

A Real Estate Spokesman Comes A Long Way

"It is my opinion that the person who holds land idle from its highest and best use in a metropolitan area is doing a disservice to the community. In a free enterprise economy, however, he will probably continue to hold it off the market as long as he can."

--Roy Wenzlick, publisher, Real Estate Analyst. (An additional quotation from the article of which a partial reprint is enclosed.)

Parts of a Reply Letter

Dear Mr. Wenzlick:

.....The Pennsylvania Graded Tax movement which was originally inspired by "single taxers" is taking on new life. It was almost forced to do so by the interest stirring across the continent from California to Ottawa, led notably by H. B. Cowan and his study of Australia and New Zealand, Perry Prentice's House and Home, Raymond Moley, and others. Realtors such as Rubloff of Chicago and Futterman of New York have gone as far as they could go in states which do not permit separate taxation of improvements.

Your name has now been added, and your articles are being circulated by Georgists. We heard a great deal about you twenty years ago, when Pittsburgh's civic pride was at its lowest ebb, and the Real Estate Board quoted you as supporting their one remedy: "take the taxes off real estate." Single taxers were on the defensive, and only the combination of big business and government money brought about the now famous Renaissance. Much water has since flowed under our bridges, and I believe we, as well as you, are older and wiser....

We have joined the realtors and the building owners in their effort to remind the public that assessors are giving backdoor favors to residence districts. "Typically," as Robert Futterman puts it, in "The Future of Our Cities," "because householders have more votes than the owners of commercial buildings, valuations tend to be proportionately higher in the business districts." That is, while assessors downtown (in Pittsburgh) assess at from 80 to 105 per cent of sale value, they are likely to assess elsewhere at 40 to 50 per cent.... (This may be the will of the people, but) no honest land-taxer can get results that way; the incentive to improve is not clearly labeled or dependable.

I wonder if your natural tie with the real estate business, which has had so long a battle with political taxing and assessing practices, is not keeping you unnecessarily anxious to avoid Henry George associations. You are now in fashionable company, with the movement for full-value assessment and against land speculation.... Approaching you from a distance, we are beginning to see a reason for your argument that house-and-lot form a chemical compound. Our reason is that a good house adds to the value of the land. We surmise that you agree it also adds to the value of all the vacant land around it, and that both lots and tenements should be taxed much the same as if they had good buildings.....

A recent study of Pittsburgh's Golden Triangle.... assumes that government purchase and resale will be necessary, because private enterprisers are not attracted by the present land prices. Yet, despite the complaints of high assessment, could this be a case where high taxes are needed to bring the price within reach, just as in the cases you cite: the truck-gardener close to the city; the woman keeping an old home on a commercial street--and the owners of slums (chief target of Prentice and Rubloff)--are they not all examples of underdeveloped and undertaxed land?

I would not put all the blame on the tax system, nor yet on the property owners. When the future of any area is as uncertain as that of our urban centers, no penalty or incentive will tell an owner what kind of improvement to make, until a far-sighted developer or planner enters the scene.

But I do not understand why, in emphasizing the unity of land and buildings, you accept the penalty but refuse the incentive--of diminishing taxes on improvements.....

GRADED TAX LEAGUE

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Next Supplement:

Roy A. Futterman, realtor, and Lewis Kitchen, developer (whose next job is Allegheny Center) -- on "The Story of Quality Hill--Kansas City."