rentals from the maximum intensive use permitted. Thus if forty families may be legally housed in a high tenement and six per cent net is the usual return, the owner will ask a price for the land which, with the cost of constructing the buildings, will yield a return from the rental at current rates, \$4.50 to \$5.00 a room per month. If only three families can legally be housed on such a lot, the net return of six per cent upon the value of the land will ensure a lower price. Since, except in crowded sections of a city, and with abnormal demand for housing accommodations, the tax upon land cannot be shifted to the tenant, while the cost on buildings can be, and is so shifted, a reduction of even ten to twenty per cent in rent will be a great relief to the rent-payers, *i. e.*, all tenants in American cities—as well as people who are trying to own their own homes. A \$2 tax-rate per \$100 of assessed valuation is a common tax-rate where real estate is assessed at full value. With such a tax-rate the total taxes upon a tenement accommodating twenty families assessed for \$25,000, on a site assessed for \$15,000—a total of \$40,000—would be \$800 a year. Of this \$800, \$500 is the tax upon the building and \$300 upon the land. If buildings and personalty were exempt from taxation, the tax-rate on land would be in most American cities somewhere between \$3 and \$4 per \$100 of full assessed valuation, depending, of course, upon the relative assessed value of land and buildings and personal property on the basis of which value the tax-rate is determined. Taking \$3 as a maximum rate of taxation on land, however, the total taxes on the tenement property would be only \$450 or \$350 less than with a uniform rate of taxation on land and buildings of \$2. Since the owner must pay the taxes on land and cannot shift this on to the tenant he will have to pay \$150 more than under a uniform rate of taxation. At the same time, the total amount of taxes on the property is \$350 less. To what extent will the tenant profit by this reduction? It is apparent that the owner of the property can reduce his total rentals for twenty apartments by \$350 and still make the same net profit as under the uniform \$2 tax-rate. This would mean a possible reduction of rental of \$17.50 per apartment. If we assume that each apartment was renting for \$180 a year, this would mean a reduction of only about one-tenth in the rental, which, nevertheless, is worth while. There are several other factors and economic forces which would operate, however, to reduce rentals if land

*Heavy taxation
of land values
will reduce
rents.*

were more heavily taxed. The increased tax-rate of \$1 means only 1 per cent additional charge for taxes, 3 per cent instead of 2 per cent, that is \$150 a year more on an investment of \$15,000.

A fair system of assessment of land is assumed, of course, in this statement, and with this a vacant lot next to a lot assessed for \$15,000 with a tenement assessed for \$25,000 is also assessed for \$15,000. The owner of the vacant lot is, however, paying assessments for sewers, streets, sidewalks and other public improvements which are necessary to attract population or is putting these in at his own expense. His carrying charges on the land are probably at least 3 to 4 per cent in addition to interest at 5 per cent to 6 per cent. On the other hand, he is aware that if he puts up a tenement similar to his neighbor's he will be saved, if his tenement be fully occupied, \$350 a year or nearly 1 per cent over his charges under a uniform rate of taxation on land and buildings, which he can offer as an inducement to attract tenants. There are thus the inducement to build and the penalty for not building impelling him to put up such a tenement, while in addition the higher tax-rate reduces the selling value of his land, and the consequent amount of the community earned increment of ground rent which he would secure under a uniform rate of taxation on land and buildings. If the rate of taxation on land were, however, \$3.50 or \$4, instead of \$3, the inducement to improve his land would be that much greater. Even under a \$3 tax-rate upon land, and the resultant larger number of tenements competing for tenants, it is apparent, however, that the owner of tenement property would reduce rents by more than the total saving in taxes of \$350. To what extent he would do this is, of course, problematical, but it would probably be by at least the \$150 extra taxes on the land which he must pay and formerly could shift on to the tenant, plus the \$350 saved in taxes on the building or a total of \$500, *i. e.*, \$25 for every one of the twenty tenants. The same proportionate reduction of rents would naturally be effected in a tenement assessed for \$5,000 to accommodate three families on a lot assessed for \$1,500.

