

Pittsburgh Is At It Again!

For a number of years, advocates of public financing via a system of site-value taxation have looked toward Pittsburgh with some satisfaction. There, thanks to the municipality's Graded Tax Law, land is taxed at twice the rate applied to improvements; and under its Tax Abatement Law, rehabilitating improvements on residential properties enjoy a three-year tax exemption up to a valuation of \$10,000.

Mayor Pete Flaherty now proposes a further tax reform, for the avowed purpose of encouraging housing construction in the city. Under the new legislation, which will be submitted to the Pittsburgh City Council as soon as an enabling act is adopted by the State Legislature, both new and improved residential buildings will be exempt from all real estate taxes for three years.

The new tax relief plan would be effected by amending the present Tax Abatement Law, which,

according to Housing Coordinator David O'Loughlin, "has unquestionably encouraged housing rehabilitation in the city." As amended, the law would eliminate the \$10,000 limit on the grace period for the rehabilitation of old homes, and would extend the three-year exemption to newly-built as well as existing residential property.

Since Pittsburgh's real estate tax system provides separate rates for sites and improvements, Mayor Flaherty's proposal will affect only the tax on buildings, the tax on land continuing as currently levied. And as Vie Peterson has said, "when you don't tax improvements, you get improvements improved." Pittsburgh is taking another step forward, hopefully toward the goal of taxing land-values exclusively, and again Georgists can look in that direction with satisfaction.

Mobile Homes: Tax Free Housing

A phenomenon of recent years has been the proliferation of mobile homes. There are about 3.4 million of these meandering residences, providing living quarters for some 8 million Americans.

Whatever other considerations may prompt such a Gypsy-type existence, clearly a major reason is the tax-saving to be realized. Mobile homes are personal property, not realty, and so are not subject to real estate taxes. If the home is located on individually owned land (as perhaps half of them are), only the site value is taxable.

On the ground that they would burden municipal services without adding enough to the tax base, zoning and planning officials make every effort to restrict mobile homes to the outskirts. But court decisions have eased such restrictions somewhat, and as a result

movable houses, once located mostly in rural and small-town areas, are now found in urban and suburban locations as well.

A principal source of low-cost shelter, mobile homes accounted in 1972 for 20% of all housing and 40% of single-family dwellings. Construction costs for conventional houses average over \$16 a square foot, while factory-built mobiles — including furniture, appliances, carpeting and draperies — can be made for about \$8 a square foot. The typical mobile home's price is under \$7,000, compared to a median cost of \$27,000 for a new house, excluding land.

Young people are the ones turning to this money-saving way of living, half the owners of mobile homes being 35 years old or under, and only ten per cent 55 or older. By their wise choice, they are enjoying the benefits of a kind of land-value taxation.

— LANCASTER M. GREENE