

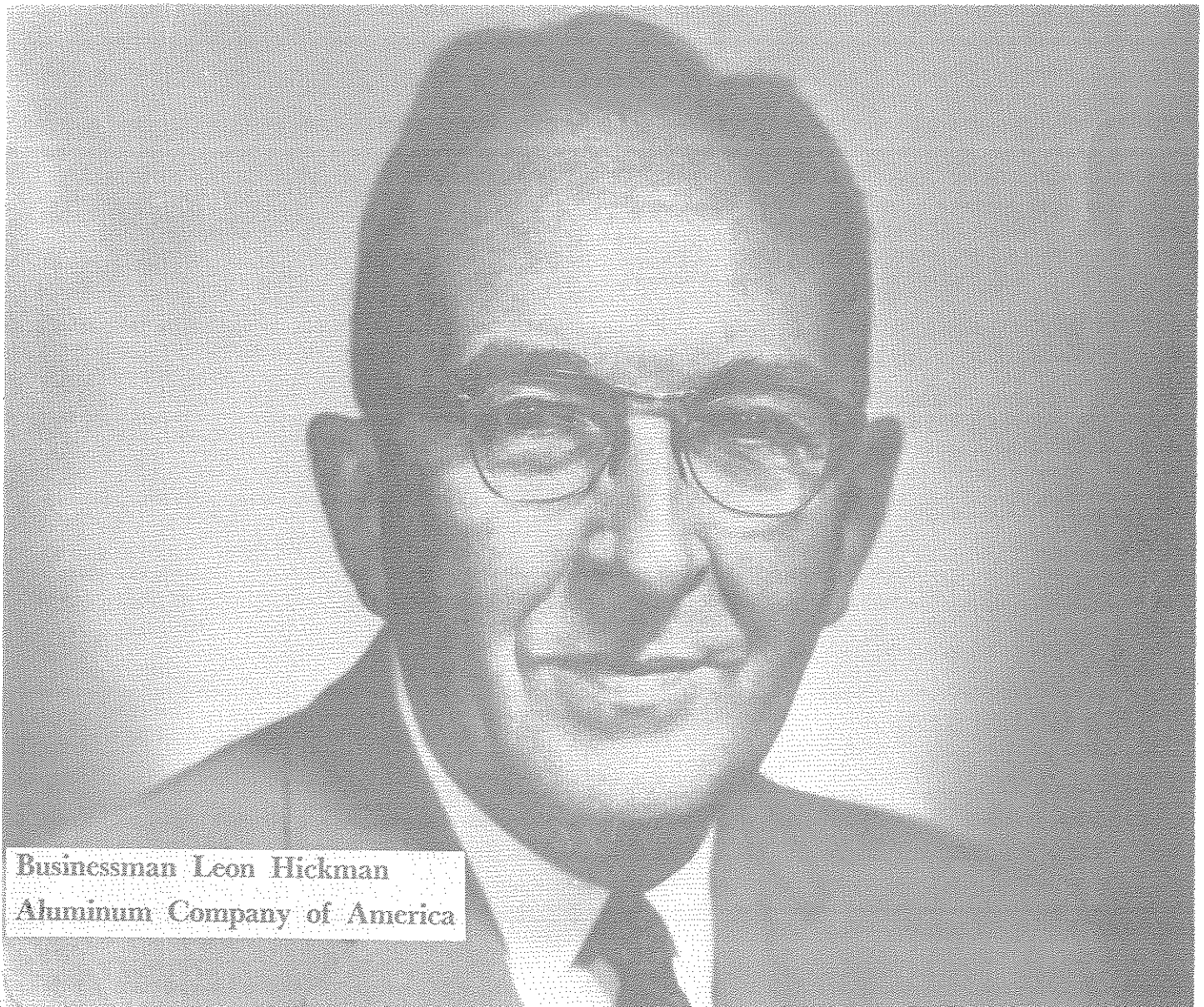
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CALIFORNIA HOMEOWNER



Businessman Leon Hickman
Aluminum Company of America

Read: Faith In California

Page 2

6944

FAITH IN CALIFORNIA

"... can Alcoa continue to invest in California? We well might not do so, if it were not for one additional ingredient in our evaluation of California: Faith. We have faith that the citizens of California, once alerted to the problems periling growth, will move to solve these problems."—Leon E. Hickman, executive vice president, Aluminum Company of America.

Statewide Homeowners Association of California, and the organizations affiliated and working with it, are moving to solve the problems obstructing the growth of the state. Many private and public groups are trying to do the same, and it is a job that will take the cooperation of many.

The quotation above is taken from a talk Mr. Hickman made in Los Angeles in 1962 to the California Industrial Development Conference.

The title of Mr. Hickman's talk was, "Alcoa Looks West," and while he spoke approvingly of California and said that Golden State growth had brought Alcoa to the Pacific, it is significant that he raised the question of "potential deterrents" both to the growth of California "and to the future of the company's business in this state."

Bright Picture

Politicians speak glowingly of California progress, and those members of the Business Establishment who want always to turn a shining face to the world tell you "things couldn't be better." This in the face of a half million unemployed, over three-quarters of a million on welfare rolls, a pinch for school and government financing, slim profit margins, defense plant and military cutbacks, and unmistakable evidence that some business and industry are fleeing the state.

Mr. Hickman apparently knew what he was talking about when he raised the specter of "potential deterrents" to California growth in 1962. Since that time it has been raised by hundreds of others, including no less a figure than Clark Beise of the giant Bank of America.

Statewide Homeowners Association is saying that the California property tax structure must be improved so that business and industry can expand here and create jobs, and so that homeowners and businessmen will be relieved of the crushing and unfair property tax burden. Many businessmen, public officials, economists and writers support our position.

View of Speculators

Land speculators and slum owners are saying the property tax and assessment practices should remain as they are, be-

UP TO CITIZENS

"We are excited about California. We are excited about the state and its prospects, and about many of our activities here. We look forward to future growth with California, and will do so with even greater confidence if the state's immediate problems are met head-on by its citizens."

cause even if they prevent real growth in California, they enrich the land speculators and slum owners. These different points of view are slowly creating the actual economic and political issues in California, and the struggle is heading for a showdown between selfishness and the general welfare — between those who want get-rich-quick land profits and get-rich-quick slum profits and immediate pay raises now, as against those who want the property tax structure and assessment practices improved so Alcoa can expand here and create jobs, homeowners can get tax relief, and schools, cities and counties can support themselves by the kind of property assessments the law requires.

Let's go into what Mr. Hickman said in 1962.

"I would be less than candid if I implied that Alcoa's operations in California were not without drawbacks.

"Our real long-range concern for our future in California lies in the area of growing costs of doing business because of government activity . . . these costs have been increasing unceasingly . . . unemployment insurance, workmen's compensation and general state and local taxes.

Property Taxes Bad

"State and local taxes—both the actual amount and the rate of increase—are Alcoa's most disappointing experience in California. As a percentage of book value . . . Alcoa's state and local taxes nationwide are 1.62 per cent. In California,

they are more than two-and-one-half times this much: 4.40 per cent.

"THE FIGURES FOR PROPERTY TAX ALONE ARE EQUALLY DISADVANTAGEOUS. AS A PERCENTAGE OF BOOK VALUE, THE PROPERTY TAX FIGURE NATIONWIDE IS .98 PER CENT. IN CALIFORNIA, THE FIGURE IS MORE THAN THREE TIMES AS GREAT: 3.12 PER CENT.

"In the 12 years since its acquisition in 1950, the Torrance Works of our Rome Cable Division has experienced a more than 50 per cent increase in the rate of its state and local taxes . . . High taxes and high unemployment insurance costs are among the primary factors that has made us abandon this plan." (Making certain wire products.)

Danger Seen

"We are convinced that it is possible to make the cost of doing business in California so high that despite all favorable factors, an operation here cannot compete with those in other states—including other out-of-state plants of the same company. Just as surely, we know that Californians are having a dialogue with themselves, to determine how to solve the problem of increasing costs of government. In its proper role, in the areas where it operates, Alcoa will continue to take an active part in this discussion.

"I have neither the time nor the credentials to pose specific solutions to these problems. I do have a strong desire to let you know that one major company is concerned about these things, and looks upon them as potential deterrents—both to the future growth of the state, and to the future growth of the company's business in this state.