The higher the tax-rate on land, the greater the reduction of rents.

Taxation of land values will encourage home ownership.

The direct saving to the prospective or would-be owner of his own home is equally demonstrable. It is not germane to discuss here the relative advantages or disadvantages of having the unskilled worker or even the skilled artisan own his home under the present conditions of industry. That there cannot be any ultimate solution of the labor problem but one which makes the ownership of private property possible for the majority of the urban popula-

tion of the country stands to reason, and does not require any argument in this country where the ownership of private property has been and will continue to be a fundamental conservative safeguard of democracy. Classification of property, and regulation of property rights, is distinct and apart from the abolition of private property, advocated by some extremists.

Whether the wage-earners own their homes individually or collectively through owning shares in co-operative building associations, or membership in savings and loan associations, they will benefit by a lower tax-rate on buildings. Of course, if a wage-earner buys even a single lot of land for the speculative increase in land value, he should be treated exactly as any other land speculator whether he owns one lot or as a real estate company advertises 20,000 lots.

With a uniform rate of taxation of \$2 the owner of a home assessed for \$1,500 on a lot assessed for \$500 would pay in taxes \$40 a year. With a tax-rate of \$3 on land and no tax on buildings he would pay only \$15 a year in taxes, *i. e.*, would save \$25 a year, that is one-thirtieth to one-twenty-fifth of his total earning.

If the owner of the house has been able to buy only the lot outright and to pay \$500 on the price of the house, borrowing the balance of the cost, \$1,000, at 5 per cent interest, his annual interest charges will be \$50 a year. The saving in taxes with the exemption of his building from taxation would in twenty-two years, assuming only a moderate increase in the rate of taxation on land, enable him to pay off the entire mortgage on his house, while his interest charges would be annually decreased by his payments thereon. That such a minimum saving of at least \$20 to \$25 a year would be an advantage to wage-earners in American cities can hardly be questioned even by those who have the temerity to assert that taxation of land values is not considered "as bearing directly on the improvement of housing conditions or the relief of congestion."

Naturally the man who buys his lot on the installment plan, until he is ready to build, would have to pay \$5 a year more taxes under the conditions suggested but at the same time he is saved meanwhile at least \$28 to \$25 as tenant, which leaves a good margin of saving.

Dr. E. T. Devine, Secretary of the New York Charity Organization Society and Schiff Professor of Social Economics in Columbia University, says with reference to the proposal to make the rate of taxation on buildings one-half the rate of taxation on land in New York City:

Dr. E. T. Devine's endorsement of making the rate of taxation on buildings one-half the rate on land.

"The change is one which would have far reaching and beneficent results. It would force unoccupied land into use, increase the supply of new tenements, and so reduce rents. Yet it would do this by favoring builders and owners of tenements rather than by putting new and additional burdens upon them. Of course so far as it encouraged new buildings it would diminish the monopoly advantages of present owners and builders, and from the point of view of the public interest this is exceedingly desirable. With the pressure of population in New York there is no difficulty about filling any tenements or apartments of any class if the rents are reasonable, and by reducing the relative taxation on buildings both old and new we increase the chances of reasonable rents.

"If our population and factories were properly distributed there would be no ground for complaint as to congestion. Increasing the relative taxation on unoccupied land, and diminishing the tax upon buildings and improvements tend to bring about this distribution."

Referring also to limitations on the heights of tenements proposed, Dr. Devine says:

"These are the particular measures recommended by the congestion commission which bear directly upon the subject of congestion, and they represent a policy which sooner or later we shall have to adopt. It will be better for the present generation and that of the immediate future if it is adopted now."

In this view most thoughtful persons who are not apologists for the *status quo* of poverty will agree.

Foreign housing experts agree to vital relation between taxation of land values and housing reform.

