

Miami

- Modules - 1 -

Give Rft Forum Talk

If xnl. zoning had a rationale, it would be to enable converting land to urban systems in large blocks. But it doesn't work that way in fact, due to variances, etc.

Some modules.

1. Differential tax cap.
2. Inc. tax, effect on land use.
3. Renewal gap

Effect of taxes.

Property
Income

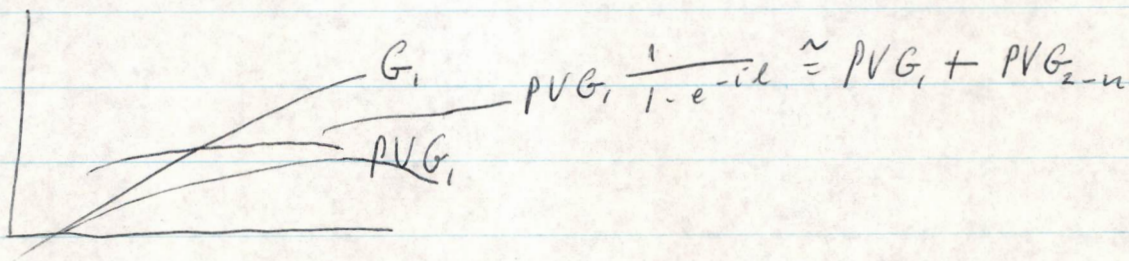
4. How bldg. tax simul. lowers l.v. & depresses bldg.

5. Seattle & Rft talk on how to max. PV, when ripening

By deferring R, one cost is reducing PV of salvage value of site. Also expressible by dividing PV of G_1 by $(1 - e^{-il})$

If PV of G_1 is a $\frac{1 - e^{-il}}{i}$, then this div. leaves you with $\frac{a}{i}$

$$PVG_1 = -C_0 + \sum_0^l \frac{R_u}{e^{in}}$$



If l of G_1 is short, or can be, then PVG_{2-n} is higher than PVG_1 . This is interim use. Seek max. maximum.

Ely argument vs. "premature" bldg. was density wd. be too low.

Now, arguments are not clear, full of contradictions & omissions.

a. Avoid leapfrog is land devt. But this implies city shd. grow incrementally, compactly, and refutes (b)

b. Preserve "open space" among settled lands.

c. Preserve land in farming.

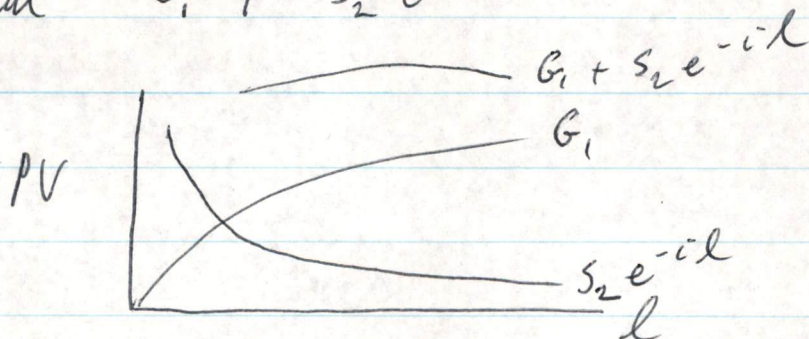
d. Avoid premature "wrong" devt, save for later 'higher' devt. This resembles Ely, but concept of "higher" now is snobbier. Low density, large integrated landscapes, etc.

Bldg. tax prevents early bldg. i.e. land has to become more speculative before is used. So it is held idle for a pd., & then built on intensively. This may account for broken skyline.

- Module 3 -

What det's life of bldg, planned ex ante?

$$\text{Max } G_1 + S_2 e^{-il}$$



$$G_1 = -C_0 + \sum (R_n e^{-in})$$

This can be Δd

at length by ΔC_0 to Δl , but you can Δl by small ΔC_0 .
Yet this must run out — just as in mine case. I.e. there are Δg costs to longevity. The first doubling, from one year to two, comes at very low cost. But going from 25 yrs to 50 adds a lot of cost — and the Δ rev. is perken, due to danger of obsolescence.