"Now, it should be obvious to you gentlemen that our presence in California is despite the influence of such problems as I have just discussed. And this certainly raises a question: How, in the face of costs and trends such as these, can Alcoa continue to invest in California? We well might not do so, if it were not for one additional ingredient in our evaluation of California: Faith. We have faith that the citizens of California, once alerted to the problems periling growth, will move to solve these problems. It is certainly our faith in the good judgment of Californians that casts the deciding vote for our continued investment here."

California Homeowner

An Invitation to Join Statewide Homeowners

Dear Reader:

If you are not already a member of Statewide Homeowners Association you are cordially invited to join—now!

Statewide Homeowners Association needs your support and you need Statewide Homeowners. It's for mutual security.

If you want to know something about our organization read this issue of CALIFORNIA HOMEOWNER. You will discover what we are for and what we are against. We are for the homeowner and the worker and the businessman — the people who create and build a community — and we are against those who wish to take advantage of and exploit the homeowners, workers and businessmen. The non-creators, the non-builders, those who sit back fat and lazy while the homeowners and working businessmen build the cities and the nation — those are the ones to watch out for.

Security, that's the watchword. Homeowners need to be secure in their homes, in their jobs, in their neighborhoods and towns, in their business and other activities. Taxes must not hang heavy over them, nor the threat of unemployment or disruption of their environment, nor the fear of war. Productive citizens, whether they be homeowners or renters, should have an atmosphere in which they can live the best possible lives.

The taxing authorities think nothing of demanding more tax money from the homeowners, renters and businessmen when expenses rise. But they do not demand the same proportionate tax increases from owners of valuable under-used land and slums. That is because under-used land and slums are already assessed so low — contrary to law — that a tax rate increase hardly bothers them. Your house, on the other hand, and your business and inventory, are assessed so high that the slightest tax rate increase makes your pocketbook scream.

This is one of the main activities of Statewide Homeowners Association — to educate homeowners and businessmen to the unfairness of property assessments and the property tax structures.

Another of our activities is education on job security. The wrong kind of taxes — penalizing taxes — will drive business from California, and your job will be gone. And if you are a businessman, you know the wrong kind of taxes will put you out of business. The California tax structure needs revision, and that's one of the things you will learn about as a member of Statewide Homeowners.

There is more — much more — all under the heading of security for you and your family. Join now by completing and mailing the coupon in this magazine and sending in at least one dollar to start your membership. Or if you wish, write or telephone for more information.

Sincerely
JOHN NAGY
President

April, 1964

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STATEWIDE HOMEOWNERS ASSOCIATION

stands for

- A prosperous economy—jobs and profits—through a strong free enterprise system.
- Equalized property assessments, improved assessment practices.
- Tax relief for homeowners.
- A sensible property tax structure which does not penalize initiative.
- Good planning and zoning.

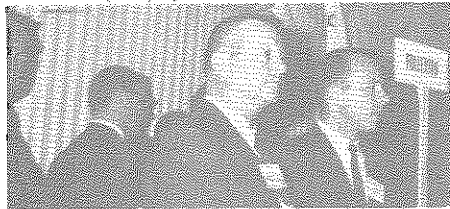
Democrats and Rep Consider Property Tax

REPUBLICANS

A resolution asking for home rule in local property taxation, allowing cities, counties and districts to exempt improvements and personal property from taxes, was submitted to the California Republican Assembly convention in Fresno March 13-15.

The convention, which endorsed U.S. Senator Barry Goldwater of Arizona for President of the United States, spent so much time wrangling between supporters of Goldwater and Governor Nelson Rockefeller of New York, that no resolutions were voted on.

The resolution was submitted to the State and National Affairs Committee of the CRA by Don Kucera, president of the Seal Beach Republican unit, and backed up by Jim Ware, vice chairman



Don Kucera, right, and Jack Motley at Fresno convention.

of the State and National Affairs Committee, headed by Walter Darby.

The Proposal

The proposed resolution follows:

"WHEREAS, homeowners, workers and productive businessmen are the bulwark of the free enterprise system, and

WHEREAS, high taxes on improvements and personal property injure homeowners, workers and productive businessmen, and

WHEREAS, low taxes on land and slums pass the main burden of local taxation to homeowners and small businessmen, and

WHEREAS, the California Constitution encourages the growth of big government and socialistic tendencies through federally administered and assisted urban renewal programs by not providing for home rule in local property taxation,

NOW BE IT THEREFORE RESOLVED by the California Republican Assembly that the California Constitution be amended to allow local option on exempting houses, buildings, improvements, inventories, machinery,

NATIONAL CONVENTION COMMITTEES TO LISTEN

Democratic and Republican political organizations and individuals, including office holders and candidates who are members of one party or another, are being presented with opportunities to consider and endorse proposals calling for improvement in the property tax structure.

Some of these proposals are in line with the program of Statewide Homeowners Association or its affiliates. Where necessary they are submitted by the Political Action Committee on Taxation. Statewide Homeowners Association does not itself take part in any substantial political activity.

Both Republican and Democratic national convention platform committees will hear from adherents of equalization of property tax assessments, and from those who want reform of the property tax structure. Testimony to the committees will be presented on behalf of homeowners and tax groups in about ten states.

Both Parties Asked

Both parties are being asked to do something about the situation in the United States which permits assessors generally to apply low assessments against under-used land, vacant land and slums, and high assessments against homeowners and productive businessmen, most of it in defiance of law.

It will be pointed out to Republican and Democratic platform committees alike that high taxes on houses, buildings, improvements and personal property, and low taxes on under-used land and slums, open the way for socialistic economic solutions. Where land is not sufficiently taxed, then income taxes, sales taxes, hotel taxes, etc., are used, slowly crushing businessmen and workers. Poverty, chaos and revolution finally ensue,

fixtures, equipment, household furnishings and other personal property from local taxation, and to allow local property tax revenue to be derived from a tax on land values alone."

One CRA county coordinating assembly is already considering action on the resolution.



Jim Ware, left; Louise Leigh, and Jud Baker at CRA, Fresno. Baker is political editor of Los Angeles Herald-Examiner.

and then Komunism takes over. Homeowners can fight this in the U.S. by insisting on an improved property tax structure.

Local Meetings

The Republican party-to-people program, initiated by former President Eisenhower and directed by Robert E. Merriam of Illinois for the Republican National Committee, has been asked to take up the matter of improving the property tax structure. Six party-to-people regional hearings are being held and local meetings are also scheduled. Republicans who wish to pursue this should get in touch with their Republican county chairman asking that property taxes be placed on agenda for local meetings.

A policy statement endorsing site value taxation -- higher assessments on non-agricultural land and lower assessments on improvements -- was made by the California Democratic Council at its Long Beach convention February 22. The issue was initiated by Mrs. Jessie Haver Butler of the Women's Democratic Club of Pomona Valley, California. Democrats who wish to follow up on this should bring the CDC endorsement to the attention of their local clubs and local Democratic candidates.

The California Republican Assembly convention at Fresno, March 13-15, which endorsed Senator Goldwater for President, was given a proposed resolution endorsing exemption of improve-

Republicans Resolutions

DEMOCRATS

Higher assessment of non-agricultural land and lower assessment of improvements was endorsed by the California Democratic Council at its Long Beach convention February 22. The plank was contained in a policy statement on Urban Planning adopted by the convention.

The statement was originally approved by the Women's Democratic Club of Pomona Valley in January after being proposed by member Mrs. Jessie Haver Butler of 1707 Wright St., Pomona. Edward P. Eichler of Palo Alto, a builder and former chairman of the Governor's Housing Commission, was chairman of the CDC Urban Planning Issues Committee.

The plank is part 6 of section III, Housing and Development, of the 1964 CDC Urban Planning statement, and reads:

Site Taxation

The California Democratic Council advocates: "Enactment of appropriate legislation permitting 'site value taxation' a higher assessment of non-agricultural land value and a lower assessment on improvements on the land. Such a differential will encourage good construction and repair and will make long-term raw land holding for speculation, which skyrockets housing costs, unprofitable."

Here are excerpts of Mrs. Butler's remarks to the Urban Planning Committee in support of the statement:

Mr. Chairman: Thirty eight state legislators, Republican and Democratic, favor legislation to allow communities to lift taxes from buildings and other improvements and place all or part of the tax burden on the land. We have seen the effects of speculation which make ten and 12 thousand dollar houses sell for 18 and 20 thousand. It will take a lifetime to pay for these homes.