The testimony of housing experts abroad to the necessity of invoking heavy taxation of land values to secure cheap housing for wage-earners is striking. Dr. Wilhelm Mewes of Düsseldorf, Germany, in an address on the "Land Question" at the International Housing Congress in London, in 1907, states:

Land speculation militates against cheap housing.

"Even among economists Land Speculation is not considered quite with abstract indifference, though economically land speculation in itself appears as justifiable as any other speculative business activity; only its outgrowths appear to deserve attack. These outgrowths are indeed practically largely to the front, thanks to the peculiarities of land. Since the foundation of the land value is the return that can be made from it, and—contrary to goods which can be increased at will—the costs of production play a secondary, often very secondary, part, the subjective intention plays an extraordinarily large one. Often when the price is considered, the future return of the piece of land is discounted beforehand, especially in times when business is good, and people can reckon on a favorable future development. At the sale of unbuilt-on land, prices have often been reckoned which after the building had to be seriously reduced in order, together with the building value, to give an obtainable return. In sympathy the outer lands of towns rise often to such a height that they have to be used as intensively as lands in the inner parts.

"Although taxation according to market value appears to-day the best form of existing tax, yet it does not suffice as the only tax to grapple with the rise in value of land.

"It deals alike with all land of equal value, but does not allow taxation of the unearned increment which accrues to the owner by sale in accordance with the improvement in his financial position. Thus a further tax becomes necessary connected with change of ownership.

"To-day a state tax on change of ownership is raised almost universally according to a percentage of the value. Yet this in no way answers to the real financial position; it is also due when there is no gain or very little. Besides, it regularly falls, not on the party which has actually made the gain, but on the buyer. For these reasons there are, on financial grounds, real objections to be made against the often proposed raising the scale of this tax on change of ownership. Rather it is far fairer to develop the tax on property changing hands into a tax on unearned increment.

"This tax regularly takes a certain percentage of the unearned increment from the seller. The height of the percentage is graded according to the length of ownership and the rise in value of the land.

"The introduction of this tax has roused vigorous discussion and debate everywhere. It must be admitted that it involves no slight practical difficulties (*e. g.*, in settling the amount of the rise in value, the grading of the percentage of the tax, the settling the amount of the minimum increase of value which is to be untaxed, the maximum percentage of the tax, and so on), and so far the experiments are few. But on principle, objections of any weight can hardly be made to this method of taxation, at least in its improved form. That other unearned gains are not taxed is no objection to the taxation of unearned gains from land. To begin with, the amount of the latter is quite exceptional; then technically these gains, owing to our law of real property, are much more easily coped with than those in ordinary trades."

Councillor John S. Nettlefold, of Birmingham, England, says:

"Those who have observed the existing housing conditions in this country are aware that in the vast majority of cases poor people live on dear land and rich people live on cheap land, 'which is absurd.'

"The consideration of the question how to house properly the people of England on the land of England reminds us that in theory the land of England belongs to the Crown, and through the Crown to the people. In practice it belongs to a large number of individuals, whose object is (and under present circumstances, no fair-minded man can blame them) to get as much as possible out of their land. This is just what the business man does with his brains and the working man does with his labor; but all sorts of laws, from the Factory Act onwards, have been enacted to prevent capitalists, brain-workers, and hand-workers from making money by sweating their fellow-citizens; whereas no law has yet been enacted in this country to prevent land-sweating—that is, the reckless overcrowding of human beings on the land in badly-planned towns. This omission has not only seriously injured the

*Councillor
John S. Nettle-
fold advocates
taxation of
land values to
prevent "land
sweating."*

vitality, and therefore, also the wealth-producing power of large numbers of English men and women; it has also resulted in the wasteful neglect of the food-producing possibilities of more than half the land in this country.

"Manufacturers are already prevented by law from making profits out of unhealthy workshops, and the legislature endeavors to prevent the sweating of individuals at their work. It is high time a well considered attempt was made to prevent individuals being sweated in their homes. This sweating of the people in their homes is largely due to land speculation, which is really nothing more or less than land sweating."

