

# DAYTON DAILY NEWS

Dayton, Ohio, Wednesday, March 7, 1962

11168

## Graded Taxes Urged Here To Take Profit Out of Slums

### City, County Receive Results Of Lincoln Foundation Study

By HOWARD HALL, Daily News Staff Writer

A six point program, including a graded tax plan to take the profit out of slums, was scheduled to be presented to city and county commissioners today by consultant Albert Pleydell of New York.

The study of the relationships between urban renewal and real estate taxes was financed by the Lincoln Foundation of Cleveland. It was started in 1960 after approval by city and county commissioners.

Recommendations are:

**ONE**—The county should seek state legislation permitting a graded tax plan by local option.

**TWO**—The city should experiment with strict code enforcement in areas scheduled for slum clearance.

**THREE**—The county should keep statistics concerning sales of approved and vacant land.

**FOUR**—The city should study the advisability of leasing instead of selling cleared urban renewal sites.

**FIVE**—The county should explore the feasibility of an electronic system for assessment records and tax billing.

**SIX**—The county should seek to accelerate the revaluing of land, with the ultimate goal of attaining a biennial schedule.

Concerning the first point the report states:

**"FACTS DEVELOPED** by the tax study clearly show that the present system of uniform tax rates on buildings and land pe-



ALBERT PLEYDELL  
Consultant Gives Report

nalizes owners who improve their properties. Such owners pay higher taxes than are paid by those who neglect their properties.

"A graded tax plan gradually shifts the tax burden from buildings to land and facilitates the valuing of land in terms of its potentially highest and best use.

**"IN CONTRAST**, by and large, under the uniform tax rate system, land is valued and taxed

in terms of its current use."

The report prepared by Management Services Associates, Inc., of New York, said that cities around the world are looking to tax laws to prevent and clear slums.

Property taxes designed to make slums unprofitable are now being used by New Zealand, Australia, Canada and other countries, the report states.

**THE "SLUM PUNISHING"** tax assesses property on the value it would have if used for its most valuable purpose and is called "site-valuation" by the report.

Concerning the recommendation for strict code enforcement by the city, the report states:

**"IT IS** the city's present practice to discontinue code enforcement in areas scheduled for clearance. In effect, this permits owners of badly run-down residential buildings to continue deriving income from such properties, free from the responsibility of providing living quarters that are decent and sanitary.

"By thus permitting an uninterrupted flow of income, withdrawal of enforcement tends to sustain relatively high values for the improvements, and hence, high costs of acquisition result.

**IN URGING** the county to keep statistics concerning sales of improved and vacant land, the report said:

"The tax study disclosed a wide range of variations of indicated sale prices from actual tax values. This was particularly true of the prices for vacant land and improved land to be cleared for re-use. In these cases, the

prices exceeded actual tax values by more than 100 per cent in some of the study areas."

**ON THE** recommendation that the city lease rather than sell cleared land, the report states:

"Retention of ownership by a city is permitted by federal law. Six cities are presently leasing cleared sites, rather than selling them.

**"THERE ARE** many reasons why leasing might be advantageous under special circumstances. The city should obtain the facts about the experiences of other cities with leasing, and review its own policy of selling each site in the light of those experiences."

On the feasibility of an electronic system for assessment records and tax billing, it said:

**"THE TAX** study emphasized the difficulty of developing research data from the present manual records in the auditor's office. It also pointed up the need for more frequent revaluations of real property. A modern electronic computer would be more efficient, and possibly more economical than the present system."

On the final point, more frequent revaluation, the report states:

**"REVALUING** once in six years does not permit a close relationship between assessing and market values. The optimum biennial assessing probably isn't feasible today, due to limitations in the manual record-keeping system, but automation would make it quite practicable to assess every two years."