

Beneath Urban Land Problems

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Within the last few years there has grown a general recognition of the principle that areas of common interest bounded by main arteries of traffic but free from the dangers and interruptions of through traffic should be carefully planned. Various measures have been proposed for the development of neighborhood units. Among them is the creation of a special corporation in which each property owner would own stock in proportion to the value of his holdings in the neighborhood.

Organizations of this type give promise and will probably evolve in the near future, but they should function through the established authorities, that is to say, their programs should be submitted to the official planning board of the community and when approved by it, be submitted to the governing body for official adoption just as any change in the official map or in the zoning ordinance.

In any long range view of urban land policies it will be necessary to encourage and guide this neighborhood consciousness so that the cities may profit by the awakening feeling of unity. In particular is this true of "blighted district" and "Slums." In their case only heroic measures will salvage the remaining property values and bring such areas back to economic health.

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In all the problems that we have been discussing there is a hidden factor which is the impact of our present general property tax, based on the capitalized value, on both land and improvements. For a generation or more students of taxation have been discussing the probable effects of a shift in our tax base.

The experience of Pittsburgh, Pennsylvania, and of the cities of British South Africa seems to indicate that a gradual reduction of the tax rates on buildings, accompanied

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by a corresponding increase in the tax rate on land value, would tend to reduce speculation in land and make large scale low-rental housing developments more practicable.

Pittsburgh under its "graded tax law," so far as city taxes are concerned, has been lessening the burden on improved real estate since 1913. After twenty-four years of experience tax authorities in Pittsburgh believe that about ninety per cent of the home owners have benefited by a reduction in the taxes they would otherwise have been obliged to pay.

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The Pittsburgh plan was not applied suddenly nor in a way to cause any violent disruption of property values. Instead it was applied gradually. In 1913 the tax rate on buildings was dropped to ninety per cent of that levied upon land; three years later to eighty per cent; and each succeeding three years the rate on buildings was dropped another ten per cent until it was stabilized at fifty per cent of the rate on land.

The gradual shifting of city taxes from buildings to the underlying land has had the tendency to reduce land prices. A quiet, steady

improvement of property is reported to have taken place. Both land and buildings are assessed as heretofore. According to Mayor McNair in an address given on March 5, 1936, the plan has proved a boon to business men, factory owners, and home owners alike.

It would seem that the New York State Conference of Mayors might with profit appoint a committee to investigate the results of this significant experiment in a neighboring state and on the basis of their findings determine whether or not such a shift in taxation would be beneficial to the cities of this State and if so by what permissive legislation it could be obtained.

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