The thing adding most to longevity is a site assuming demand for the aged structure in the future. Yet this site in turn has a salvage value — probably — which limits longevity.

Thus a trailer is cheap but has short life.

When late-life rents are assumed by the site, then

← Modules 4.

there is little need to, or little gain from ΔC_0 to Δ late s.f. from bldg. It will get a standard unit based on site & floor space

So $PV G_1$ can't be Ad by ΔC_0 , after say 35 yrs.

Now if you Δi , or Δt , you shorten planned l. Bes.

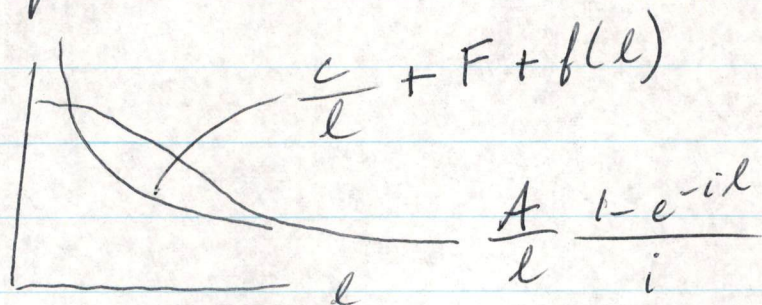


$PV G_1 + S_2 e^{-it}$ peak out earlier. And yet you

may go to a binodal soln, bes. once $S_2 e^{-it}$ becomes very small, & flat, growth of G_1 is all that's left.

-MS

Mine life



Mine is a reverse case where you ΔC_0 to $-\Delta l$

S.f. from bldg.

$$V = a \frac{1-e^{-il}}{i}$$

$$a = V \frac{i}{1-e^{-il}}$$

$$a \propto \frac{1}{l}$$

more ^{than} relish ^{than} ~~precise~~ News of death greatly exag.

10 yrs. ago, w. our usual lag, ^{a few wayward} ~~some~~ ^{ants} peaked out the window & noticed corpse sitting up & eating a hearty breakfast. & had on for some yrs.

Now, hard to remember those days. Fastest growing tax, destined to grow more as munis. service big debts & shift to pay as you go.

Partly supported by big Δ in r.e. values. But also an Δ of rates.

Uke. now 37%. Newark, 52%. Rural, ^{well} over 190 - [k wd. be more if

+ they carried their share.]
Gross more, if - Ar. e. v. d.

+ they carried them share.
Grown me. of - A r. e. values
Consequential. 39% like 50%.

Consequential. $\frac{5\% \text{ to } 10\%}{\text{add } 30\% \text{ to rentals, apt. (e.g. \$300,000 apt., 20 units, gross \$40,000, + tax \$9,000)}}$

Effect moderated by i : lowers present value of future payments
if move into low i , over! But also Δ s present value of future revs. ...?)

→ (Tax comes early, defers break-even, adds to capx reqmt.)
W. intensive improvement, tax is $\frac{a}{a}$: $\frac{T}{a} = \frac{t C_0}{i S_e} = \frac{3}{6} \frac{10}{1} = 5$

at such level, gives new meaning to power to tax is power to destroy. But is also power to keep alive, or bring to life. Paradox: all agree tax is potent,

but here we hear it stifles bldg., retards renewal; there we hear it forces early conversion to city. Clearly patent, but which way? Both - is there? will develop.

(Use these defs: $A = \frac{i \sum (R_n (1+i)^{t-n})}{(1+i)^T - 1}$ w/o taxes)

$$a = A - T$$

$$T = t C_o$$

✓ Either growth of $\underline{E}$ must be checked, or base modified, so it will not destroy, but bring to life.
Can it be so modified?

