

LVT and Urban Administration — 1965

by CHARLES F. LEONARD

FOR many years a prominent shaft in the Georgist's quiver of arguments for the single tax has been the assertion that the application of land value taxation would facilitate the solution of other local government problems. With increasing frequency of late there have been reports indicating that this claim is getting a hearing in certain mayors' offices and city council chambers through the nation. One such report entitled "Are Property Taxes Obsolete?" published in *Nation's Cities*, and discussed in the *HGN* (May, 1965) concerned a study of land value taxation made by the U.S. Conference of Mayors.

In the light of this more receptive attitude among municipal officials toward land value taxation, Georgists might venture with more confidence to emphasize this practical approach to the subject. How can LVT be integrated with other essential urban programs? Briefly I should like to list three programs that are variously helping to achieve such integration and should furnish clues for well informed students interested in civic matters, to adapt to local affairs by means of letters to newspaper editors or in talks to service groups.

Consider Houston, Texas, for instance. It is the only large American city that does not have and never has had, a municipal zoning ordinance. In an article in the April 1964, issue of *The Real Estate Appraiser*, and again in a speech given in September, 1965 to the International Conference of Tax Assessing Officers, M. W. Lee of Houston argues that zoning ordinances contribute greatly to the acute shortage of good quality, close-in housing and around our major cities. He cites a study made by the New York Metropolitan Region Plan Association, which found that many close-in suburbs of

New York City with zoning, required lot sizes six times that of the average residential lot. In language that must sound familiar to many readers, Mr. Lee noted, "Average families cannot afford such luxuries of space. To secure a lot they can afford, they must live at greater distances from their jobs. The extra tax costs, as well as the added expense of transportation in time and money, are appalling."

Secondly, zoning was found to contribute to the economic stagnation and spread of slums in the downtown areas of many zoned cities, by introducing artificial 'stickiness' into the natural evolution of land use patterns. Freezing of existing land-use patterns not only tends to exclude commercial buildings, shopping centers and quality apartments from downtown areas, but it stifles the rise in land values and local tax revenues that normally accompany such growth. Existing buildings, rather than being replaced, are simply allowed to degenerate. With no prospect of healthy renewal occurring spontaneously, and with no local funds available to finance a public renewal program, the temptation to turn to federally subsidized land clearance and public housing becomes irresistible.

In contrast to the housing *shortage* seen in most U.S. cities, Houston was one of two (the other was San Diego) that had a surplus of available, good quality housing in 1960, according to the Bureau of the Census. Houston has never had any local or federal program of urban renewal. But in 1960 it had the 8th lowest percentage of dilapidated housing of any U.S. city, and over the decade 1950-60 it showed a greater reduction in the percentage of such housing than three of these eight cities.

In San Francisco and adjacent areas a pioneering experiment in public trans-

portation is taking place. The Bay Area Rapid Transit District (BARTD) has a program subscribed to by the voters of a three-county region, which provides a modern rapid transit rail system to commuters.

The BARTD was described by John W. Dyckman in the September, 1965 issue of *Scientific American*, a landmark issue that was devoted wholly to the topic, "Cities." Despite one slighting reference to the work of Henry George, these articles are recommended to Georgists seriously concerned with the application of LVT. It is frequently stated that many needs of our increasingly urbanized population extend beyond the borders of the traditional units of local government—community, city and county. Region-wide needs for transportation, water supplies, recreational facilities and air and water pollution control, will in many cases require wholly new patterns of governmental organization, regionally based, as well as flexibility and efficiency in financing and taxing. Georgists should be able to explain these innovations clearly.

The BARTD regional approach is illustrated by the arrangements made for financing it. The primary capital costs of building the system will be met by a bond issue of nearly \$800 million, to be paid off by property taxes levied directly by the district over the three counties involved. Additional bonds will be issued if the system should later be extended to any of the other three counties that also border on San Francisco Bay. The cost of tunneling under San Francisco Bay will be met by a diversion of automobile tolls from the Bay Bridge Authority. Certain improvements will be paid for by each city participant from local funds. Federal grants will aid some of the planning and testing of new equipment in the hope that similar systems might be created for other areas. The operating costs are to be met out of rider fares averaging 25 cents to one

dollar a trip, with some back-up sources should these revenues fall short.

