

## HOUSING AND TAXATION

By Harold S. Buttenheim

Addressing the National Public Housing Conference in Washington, D.C., on 27th January, 1934, Mr Buttenheim, Editor of *The American City*, said :—

In providing the public revenues of any city, the less we tax land the less is the pressure on owners to sell or use the land for housing projects. The less we tax buildings, on the other hand, the *greater* inducement there is to erect new homes or improve old ones. Obviously, a rational system of real estate taxation will reverse the first trend and strengthen the second. By raising more revenue from the land and less from buildings, two essentials of low-cost housing will be achieved : land will become cheaper to buy and develop ; and homes will become cheaper to own or rent.

Part of the confusion on this subject in the minds of law-makers and home owners arises from the unfortunate legalistic use of the term "real estate" as meaning either vacant land alone or land and buildings combined. The lawyers having united in one term two entities as dissimilar as oil and water, tax-makers traditionally follow suit.

Why labour products that happen to be fastened to the land should be taxed at a high rate, while moveable products are taxed at a low rate or not at all, no one has satisfactorily explained. I am not urging, of course, the taxation of moveable products. Personal property—as such products are generally called—has been found to be so unreliable and inequitable a source of public revenues that the personal property tax in most States is either a farce or a corpse. Taxes on houses, however, continue to be exacted, not from any special or economic necessity, but because homes are anchored to the land and are legally classified as part of real estate. Thus we perpetuate the penalizing of *home* owners and tenants for their thrift and energy. While doing so we present to *landowners* rents or speculative profits which they are able to collect because of holding title to portions of the earth's surface which they never created, and whose value is derived mainly from the expenditures and services of government.