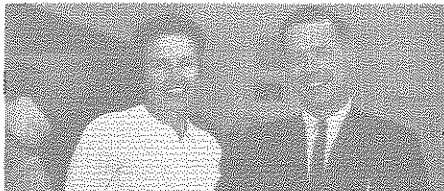
A change in the tax structure to shift the burden from improvements and personal property to land will keep industry from leaving the state. Industry is taxed more here than in other industrial states. Because of the late hour of voting, no resolutions were passed by the assembly.

One or more units of the United Republicans of California may take up this property tax matter and submit it to the UROC convention May 1 at Bakersfield. UROC members interested in a real defense of free enterprise should consider it.

April, 1964



MRS. BUTLER



Mrs. Stephen Zetterberg, president of Pomona Women's Democratic Club, and Dr. James Findley of Mr. San Antonio College, at meeting.

Over 50 per cent of the states have improved their business climate by exempting inventories entirely or partially from taxation. California manufacturers store their inventories in Nevada.

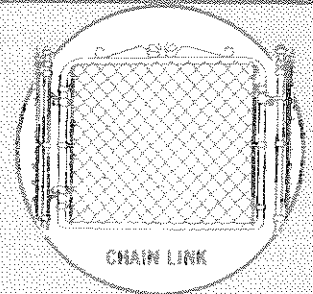
Defense industries are being cut back and other industries must be encouraged to come here. They will come if we cut their taxes on buildings and machinery and inventory.

How can we improve our communities when the land speculators sit on the best part of the cities and wait for prices to double and treble? Poverty and slums are the results.

Mr. Chairman, timing for this legislation could not be better. Legislators are desperately trying to find new sources of revenue. Robert M. Hutchins, former president of the University of Chicago, put it this way recently:

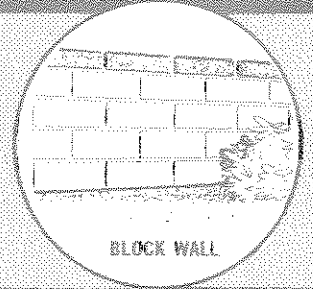
"We need a tax cut, but what we need even more is a drastic revision of our whole ramshackle tax structure. If the tax were on the land and not on the improvements, the incentive to gamble in land would be removed. We might then hope for sound utilization of our living and working space, a commodity that is getting scarcer every day."

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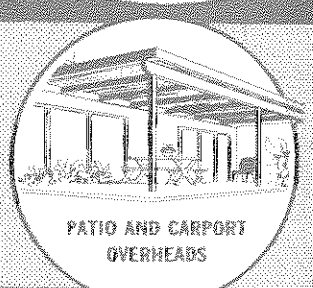
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Business Directory

Among the many members of Statewide Homeowners Association all over California are these individuals and firms who are Business Members, and who support the program of Statewide Homeowners Association for equal-

ized assessments and tax relief for homeowners and businessmen. They are united with other members of Statewide Homeowners Association for a sound California economy and expansion of a free market system.

PATRONIZE THESE BUSINESS MEMBERS OF STATEWIDE HOMEOWNERS ASSOCIATION

AUTOMOBILE UPHOLSTERING & TOPS

Hillcrest Auto Top Shop
320 Washington St.
San Diego

BEAUTY SALONS

Beauty Kit
2557 University Ave.
San Diego

Venus Hair Styling Salon
7061 El Cajon Blvd.
San Diego

BOAT REPAIRING

Harbor Boat and Yacht Co.
4980 Harbor Drive
San Diego

BOWLING LANES

La Mesa Bowl Corporation
7380 Parkway Drive
La Mesa

CARPET CLEANING

Pioneer Carpet Cleaning
4078 Hamilton
San Diego

CARPET & FURNITURE CLEANERS

Home Rug & Furniture Cleaners
1251 University Ave.
San Diego

CONTRACTORS

Long & Long Construction Co.
4019½ Chamoune
San Diego

ELECTRONIC RESEARCH & DEVELOPMENT

Digital Development Corp.
7541 Eads
La Jolla

INSURANCE

Midland National Life
Mortgage Protection Plan
3259 Wilshire Blvd.
Los Angeles 5

MOTELS

Rancho 101 Motel
U.S. 101 Business—
6596 Pacific Hwy.
San Diego

Tappy's Alpine Motel
2337 Highway 80
Alpine

MOVING & STORAGE

El Cajon Van & Storage
141 S. Johnson
El Cajon

MUSIC

Townsend Violin Studio
Violin, Viola, Cello
Teaching, Repairing, Sales
4562 Park Blvd., San Diego

PHOTO & BLUEPRINTING

Harbor Photo & Blueprint Co.
1368 Third Ave.
San Diego

REALTORS

Lee Mather Co., Realtors
5106 Federal Blvd., San Diego
944 Orange, Coronado
1266 Palm, Imperial Beach

RESTAURANTS

Mexican Village
120 Orange Ave.
Coronado, Calif.

Kip's Cafe
1058 E. Main
El Cajon

SHOES — RETAIL

Boldrick's Fine Shoes
525 "C" Street
San Diego

UPHOLSTERY

Parkco Manufacturing Co.
4665 Park Blvd.
San Diego

FLAME PROOFING

California Fire Equipment Co.
732 Fourth Ave.
San Diego

CANDY

Seeley's Candy
Telephone 233-3397
San Diego

BOOKS

New Standard Encyclopedia
953 Eighth Ave.
San Diego

SERVICE STATIONS

Crown
6900 Linda Vista Rd.
San Diego

TRAVEL

Benny Ercanbrack
448 W. Broadway
San Diego

Teachers, Are You Afraid Of Progress?

By CLAYTON C. BAUER

Too many teachers let their classroom walls isolate them from the pressing problems of their principals, superintendents, and school boards, to say nothing of their pupils.

All America is involved in a life-and-death struggle for better living conditions. You may be aware, dimly, that poverty is widespread in the United States. Out of 47 million families, 9.3 million must get along with less than \$3,000 a year. No less than 35 million of us are managing on a mere maintenance level, or struggling against "emergency" conditions where hunger is an ever-present spectre.

Hardly without exception, you teachers claim to be overworked and underpaid. Certainly, most of you are getting a large quantity of dollars by way of stipend. Inflation, eh? Printing press money made necessary because so many landowners escape their just dues to the community. Whether you're a renter or a homeowner you have to help take up the slack.

Money Scarce

By the same token, your districts are having the devil's own time trying to scrape up money to pay for the improvements a swelling crop of children must have.

The chances are that you, as a teacher, don't know the first thing about economics, the science of making a living. Not three in a thousand, I'd guess, do. I met a bespectacled college man once who boasted that he had already read 200 college textbooks on economics. Yet he was condescending to join a class in fundamental economics, because we were presenting views the academicians had ignored.

If the Blind lead the blind, both shall fall into the ditch.

Your educational system, teachers, is headed for the gulch. Taxpayers are crying, "Stop!" to further inroads on their improvements. Legislators, with their ears to the ground, are gassing, gassing, while quietly letting school aid expire.

You yourselves must get wise. When a Persian king put a tax on fig trees, the growers cut their trees down. When a Turkish vizier levied a tax on windows, lo and behold, those perverse householders walled up their window openings. You teachers can't hope to get much more out of a system that penalizes improvements.

Not Provincial

As a class, you teachers aren't a provincial bunch. You've been off to college.

April, 1964

Some of you have gone to Washington, D.C., with your high school graduating class. You Westerners think nothing of stepping on the starter and dashing a hundred miles to picnic, gad, or take in a dance. Okay, you've been around.

Then you must have seen the numberless vacant lots on the fringe of towns, the ramshackle buildings in cities, the farm acres growing to weeds because farmers get paid not to cultivate crops. Lands like these, because not put to their highest and best use, keep your school districts from providing enough schools and a full complement of decently-paid teachers.

Wait a sec, don't go and blow your brains out. There's hope. But you'll have to get up off your duffs, learn a few basic truths, and start pulling together with us to knock improvement taxation in the head.