A third illustration relates to water management and conservation in the urban regional administration. The current water shortage affecting much of the northeast region, and the signing on October 2nd by President Johnson of the first federal water pollution control law for interstate rivers, both emphasize the urgency of water conservation for rural and urban areas. A new program in Ontario, Canada was explained by Edward G. Pleva in a collection of essays on "Comparisons in Resource Management," in five overseas countries. This volume edited by Henry Jarrett for the University of Nebraska Press, also contains other material of interest for Georgists.

Ontario, whose 413,000 square mile area makes it Canada's second largest province, contains one-third of that country's 18 million people. It has a barren northern region, with 93 per cent of the area of the province, but only 12 per cent of population; and a relatively well-settled southern region containing only 7 per cent of the area but 88 per cent of population. It is in the southern part that Ontario's local land and water conservation is proving effective—the northern section is largely Crown land.

This plan originated with the 1946 Conservation Authorities Act of the Ontario Legislature, which allows the municipalities making up the drainage basin of any river to organize as an authority. Each is given primary responsibility for the initiation, planning and execution of an over-all program of flood control, local water supply, pollution control, reforestation, fish and wildlife management and outdoor recreation. Representation of each municipality within the authority is related to its population, with some preference being shown to smaller cities. The authorities range in size from one of 86 square miles with 8

municipal members, to one of 2,614 square miles with 78 members.

Their powers extend to acquisition of personal property or land deemed necessary for conservation purposes, employment of laborers, drawing agreements with landowners, collection of fees for use of facilities, and allocation to member communities. These authorities are not staffed to carry out detailed land surveys or studies of the resources and needs of their areas, but they may draw on all the agencies and personnel of the provincial government for such studies.

Like BARTD, the Ontario Conservation Authorities Act recognizes several classes of expenditures: maintenance and administrative expenses and direct capital costs for dams, reforestation, parks, etc.

The provincial government covers 50 per cent of the direct capital costs and administrative expenses—the authorities assume the remaining half, plus 100 per cent of the capital maintenance costs. Revenues are contributed largely by member municipalities from local property tax revenues. The amount and proportion of individual contributions are indicated on each

landowner's tax bill. For flood controls costing more than \$5 million, the national government provides 37½ per cent of the cost, the provincial government an equal share, and the authorities the remaining 25 per cent.

The Conservation Authorities Act, though self contained for its own purposes, dovetails with other Ontario laws for resource use and area development such as the Planning Act (1946), the Water Resources Commission Act (1957) and the Highway Needs Program. Although no particular method of local governmental financing is specified in the operations, the opportunities for introducing LVT, as the efficient, socially beneficial method, should be apparent. While all basic education must be improved and greatly expanded, I believe students of Henry George should devote increasing attention to the study of local LVT application.

Charles F. Leonard, a graduate student at Columbia Medical School, is secretary of COLT (Committee on Land Taxation) at the Henry George School in New York. This committee is preparing a manual for early release on the application of LVT to such local situations as those referred to above, and many others.

Individual Georgists, faced with the desire to bring about an all-pervasive reform, have for years extended themselves mightily to influence others. This zeal dominated the movement as far back as the late 1800's, when its resources of money and effort were poured into political campaigns to influence voters.

Suppose the same amount of sacrifice had been invested in establishing schools and colleges. At present we reach ten while other institutions turn tens of thousands against us. Think of the well informed Georgists that would have evolved in eighty years if the irresistible force of George's logic had been released in our institutions of learning. Can we learn from the past or are we going to continue to send children to schools which misdirect their thinking?

—Kenneth R. Hunt

Calling for a quick solution in the Common Market deadlock, Georges Villiers, president of the Federation of French Industries, said, "The most important event of our epoch, without any doubt, has been the lowering of the quota and tariff barriers which protected France from foreign competition. We believe this to be a healthy evolution and have proved it, in the most specific way, by giving our active adherence to the work undertaken since the signing of the Rome Treaty."

A step toward freer trade has also been taken on this side of the ocean. The U.S. and Canada have recently completed a reciprocal agreement for free trade in cars and car parts.