Alden and Hayward, in their book on "Housing," state:

"Where urban land is in possession of a few great land-owners who practically own some of our cities and who, in many cases, deliberately keep back much of the unused land for the rise in value which is certain to come—only the minimum amount possible will be purchased for housing purposes. It is obvious how direct must be the connection between this dearness of land and such evils as overcrowding, lack of open space and general insanitary conditions of living.

*Effects of
"corners" in
land on the
housing ques-
tion and means
of preventing
such "corners."*

"But another ill effect which this artificial value of land has upon our cities is its creation of that house famine of which we have already spoken. We have seen that private enterprise has very largely failed to supply a sufficient quantity of dwelling-houses for the working classes. One of the main reasons for this is that, in consequence of the high price of land, buildings cannot be put up at a rent which it would be possible for the workers, who need such houses, to pay, and which would at the same time make a safe investment for the builder. It has been pointed out that this is so even in the case of building enterprise not strictly 'private.' This 'corner' in land has operated very injuriously on those semi-public, semi-philanthropic bodies such as artisans' dwellings' companies and co-operative societies, that have been endeavoring to cope with the deficiency in the supply of good houses. So much has their work been hampered by this and other causes, that the great public companies and trusts, after building over 30,000 dwellings, have practically suspended operations during the last ten years, in spite of the average return of four and a half per cent. which they get on their capital.

"But by some means or other there must be freer access to the land if there is to be a lessening of the evils of overcrowding in our cities.

"Yet another argument which may be adduced in favor of the rating of site values, is that in consequence of urban land coming more freely into the market and building enterprises being stimulated, rent would be materially relieved; and this relief would come where rent is now at its maximum, *i. e.*, in our large industrial centers. As we have seen, it is just here where rent presses most severely on our poorest classes, and any relief of this pressure would have a salutary effect, especially in the direction of slum clearances. Every opportunity given to the freer growth of the city in the suburbs will tend to reduce the conges-

*Sir Henry
Campbell-
Bannerman
says taxing of
land values
will stop the*

tion at the center. Abolition of restrictions in the matter of the housing of the people will have the same effect as in the matter of the people's food, *vis.*, increased distribution of supply at a lower price. 'Overcrowding,' as Sir Henry Campbell-Bannerman recently observed, 'is to a large extent due to the maintenance of the same sort of restrictions and privileges at home as Free Trade has abolished for international commerce. The taxation of land values will put an end to the immunity of the landlord enriched by the exertions of others, to the circumscribing of natural expansion.' It is this 'natural expansion' which is the all-important matter in the question of housing our workers. It is this, and this alone, that will materially lessen the heavy charge of rent; and so the rating of land values is a proposal to be commended because, by aiding natural expansion, it will thus tend to reduce rents.

"The most important Minority Report furnished by five out of the fifteen Royal Commissioners on Local Taxation in 1901, signed by the Chairman of the Commission, Lord Balfour of Burleigh, contains the following recommendations:

- (1) Sites should be *separately valued from structure.*
- (2) Site can bear heavier taxation than structure, but all existing contracts must be rigidly respected.
- (3) There should be a *special site value rate.*
- (4) This should be charged also on (a) *unoccupied property*, and (b) on *uncovered land.*

"The general conclusion of that report was that the proposal to rate site values 'would do something towards lightening the burdens in this respect of building, and thus something towards solving the difficult and urgent housing problem.' This report only followed in the steps of the Royal Commissioners on Housing who, as far back as 1885, recommended taxing 'land available for building' outside our towns at 4% on its selling value."

immunity of the landlord enriched by the exertions of others.

Minority Report of the English Royal Commission on Local Taxation favors higher taxation of land values.

English Royal Commissioners on Housing recommend 4 per cent tax rate on selling value of "land available for building" outside of towns.