Let me swish you to a little town in Australia. Wangaratta is its name, and it's important enough. Its taxpayers in 1956 faced this choice: Shall we kill building and improvement taxes, levy on land values only, or do we stick to capital taxation?

Wangarattans balloted "Yes" by more than four to one!

Wha happen? Townspeople threw up new buildings, fixed up the old ones. So they enjoyed a lovelier town, more jobs, brisker general business. The local paper crowed with banner headline:

"Building Wave Envelops Whole Town."

Yes, But—

Teachers, don't give me any. "Yes, buts—" This all took place while a decided recession was gripping Victoria's building industry.

When the source for this story was written New Zealand had 56 communities where buildings and improvements were being exempted from taxation. They were paying for public services with a community fund, land values. This was the progress of a mere 14 years, taken from a report of August, 1958.

What's the story since? From a dozen similar reports, I seize on one of last March, 1963. People really go for land valuation taxation. In 78 out of 118 counties, 118 of 143 boroughs, and 19 out of 27 towns, New Zealanders turned thumbs down on discouraging capital taxation.

Here in California we have just released a most important nine-county study of the tax possibilities for school districts. That of San Diego County is typical.

Teachers, we're showing you beyond dispute that your assessors are botching their work.

Working within the California Constitution, fully within the law, the San Diego County assessor, with no more work than it takes to spit, could dig up 23 million dollars more for your educational system. San Diego City alone could add more than \$7 million to its working funds.

Homes Hit Hard

It all boils down to this. Urban homes and commercial buildings and layouts bear the brunt of the tax load. They're assessed from 20% to 25% of market value. But raw land and under-improved property gets by with a measly 1%, ranging perhaps to 15%, of market value. This is an open invitation for owners to hold such properties till population increases permit them to reap unearned and often whopping profits. Invariably, these profits are the measure by which the community has been robbed.

We're advocating equal assessments on the same market values of property, no matter where they lie. This is what the California law decrees. This is what we mean when we call for equalization. But it is not being done, certainly, in San Diego County. It can be done. Teachers, do you favor progress?

Writers

CALIFORNIA HOMEOWNER magazine wants good articles, short short-stories, essays, editorials, news, cartoons and photographs dealing with property assessments and taxes, land speculation, slums and urban renewal, planning and zoning, land and land use, taxes and economics in general, homeowners groups, civic and taxpayers groups, book reviews on these subjects, and accounts of public officials and other persons involved in these activities. Payment varies. Manuscripts returned if accompanied by stamped, addressed envelopes.

PENSIONERS

(OAS) Spec. ATTENTION

DR. PESKIN

PHONE 239-1251 SAN DIEGO

LET'S MAKE IT A FE

BY ELDON HARRIS

Let's make a "Federal Case" out of changing the property tax structure in the United States. The property tax is a good, sound tax but it is badly, and often illegally, applied.

Since the state governments have more or less abandoned their responsibility to do something about the property tax for their citizens—who are also citizens of the U.S.—should not the Congress and the federal government be called upon to revitalize the national economy by improving the property tax structure and the administration of assessment procedures in the 50 states?

It is an old story—the local communities and the states refuse to act and the people turn to Washington. In this case Congress has no jurisdiction over the property tax and it is not suggested here that it be given any. What is needed is national attention, national leadership—an awareness in Washington that people are clamoring for property tax reform.

That awareness is developing—slowly—and it should be given a push. Already the U.S. Advisory Commission on Intergovernmental Affairs is studying the property tax, and the Joint Economic Committee of Congress has called for a model, uniform property tax code. You can let your Congressman and Senator know that a federal study of the economic impact of the property tax would be a good thing.

U.S. Can Act

The federal government, either Congress or the executive branch or both, can do something to call attention to the deplorable condition of the property tax structure in this country—a condition which is mainly responsible for most of the economic ills of the U.S. and a great many of the other ills besides.

The property tax raises from 50 to 75 per cent of the local revenue in the U.S. while at the same time inflicting a more-or-less crushing tax burden, mainly on those who rent or own homes, and on those who own productive commercial and industrial property.

The property tax could easily raise 100 per cent of local revenue for schools, cities and counties without increasing present tax burdens on homeowners and businessmen, and in many cases reducing them. It can be done by the states changing the present tax structure, which in any event is damaging and obsolete and sorely in need of change. But the states cling to the ancient property tax structure

as a child hangs on to a battered teddy bear. Everyone knows the child will grow up and abandon the toy, and while the states have grown physically, their governments and legislatures perform in economics like retarded children still trying to spell C-A-T.

The crux of the problem is that most state laws require "real estate," whether consisting of unimproved land alone, or land with buildings or other improvements on it, to be taxed at one rate, as if there is only one kind of property. Even states which tax personal property usually tax it at the same rate as "real estate." The truth is that land is one kind of property and improvements to land and personal property are another kind of property, and both should be taxed at different rates. Land should be taxed heavily because no human being created it, and it will benefit the community, not harm the community, to tax it heavily and bring the revenue into the public treasury to be used for the public good.

Tax on Labor

Houses, buildings, barns, swimming pools, driveways, clothing, cameras, etc. are created by the labor and capital of human beings and should be taxed lightly or not at all. The more taxes on labor and capital, the greater the restrictions on production, and the more the community is hurt.

So the simple change to be made by the states in the property tax structure is to allow or force the local communities to place a heavier tax on land and a lighter tax on improvements and personal property.

What will this do?

Much land, because it is lightly taxed, is not used because the owners are holding it until the selling price goes way, way up. They can hold it because they do not have to pay the community much taxes on it. If the taxes are increased on the land, the owners will have to make the land productive, or sell it at a good price to someone else who will make it productive. The high taxes will prevent it being held out of use for speculation. Thus construction and business and employment will be stimulated as land goes into use. There will be little or no taxes on the houses, office buildings, warehouses and factories built on the land, and little or no tax on equipment and furnishings in the buildings, or the things produced by the factories. As far as property is concerned, only the land in the community will be taxed.

Strictly, this will not affect local sales taxes, gasoline taxes, wage taxes, tobacco taxes, etc. The community should not have such nuisance taxes, which are just as bad as taxes on buildings and personal property, but the suggested improvement of the property tax structure does not here go into the advantage or disadvantage of other taxes.

Two States Act

It is to be noted that about half the states have already done away with personal property taxes, and two states, Hawaii and Pennsylvania, have moved in the direction of reducing and removing taxes on buildings, and increasing the tax on land values.

But the action of the states is too slow in this important field where the structure of the property tax has an important bearing on the U.S. economy and thus on our position in the world. If the school districts and the cities and the counties can become self-supporting or almost so, as they can if the tax structure is improved, they will relieve the U.S. Treasury of an enormous drain. Not only could the federal budget be reduced perhaps up to 20 billion dollars, but with industry expanding and more people at work the revenues of the states and federal governments will rise.

But the states, by and large, refuse to change the inefficient, obsolete property tax structure. Even Pennsylvania and Hawaii have made only slight changes, and it is to be noted that Hawaii's action came in 1963, more than 50 years after Pennsylvania showed the way. At this rate it will be the year 4412 until all the states have made some changes in their property tax structures.

What can be done now?

The most important thing at this stage is to make Congressional leaders, government leaders, political leaders and public opinion leaders realize the federal government should concern itself, for the best interests of the country, with the effects of the economic impact of the property tax. As things stand now very few national leaders or molders of opinion are aware that the property tax is so important. Most leaders at the state and national levels talk only about income taxes, sales taxes, and tariffs. Raymond Moley pointed out in 1960 that neither of the national parties and neither of the two presidential candidates were discussing the property tax, and he pointed out in 1963 that neither Kennedy nor Nixon

Homeowners Need Tax Relief

California Homeowner

FEDERAL CASE

really understood the property tax and its economic implications.

Steps to Take

Several courses have been suggested:

1. Formation of a Political Action Committee on Taxation with the primary purpose of informing national and state leaders of the importance of the property tax. PACT has been formed and is slowly getting underway.

2. A federal study of the impact on the national economy of property taxation. Several members of Congress have already agreed this should be done.

3. Appointment of a Presidential commission to study the impact on housing of today's tax laws—local, state and federal—is by far the most important recommendation of the President's housing policy task force. (House & Home magazine editorial, November, 1963.) Many of our present tax laws harness the profit motive backwards in housing; they make slums the most profitable of all investments, with a yield averaging close to 20%; they make urban decay more profitable than urban development; they make land speculation more profitable than land development; they tax homes and improvements so heavily that too few improvements are made; they tax underdeveloped land so lightly that its price has been inflated at least 300% since 1952, so the homebuilders vote 4 to 1 that land is now their biggest problem.

