

Housing Crisis Desperate

AN article in Time on October 31 explained "Why housing costs are going through the roof" and why it is becoming increasingly difficult to find living quarters even at enormously high rentals. The United States, once the "best housed" country, has slipped behind the pace of nearly every western European nation in per capita construction. In the past four years new housing has been estimated at more than a million dwellings short of the amount needed to keep up with the growing population and losses from destruction. Since housing depends on credit and many sources of mortgage funds have been choked off, this industry was termed the "first casualty of the anti-inflation fight."

Building codes and unions often perpetuate make-work practices, waste, and out-dated methods. Perverse zoning and planning rules, complicated by legal costs, are further encumbrances. Many of the largest public housing authorities face a financial crisis. The government has put more than \$7 million into housing subsidies and urban renewal, but one-sixth of the population still lives in overcrowded or sub-standard dwellings.

Since 1950 the price of land for homes has risen 16 percent a year. It accounts for one-fifth of the total cost of a new house as compared with one-tenth twenty years ago. Since localities generally tax vacant land lightly it is held off the market in the hope of selling for higher prices later. Heavy taxes on buildings inhibit new construction and improvements. It was noted in the Time article that this system of real estate taxation subsidizes blight, decay, slum formation and suburban sprawl. Slum sites often cost as much as \$485,000 an acre and the success of one housing project often makes the next one more expensive by

driving up costs. Most lamentable is the fact that these costly projects in many cases turn into slums as squalid as the shanties they replaced.

Housing Secretary Romney has initiated a program whereby 650 companies have submitted proposals for mass producing houses or component parts. Research will be carried on with federal funds, and prototypes will be built on sites offered by local governments. This may ease the pressure somewhat as large enterprises move on to vast acreages with experts, plans and huge bankrolls, to produce instant "modular" homes, also the popular mobile type,—both less expensive than standard housing.

No simple solution for this dilemma has arisen. John Gardner, chairman of the Urban Coalition, said, "there is such an interwoven web of resistances, so many barriers, that we will not break through unless we have a really big national push." As part of that big push it was suggested that construction unions should stop perpetuating shortages of skilled workmen, also government should provide more incentives for private enterprise to rehabilitate slum housing and initiate faster tax write-offs.

The insight most admired by students of Henry George in this article is a proposal that local government should "reform the tax administration of property assessment and reverse their real estate tax laws in order to tax buildings lightly, if at all, and land heavily—instead of vice versa." That would alter the economics of property ownership, as landlords would willingly improve their old apartments except where rent controls exist. A study in Milwaukee was cited to show that this plan forces cities to "build up instead of out" and ends the need for urban renewal subsidies. It may

also reduce the price of acreage on the suburban fringes.

The critical shortage was re-emphasized in two full days of hearings before the New York State Senate Committee on Housing and Urban Development as reported in The New York Times on November 16. A ten-point housing proposal developed as the data released showed that 100,000 apartments had disappeared in the last three years, enough to house 275,000 people. New York loses housing for 23,000 net each year. Add new household formations of 52,000 people a year and you have 75,000 homeless—equivalent to the victims of ten major hurricane disasters.

The ten-point proposal would change city zoning, improve the code enforcement, subsidize tenants, subsidize landlords, take over abandoned

buildings, subsidize mortgage interest and grant more money for public housing. In another article one executive proposed such extremities as using cemeteries to increase available building sites, using some of Central Park and filling in the Harlem River. He was the one most aware of the land problem.

The above multiple proposal would increase the price of land sites and discourage building. It ignores the simple but proven expedient of taxing location value to bring down the price of building plots and reducing taxes (fines) on improvements. That is the one method which requires no public subsidy but provides an effective incentive to private builders and investors. Furthermore, the method proved successful in Southfield, a suburb of Detroit. (See page one).

Mitchell S. Lurio, director of the Boston extension, has been acting as a business consultant and analyst on a new TV station, WXPO, in Lowell, Massachusetts. When he is questioned about the Henry George School he suggests that viewers write to the HGS in New York and enroll for the correspondence course. Mr. Lurio conducts classes in Boston, Wellesley and Woburn, using the condensed version of *Progress and Poverty*.

Wilbur Pereira of Los Angeles calls attention to the phrase attributed by Lancaster M. Greene to Buckminster Fuller (Sept. HGN), "space-ship earth." This was also attributed to Irving S. Bengelsdorf of the Los Angeles Times, but Mr. Pereira says Henry George alluded to it first on page 243 of *Progress and Poverty*:

"It is a well provisioned ship, this on which we sail through space. If the bread and beef above decks seem to grow scarce, we but open a hatch and there is a new supply, of which before we never dreamed. And very great command over the services of others comes to those who as the hatches are opened are permitted to say, 'This is mine!'"

An audience of some 1,000 Baha'i young people met on the West Coast to prepare for a "White House Youth Conference." Under the topic "Justice Through Economics" they proposed a change in the present tax structure which they said would gradually eliminate all taxes that act as "economic barriers," by increasing the tax on land values "until we are collecting the entire community-earned ground rent."

It would "open up limitless natural opportunities to both labor and industry" and would be an essential move toward establishing "equality of privilege," fulfilling the Golden Rule and reinstating the disinherited masses who would then enjoy free access to God's bounty (the land). "Land will in fact belong not to one man or one people but to all people."