A higher tax on land is the only tax we know that would bring lower prices instead of higher prices; the only tax we know that would stimulate production instead of inhibiting it; the only tax we know that would help get the economy moving. (All of above from House & Home.)

Uniform Code

4. A United States uniform property tax code which would encourage, rather than discourage, the best economic uses of land. This suggestion comes from the Joint Economic Committee of Congress, January, 1964, Senator Paul Douglas, chairman:

"Coordination in housing and community development programs is lacking in one critical area, notably the myriad methods of taxing real property. The state and local governments have failed to make maximum use of the enormous potential inherent in the property tax for either the prevention or the cure of poor housing and other blight conditions. In fact, since the tax is based on the value of land and improvements, those who per-

mit their property to deteriorate, reducing area property values, are rewarded with lower property taxes. Landlords who enhance the value of their property have their assessments raised.

"We do not undertake to suggest what would be a proper method for a state or local community to tax the property of its citizens. We do recommend, however, that a model, uniform property tax code be drafted, which would encourage, rather than discourage, the best economic uses of land."

What can the individual do?

There are organizations in several states, such as Statewide Homeowners Association in California, which are concerned with improving the property tax. Join one of these organizations and help. If there is no group in your state, start one. There should be flourishing organizations in the 50 states.

Write Letters

Individuals and organizations can write to Members of Congress, candidates for Congress and officials of the federal government and ask for a study of the impact of the property tax on the national economy. Write also to syndicated newspaper columnists, and newspaper and magazine editors.

The U.S. Advisory Commission on Intergovernmental Affairs has already recommended changes in the property tax structure, and this group should be encouraged to continue its studies.

There are already in Congress several members who are interested in improving the property tax, in addition to Senator Douglas. These include Representatives Tom Curtis of Missouri, Lionel Van Deerlin of California and Tom Gill of Hawaii, and Senator Tom Kuchel of California. Letters to the 535 Members of Congress will uncover others.

The states have jurisdiction of the property tax, but it may be necessary to make it a "federal case" in order to get them to act.

UNEQUAL ASSESSMENTS

Of all the charges against the property tax, inequity of assessments is the most serious one. There is no reason why the situation cannot be improved if adequate action is taken—which so far few states and communities have succeeded in doing. Inequitable assessment practices are a good argument against raising the demands upon the property tax without administrative improvement. — Roger A. Freeman, Institute for Social Science Research, Washington, D.C.

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—Benjamin Disraeli,

British Prime Minister, 1874

Homeowners Need Tax Relief

April, 1964

Where To Get The Money

No Tax Increase

Schools, cities and counties in California can collect about 800 million dollars more each year in public revenue without raising property tax rates, according to a survey made for Statewide Homeowners Association.

The survey of property assessments was done by Resources Research under the direction of Roy Davidson. It sampled 716 properties in nine representative counties, including, by classes of property, residential, commercial, farms, low improvement (slums) and unimproved (vacant lots and acreage).

The nine counties are Alameda, Imperial, Los Angeles, Orange, Riverside, Sacramento, San Diego, San Mateo and Siskiyou.

The additional revenue which could be obtained was calculated for each county by figuring the amount unimproved land and slums now bring in taxes based on present low assessment ratios, against what they could bring in taxes if they were assessed at the high ratios now used for homeowners. The law requires this equalization of assessments but most assessors are not obeying the law.

Base Increased

Davidson calculated that the assessment base would be increased more than $3\frac{1}{2}$ billion dollars in the nine counties, and more than 11 billion dollars in the state's 58 counties. Using the statewide average school district tax rate of \$3.706 per \$100 assessed valuation, Davidson said more than 412 million dollars in additional revenue could be obtained for schools alone, and since half or more of all property taxes go to schools, another 460 million dollars would be available to cities and counties.

All this additional revenue could be collected if assessors merely followed the law, which in California calls for assessing at full cash value. This law is not obeyed, nor is the law obeyed which calls for all property to be assessed at the same ratio. Roy Wenzlick has said that assessors are breaking the law; Roger Freeman said, "the assessor has arrogated to himself the powers of a one-man local legislature." The opinion is fairly general among those who study taxation that assessors violate the law, yet most home-

owners and small businessmen are not aware of it.

Illegal under-assessment of property accounts for the 800 million dollars now being lost to cities, counties and schools. Land speculators avoid about 85 per cent of their property taxes, and slum owners avoid about 55 per cent.

Courts Lax

There are many reasons why assessors get away with violating the law, but apparently until homeowners and businessmen demand otherwise they will continue

The Davidson survey was announced by John Nagy, president of Statewide Homeowners Association, at the association headquarters in Los Angeles. It resulted in much publicity on television and radio stations in the form of interviews and comments by newscasters, and many stories in state newspapers. Among those papers which ran stories are the Los Angeles Herald-Examiner, San Diego Union, Christian Science Monitor, San Francisco Examiner, Hollywood Citizen-News, Redondo Beach Daily Breeze, San Diego Evening Tribune, Burlingame Advance-Star, and San Mateo Times. Copley News Service, United Press International and Los Angeles City News carried the story on their news wires.

to get away with it. The courts, when appealed to, have done little to rectify the situation.

Following are quotations from the Davidson survey:

"California homeowners are currently bearing approximately $3\frac{1}{2}$ times the tax burden of landowners, and about $2\frac{1}{4}$ times the load of slumowners. Commercial properties are just as inequitably assessed as residential properties.

"... consistent under-assessment of vacant land and slums has placed an unjust and inequitable burden on owners of improved properties. Throughout the state, local assessors have been in clear violation of constitutional provisions guaranteeing all citizens equal protection of the laws.

"Funds for the current operating expenses of public schools could be increased 23 per cent by eliminating preferential assessments for landowners and

Watson Will Equalize Assessments On Land

Los Angeles County Assessor Philip Watson says that Statewide Homeowners Association is on the right track in calling attention to under-assessed property in the state. (Watson is one of a handful of assessors in the state who are trying to assess according to law.)

Pat McGuiness of KABC Radio, Los Angeles, who interviewed John Nagy at the unveiling of the Davidson report and questioned him closely concerning the implications of under-assessments, later telephoned Watson and asked for an assessor's explanation.

Watson told McGuiness, and Pat related it on his radio program, that there is no doubt that much property in the state is under-assessed. Watson did not agree, however, with conclusions and market value figures in the Davidson report, calling them too high.

Watson later told Nagy he is about to embark on an intensive effort to equalize land assessments in Los Angeles County. Nagy said this will result in higher assessments for much land in that county.

slumowners . . . merely by enforcing the present law. Any increase in property tax rates or new school taxes would exacerbate present differential assessments.

'Poor' Districts

"Current distinctions between 'rich' and 'poor' school districts would lose much of their validity with assessment equalization.

"In recent years this proportion (of state support to total expenditures for the public schools) has been remarkably stable, while the dollar amounts have been increasing quite rapidly.

"While reorganizing unnatural school district boundaries will alleviate the situation, the basic answer to the school finance crisis is to raise the assessments on basic land."

Based on his survey, Davidson arrives at a 19.3 per cent assessment ratio for homes, 18.8 per cent for commercial, 11.8 per cent for farms with significant capital development, 8.6 per cent for slums (low improvement) and 5.3 per cent for vacant lots and acreage (unimproved).

Homeowners Need Tax Relief

Homeowners Need Tax Relief

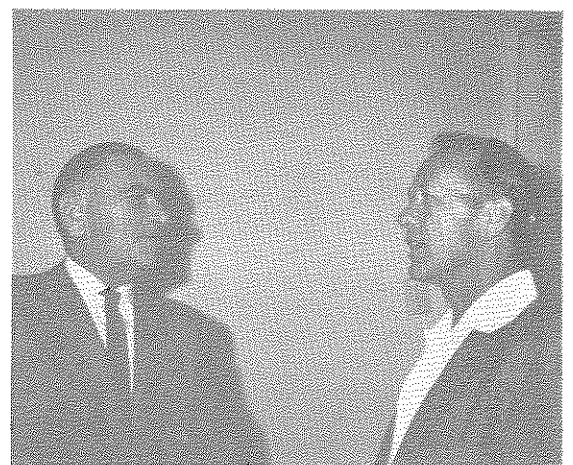
California Homeowner

NEWS—About Homeowners And Others

This is a page devoted to activities of members and employees of Statewide Homeowners Association, and to others who are friends of Statewide Homeowners. You are invited to send in photos and news items that can be used. Mail to Editorial Office, California Homeowners, 953 Eighth Ave., San Diego 1.



Statewide Homeowners Association unveiled its new Los Angeles offices recently at 1571 N. Gower St. with an open house attended by members and friends. In photo at left are Leon Gordon, Art White and Mrs. Leo Katcher. Gordon is president of the Federation of Hillside and Canyon Associations, and Mrs. Katcher does public relations for the group. White is the KABC-TV man who did the documentary, "Tax Crisis at Your Home." In photo at right are Mr. and Mrs. Stanley Kurtz. Mr. Kurtz is president of the Los Angeles Teachers Association.



A discussion series for homeowners groups was held at California Federal Savings & Loan building in Inglewood, arranged by our Southern California director, Michele Hamilton. Six sessions were scheduled, featuring lectures on free enterprise, assessments, city and county budgets, and the working of homeowners groups. Statewide Homeowners will set up discussion series for groups which request them. In photo at left are Al Morgaustern, left, Hawthorne Coordinating Council; George Fisher, Southern California Taxpayers Council, and former Assemblyman Vernon Kilpatrick of Lynwood, leader of property tax reform in California. Photo, right, shows Jack Daniels, accountant and new member of Statewide Homeowners (left) and William Hanks of Long Beach.

Declaration of Progress Urged For San Francisco

By E. ROBERT SCROFANI

The young men of ancient Athens said: "We will fight for the ideals and sacred things of the city, both alone and with many; we will strive unceasingly to quicken the public sense of public duty; that thus, in all these ways, we will transmit this city, not only not less, but greater, better and more beautiful than it was transmitted to us."

San Francisco needs a Declaration of Progress. The citizens of this city cannot react from crisis to crisis but must muster behind an overall policy for the future.

Any Declaration of Progress must be based on citizen understanding of San Francisco's needs. This declaration calls for a program requiring continuing attention and effort.

In all our considerations, moreover, we should not neglect the human values in our city, the human scale to which it is built, the quality of its neighborhoods. When we speak of our physical renewal, we must not neglect human renewal. Progress should not leave us with growing lists of Displaced Persons.

Here is a partial list of what the Declaration should indicate:

1. A Master Plan that is effective and expressed in clear terms, with copies for all who want them.

2. A model of San Francisco to be used as a working tool so the public can have an idea of the effect of proposals.

3. A sound review of land use and a careful study of the quality of our residential development.

4. A study of the effect of a tax on land values alone, as opposed to the current dual tax on land and improvement. A study of present assessment practices.

5. Greater efforts in conservation and rehabilitation of our neighborhoods. Use of tax incentives to reward renewal by homeowners and businessmen.

6. Coordination of all capital spending with urban renewal programs. Coordinate city, state and federal spending in the area.

7. A Golden Gate transportation authority.

8. Economic studies to find out how business and industry can be encouraged.

9. Planning should have economic and social aspects as well as physical objectives.

10. Urban renewal must consider people as well as buildings and areas. In housing, we need low-cost and moderate-cost accommodations.

11. A top person at city hall to repre-

sent the interests of San Francisco neighborhoods. Also, neighborhood planners.

12. Consideration of permitting district and at-large supervisors, and some city hall evening meetings on important issues.

Our concerns in housing, education, problems of the aged, etc., require continued action and interest. To meet them, we need only the good will, the energy, and the desire to solve them. Perhaps we in San Francisco—already one of the world's great cities—can really become earnest about the code of the Young Men of Athens.

State Housing Center Proposed By Scrofani

Establishment of a California Housing Center has been proposed by E. Robert Scrofani of San Francisco, Northern California director of Starewide Homeowners Association. The story was reported in the San Francisco Progress.

The center would be a showplace for new housing ideas in construction, design, materials, decorating and landscaping.

Scrofani said a center is needed to improve the quality of the residential and commercial buildings keeping pace with California's growing population. He said the state must get the best from new materials and techniques in order to build better communities.

Scrofani envisions a non-profit housing center built and maintained by sponsorship of developers, manufacturers, professional organizations and governments.

Even if you've never sold papers on a street corner, you've heard the cry of the newsboy, "Xtry! Xtry!" Well, here it goes again—"Xtry! Xtry! House & Home says land speculators in trouble! Antell Company says it has found way to take speculative aspects out of land investment and make it a safe, sound and sure method for substantial profits!"

One thing for sure, if land speculators are in trouble, we don't want to speculate. We'd rather just buy land and hold it for a sure rise, as the Antell people suggest.

SAME DAY

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DR. PESKIN

PHONE 239-1251 SAN DIEGO

SHORT TAKES

The politicians are out to save the homeowners again. Every day we are saved and every week our plight gets worse. Latest is this Los Angeles headline, "Ease Homeowners Taxes, Yorty Asks." We hope the good mayor is really on our side—he could be a leader in this state. But usually, when politicians talk of easing taxes on homeowners, they have in mind increasing sales taxes, wage taxes, gasoline taxes, room taxes. This is not tax relief for homeowners—we pay all those taxes too. Tax relief for homeowners is making land speculators and slum owners pay the taxes they now escape.

Hear that, Sam?

* * *

No wonder Charles Finley wants to take the Athletics of the American Baseball League out of Kansas City—KC residents are no smarter than the Philadelphians who watched the A's under Connie Mack. Long years ago the Quaker City people voted to tax their own incomes—a short time ago Kansas Citians did the same.

Woe betide Oakland if the Athletics head for that city.

* * *

Homeowners Need Tax Relief

* * *

Los Angeles city and county are facing tax increases and councilmen and supervisors are worried. Fees are suggested to avert a property tax hike. In the city, for example, dog licenses would be raised from \$3 to \$4. In the county, marriage licenses and divorce fees would be raised. Both city and county are toying with hotel-motel bed taxes. Homeowners can breathe easy, for they will not be socked with the increased taxes. They do not get married or divorced, nor do they stay in motels or hotels. And thank goodness, the dogs will have to pay the extra \$1 if they want to be licensed.

It's Lucky When You're a Homeowner, Isn't It?

* * *

"We do not say that a man who takes no interest in politics minds his own business. We say he has no business here at all."—Pericles on civic duty.

* * *

Let's see—Rockefeller, Johnson, Goldwater, Scranton, Lodge, Romney, Bobby Kennedy. Senator Snort, who plans to run against them, told his PR man, "Arrange for bill collectors to hound me. I'll win the sympathy vote as the only presidential candidate who isn't a millionaire."

* * *

Homeowners Need Tax Relief

California Homeowner

Councilman Shepard Recall Studied In Los Angeles

By Michele Hamilton

Homeowners groups in Los Angeles County continue to fight city hall. When north San Fernando Valley residents lost a subdivision rezoning battle against the giant Macco Corporation over Porter Rancho property, with Councilman Tom Shepard of the third district voting with Macco in a Los Angeles city council showdown, some said it was the last straw. In any event a Recall Study Group was set up and the irate homeowners banded together to decide if they can get rid of Mr. Shepard. A decision is expected soon from the study group headed by attorney James Wallace of the North Valley Property Owners Association.

And Another

"Although we get a hearing we aren't listened to."

Does this sound familiar to you homeowners?

Anyway, this is the complaint of the Upper Mandeville Canyon Association which is working to organize Brentwood homeowners in a move to oust members of the Los Angeles Planning Commission, an appointed body. No recall election here, just pressure on city hall to have them fired (a big job).

President Herman Schmoller of the canyon group charged that the planning commission has consistently failed to give homeowners satisfaction in planning matters. Petitions are being prepared to put the community behind the effort.

Several members of Statewide Homeowners Association are supporting Schmoller and the canyon group, and officials at our Los Angeles headquarters have talked to him. In general, of course, Statewide Homeowners favors good planning, and this may be something for us to look into. More next time.

Holly Park

Holly Park Homeowners Association has been in existence ten years and has aided its community in the Inglewood area by helping establish a park, library, alley lights, stop signs, cross walks, better trash pick-up service, improved police and fire protection and has created the Holly Park Little League and Boy Scout Troop. The association sponsors an annual summer dance and anniversary dance, a Fourth of July fireworks program and a Christmas season decoration contest which they call the Holiday-orama.

Besides their excellent news letter, the Bulletin, they also publish a directory of

their members. All of this activity, plus potluck dinners, drama and music club, and monthly meetings at which they discuss school problems, taxes, meet with candidates, etc., keep the Holly Parkers too busy to get into mischief. Does that give any of you other Homeowners groups any ideas?

Officers of the Holly Park Homeowners Association are Larry Weinacht, president; Jim Schuler, 1st vice-president and membership chairman; Paul Rothbrock, 2nd vice-president and social chairman; John Fahey, treasurer; Lorraine Montgomery, secretary.

Apartment Dweller Pays High Taxes

There is an oft-repeated charge that the apartment renter escapes paying property taxes. Because the owner pays the actual tax bill many renters, and others, have imagined they were free of property taxes.

Actually, of course, the owner passes on the taxes to the renter. If you are renting for \$75 a month, then perhaps about \$15 or \$20 of that goes for property taxes. This seems easy enough to understand, but it has still been said and written many times that the renter is a free-rider on the tax rolls.

The commissioners of Prince George's County in Maryland studied the matter. The report by the county's Economic Development Committee found that apartment residents pay more for the services they receive than the homeowner, so that they actually pay more than their fair share of tax burden.

Argument

United Press International, reporting on the Prince George's study, said, "the conclusion goes to the heart of an argument that inevitably arises when some builder starts casting around for apartment property in a residential neighborhood."

"The civic uprising that such projects generate usually includes this battle cry: 'Apartments will push up our tax bills because our property taxes will have to pay for schools and other public services that the high-risers will get for free.'"

But apartment dwellers, it was found, do not use as many services as homeowners. The UPI said, for example:

"A statistical breakdown included in the survey claimed that the average one- and two-family unit used the schools on

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an average of about four times as much as the apartment resident."

Pays \$18 more

The survey showed that when all factors were weighed the average apartment taxpayer, considering the public services he was getting, paid \$18 more than he received. The homeowner, on the other hand, received from the county \$125 more in services annually than he paid in taxes.

The commissioners concluded:

"The most dramatic discovery in the report is the fact that the much maligned apartment units more than pay their way, by an ample margin, for all services . . . providing a surplus to the county . . . to help defray the cost of single family dwelling units."

"The apartment dwellers for a change can be recognized in the community as responsible taxpaying citizens who are more than paying their full share of the cost of all government services, as reflected through their rental fees."

IN PERSON

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Letters to the Editor

LAND VALUE STUDY

Your readers may be interested to know a study of land values in a part of Louisiana will be made, similar to a study made by Mary Rawson in British Columbia for the Urban Land Institute. The study will be made through the generosity of E. W. Walthall of Florida.

Congratulations on the CALIFORNIA HOMEOWNER, which maintains a consistently high quality and ought to be extremely effective indeed.

Dr. Robert Andelson
Northwestern State College
Natchitoches, Louisiana

* * *

MORE ON SENATOR

The February issue of the CALIFORNIA HOMEOWNER is a splendid job. One could add to the Senator Smathers story that the senator can deduct the mild Florida land tax from his income.

Joseph S. Thompson
2411 Broadway
San Francisco 15

* * *

Homeowners Need Tax Relief

* * *

LIKES HUTCHINS PIECE

Homeowners, at long last, are on the way. Soon we will be able to tell the politicians what they will have to do for us.

As Dr. Hutchins so ably stated in his article in the February issue of CALIFORNIA HOMEOWNER, "What we need even more than a tax cut is a drastic revision of our whole ramshackle tax structure."

That's the best article I have read since I read the Winston Churchill article in the August, 1960, House & Home.

C. D. Hagberg
2654 Edison St.
San Mateo

* * *

Homeowners Need Tax Relief

* * *

CONGRESS REPORT

We feel the recommendation by the Joint Economic Committee of Congress (Senator Douglas, Illinois, chairman) on the draft of a model, uniform tax code to relieve improvements from taxation is well worth considering further.

Erick S. Hansch
Taxpayers Digest
Box 2506
Portland 3, Oregon

Letters to the Editor are welcome. Please keep them short and sign name and address, although names will be withheld on request. The magazine is not responsible for and does not necessarily agree with views expressed in letters.

TAX CHURCH PROPERTY

Your proposal to tax the land and not the improvement is right as far as it goes, but why not go all the way and include all church held property as taxable, now unjustly exempt from payment of any tax on the proposition that church property is "holy"?

The ever increasing material wealth of the churches is becoming so vast that, if they are permitted to continue operating on a tax free basis, they will control our nation's economy in the foreseeable future, according to Eugene Carson Blake, executive director of the Presbyterian church.

It seems that Dr. Robert M. Hutchins has recently made a sort of about face and now voices approval of public aid to parochial schools. Should this become the law of the land, then what? Will church law eventually supersede present secular law?

Alex Degraw
39 La Venezia Ct.
Altadena

* * *

GOP PARTY-TO-PEOPLE

We are enclosing material on the Party-to-People Program and invite you to contact Mr. Robert Buchler, c/o Ted Braun and Company, 625 South Kingsley Drive in Los Angeles for additional information.

Robert E. Metriam
Republican National Committee
Washington, D.C.

* * *

Homeowners Need Tax Relief

* * *

ON SCHOOL TAXES

To cut school taxes without hurting schools: 1—Use less acreage, two-story buildings instead of one-story. 2—Use cafeterias for certain classes and study periods. 3—Parents should buy textbooks for students, and from private publishers, not state printing office.

V. Boas
3408 Cowley Way
San Diego 17

* * *

Homeowners Need Tax Relief

BERNARDI LISTENS

Los Angeles Councilman Ernani Bernardi is interested, I believe, in proper land use and equalization of property assessments. When he was on a KNX Radio program recently I asked him why the city does not permit more spot zoning in blighted areas for persons who will build modern apartment buildings.

He said many permits have been granted to persons who then do not build but hold the property for speculation. He also said that the assessor should assess on the basis of true value to stop land speculation, and that this will help stop tax increases.

I have suggested to Councilman Bernardi that when property is rezoned for building purposes, the owner be made to post a bond and have his bond forfeited if he does not start building within six months.

J. J. Daniels
6537 W. 84th Place
Los Angeles 45

* * *

FLORIDA CANDIDATE

I promised to keep you posted as a candidate for county commissioner in the St. Petersburg area. I am a practical land developer who has seen the injustice of a community building up the value of vacant land and not receiving its share of same. My platform is predicated on "doing something" about switching taxes from improvements to land values. The primary is May 5.

I am speaking to the grass roots to start a "crusade for tax freedom," place the tax burden on the speculators who are the real parasites, not on the people who produce the wealth. Letters indicate my brush fire is beginning to fan into something hotter.

Pat Imperato
5163 Sixtieth Way
Kenneth City, Florida

* * *

RUNNING

Please send information about the incentive taxation constitutional amendment. I am a candidate for supervisor in Contra Costa County.

Alan E. Ribera
2161 Shattuck Ave.
Berkeley

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DR. PESKIN

PHONE 239-1251 SAN DIEGO

GOOD NEWS for Builders and Homebuyers

Land Speculators Are in Trouble

(An editorial by Perry Prentice in *House & Home* magazine, March, 1964, reports as "best news we've heard in a long time" that "Big Phoenix Builder Loses \$1,200,000 on a Sure-Fire Land Speculation." Mr. Prentice adds that he is "sorry for the builder who is personally a good friend of ours; so we're glad he was able to write off much of his land loss against the taxes he would otherwise have to pay on his profits." But Mr. Prentice isn't sorry that land speculators are having a rough time, because the worse things are for land speculators the better they are for builders, realtors, homeowners and homebuyers. Major part of the editorial, copyrighted by *House and Home*, Time and Life Bldg., Rockefeller Center, New York 20, N.Y., is reprinted here by permission.)

A few more bits of good news like this may save thousands of other builders from a like mistake and warn hundreds of land speculators that they had better start selling the land they are holding off the market before it is too late.

As soon as enough speculators try to unload, the land-price bubble is bound to burst, a lot of speculators will lose their paper profits, and then the homebuilding industry, freed from today's crushing overburden of land costs, can get back to the business of offering homebuyers the kind of homes they would find almost irresistible at the kind of prices they would find almost irresistible—with \$2,000 or \$3,000 more per house available to give homebuyers their money's worth instead of being wasted on land inflation that does nobody any good.

"Land scarcity is a myth," says James Downs of Real Estate Research fame, but "the price of land is set, not by the people who sell, but by the people who won't sell." Only reason for today's prohibitive land prices is the artificial scarcity created by speculators holding millions of acres above and therefore off today's market in the hope of getting 1980 prices in 1964. For example, in Phoenix speculators are holding enough close-in land to house, at single-family densities, a city three times as populous as Phoenix today.

But now each passing week brings more and more good news that land costs have begun their slide. More and more land speculators are in trouble; more and more forced sales are cutting prices. *FORTUNE* dedicates nine fact-cramped pages to "The strange leveling off in land prices," notes that "artificial scarcity has left huge amounts of land lying vacant or under-developed within our cities and suburbs," blames today's sky-high prices on "preferential tax treatment that sets vacant land apart from the market action of supply and demand," warns the prudent investor to "look hard before he leaps into land purchase." The *Wall Street Journal* sees signs of "more bad news to come" for real estate promoters. Barron's notes almost gleefully that "of all the ways to lose money . . . real estate securities recently have turned out to be one of the most reliable." Land prices are stagnant or falling almost everywhere except in Los Angeles where builders are still crazy enough to pay \$28,000 for land that sold for \$8,000 four years ago and may soon sell for \$8,000 again.

When land prices stop going up there is no place for them to go but down, because most speculators figure there is not enough profit in holding land idle unless they can count on its price doubling within five years.

Anything bad that happens to land speculators is good news for everyone else because, as the great economist Ricardo pointed out 160 years ago, "the interest of the land owner is contrary to the interest of every other element in the economy." The more money the land owner pockets for doing nothing but just sitting tight on his title waiting for his land to ripen, the less money there is left for the land developer, the homebuilder, the architect, and the realty man, and the less money there is left to put more and better products and amenities into the home, so the less value the homebuyer can get for his money.

When the land owner gets \$2,000 or \$3,000 more for his lot, it follows as the night the day that the homebuyer will get \$2,000 or \$3,000 less for his money. To give a specific example:

If today's homebuilders did not have to spend all that money for a less desirable location further out, they could spend it to include . . . added attractions to improve the value, livability, and sales appeal of a typical \$17,000 house.

But as long as \$2,000 or \$3,000 a house must be wasted on land-price inflation, too many builders will feel driven to pass up today's best selling points to chisel \$10 here and \$3 there in the hope of building something that will sell because it is cheap even if it isn't good.

Inflated Land Prices

Deprive You of:

1. Good architect design, including a good site plan as well as a good house plan;
2. Year round air conditioning;
3. Good kitchen appliances instead of builders' models;
4. Full insulation to cut heating and cooling costs, instead of FHA minimum;
5. Plenty of good storage to answer the homeowner's No. 1 gripe;
6. Good elongated siphon-jet toilets instead of noisy and unsanitary washdowns that have been obsolete since 1913.
7. Lavatories big enough to wash your face (or even your hair) in, instead of the usual cramped 19" x 14";
8. Safe front and back door locks (instead of the usual locks no self-respecting burglar would bother to use a key in even if he had one);
9. Enough more space in the master bedroom to do double duty as a bed-sitting room;
10. Enough more space in the other bedrooms to make twin beds or to let the children's bedroom do double duty as a play room;
11. Vinyl asbestos flooring in kitchen and family room instead of asphalt tile;
12. A radio-controlled garage door;
13. Full landscaping including real trees (instead of whips that will take seven years to look like anything);
14. Underground wiring instead of that worst-of-all suburban eyesores overhead (some utilities offer underground for as little as \$50 a lot);
15. Good windows removable for easy washing;
16. Sound conditioning in kitchen, family room and bedroom hall;
17. Adequate wiring for today's electrical living with small appliances everywhere;
18. Low-maintenance exterior finish;
19. Wall-to-wall carpet in the living room;
20. \$200 towards a community swimming pool, club house and recreation area.

Homeowners Need Tax Relief

EVEN UNTO DEATH

Now your income tax is paid,
Oh, Boy, what a relief!
Don't look now, but following you
Are more taxes and still more grief.

A tax on your home, and other taxes.—
Indeed and alas, the sorry fact is,
There'll be a tax, when you come to die,
Upon the coffin in which you lie.

—Bessie B. Truehart

Homeowners Need Tax Relief

DEFEAT THE LOTTERY

More persons are waking up to the dangers of the state lottery scheme proposed by the American Sweepstakes Corporation and which the people of the state may be asked to approve.

In August, 1963, Statewide Homeowners Association sounded the alarm over the lottery, and on September 10 in Hollywood High School the editor of this magazine debated Mr. Wilson of the Sweepstakes Corporation over the merits of the lottery. Few persons at that time paid any attention to the lottery proposal and we were a voice crying in the wilderness.

Now some powerful individuals and organizations are really concerned that the lottery proposition may get on the ballot, and if so, that it may be approved by the voters. This new concern is the first inkling that even if the lottery proposal gets on the ballot, it may yet be possible to defeat it.

THE FIRST ORDER OF BUSINESS IS TO DO EVERYTHING LEGALLY POSSIBLE TO AROUSE OPPOSITION TO THE LOTTERY IDEA—NOW!

The governor and some members of his administration have lately made statements against the lottery. Some church people have declared against it, and some business groups. The Los Angeles Times and El Cajon Valley News came out against it months ago, and now the Times has come forward with another powerful editorial opposing it. KNX Radio, always a leader in public service projects, is fighting the lottery, and a group has been formed known as "Californians Against a State Lottery."

Following are some arguments against the lottery:

It is bad public financing. It may be all right to finance a church hall or a veterans lodge with bingo games, but sound taxation, not gambling, is not only the best, but the proper way to finance government.

Demand for legalized gambling is a sign of economic, political and moral decay, as it indicates many persons do not want to support government through taxation, but want a something-for-nothing Easy Street method of getting by. For the good of society this trend should be reversed.

This particular lottery scheme is mainly for the benefit of the private promoters and operators of the lottery, who would receive hundreds of millions or perhaps a billion dollars in a ten-year monopoly control.

The big pitch, says the Los Angeles Times, is that a lottery would be an easy and harmless way of raising more revenue for the state to use for schools. This is a spurious appeal in itself, the Times says, for no state needs money so badly that it can risk the consequences of open gambling on virtually every street corner. The newspaper points out "the certain skyrocketing law enforcement problems and costs that would follow the legalizing of lotteries." Nevada is discovering this.

KNX says the lottery will create "no new industries . . . no appreciable number of new jobs; no public service performed. This is a scheme, in fact, for luring the unwary into contributing their money for other people's benefits. And KNX believes the history of all such projects shows it is the poor, who cannot afford it, who patronize the lottery for the benefit of those who profit from it . . . it is the unemployed, the recipients of relief, who patronize these games.

"KNX believes these lottery schemes should be defeated . . . Gambling creates nothing; it preys upon those who cannot afford it; and it inevitably encourages delinquency and crime."

But if the lottery is to be defeated the forces against it will have to be mobilized soon, as the lottery proponents now have a head start. We suggest a series of meetings in San Francisco, Los Angeles and San Diego to organize the battle against this outrageous plan to make suckers of a lot of us.

**Homeowners
And Businessmen
Need Tax Relief!
JOIN TODAY!**

JOIN HOMEOWNERS TODAY!

YES, I . . . We . . . Want to join Statewide HOMEOWNERS Association
and Work Together for Jobs, Prosperity, Lower Taxes and Fair Assessments

NAME _____

ADDRESS _____

CITY _____

OCCUPATION _____

NO. IN FAMILY _____

Mail to Membership office, Homeowners, 953 Eighth Avenue, San Diego 1, Calif.

I enclose \$ _____ Bill me for balance. _____

Bill me for entire amount _____ (Membership \$12 Annually)

(Associate Member — Business Listing — \$24)

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