II. Propose to modify

A. Ideal tax, re incentives, is welf. cost's "lump sum" - fixed, regardless of your enterprise.
We hear heavy taxes stifle enterprise, but that is careless.
Effect on incentives doesn't depend on how heavy tax is, but how it varies when taxpayer acts enterprising

In fact, heavy lump tax exerts positive leverage, as bonds.

Problem, what base? Can't levy on a disembodied spirit. Must find something ~~more~~ concrete, specific, & infixed supply.
Capl., not good, needn't stand still for it. Our Mke. capl.

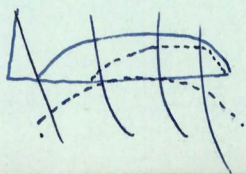
✓ keeps mov'g out ~~there~~ to Calif.

Labo, same - or is species of slavery

Land, capacity

For one thing, susceptible of appraisal
Tax daylight, won't walk out of town. So far Mke. hasn't lost any land to L.A., just capl. - & an occasional baseball game.

Remarkable quality, heavier the tax, greater the incentive. E.g. proposed exclusive ag. zones - "force" land into use. [Explains part of paradox. we began with]



Skip

Does it Δ cost of hold'g land, thus reduce use of the input? Not much, by itself. Is capd. into S_c , or out of, and lowers it almost in same % as $(i+t)$ grows.

Thus, lowers int. cost as Δ s tax cost, replaces one by another, and has no net effect — except as some people are better able to pay one than another.

$$\text{Holding cost} = S(i+t) = \frac{a}{i+t}(i+t) = a, \text{ regardless.}$$

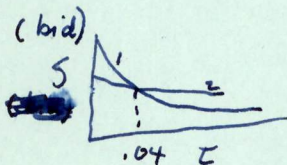
Comes close to "neutrality". Won't try to define that, has stumped ^{our best sages} ~~greatest~~ philosophers. But comes as close as any tax — no net effect on cost of hold'g asset.

3 effects it does have:

a) Δ leverage. Replace implicit by explicit. We ^{all} ~~chafe~~ at obtuseness of students who don't understand ^{implicit int.} ~~on~~, but observn. suggests many landowners don't ^{get the point} ~~understand it~~ either. Remove cushion of equity, sharpen incentive to put land to best use.

b) Reduce capl. barrier to land ownership, in personam.

Sub. a tax cost.



$$S_1 = \frac{\$4}{.04 + t} = 100 \text{ when } t = 0$$

$$S_2 = \frac{6}{.08 + t} = 75 \dots$$

$$\text{Let } t = .04, S_1 = S_2 = 50$$

$$t > .04 \quad S_2 > S_1$$

Thus tax not completely capd.

Thus holding cost is raised, & use made more intensive.

[But qualify this point, when bldg. outvalues site, annualized

1 usular i is not denied (over)

NR depends on imputed i , too. But that effect can be imputed to S , a constructive ~~very perfect, as w. + imputed~~

its due. In evening out irregular time-dist. of C. & R.,
irregular i. r. is appropriate — real social cost of deferring returns from
man-made capital. It is in capitalizing the smooth unrealized rent
that irregular i serves no social function.

c) Effect of $\frac{\Delta P}{P}$ damped.

Now, eg. where $\frac{MNR}{P} = i + t - \frac{\Delta P}{P}$



[Last magnified by preferential tax treatment] [First 2 damped by deductibility]
 $\pm$ swamps ~~the~~ $\frac{\Delta P}{P}$

d). Mention a 4th, it permits exemption of bldg., a benefit which will A.S. But that comes later.

B. Current political activity

Before get into effects of bldg. exemption, is it worth talking about?

✓ Proposal in gen. has been around longer than Harold Stassen, often treated w. same pitying condescension.

New idea, 3 stages.

This one reversed sequence

Now ~~has~~ Californians will have chance to vote, ACA 20.

Supported by such unlikely bedfellows as Time, Inc; R. Moley;

R.M. Hutchins; Jos. ^{& Edw.} Eichler; Karl Falk

No one has bothered with a ~~to no~~ stop-Stassen movement lately, but CAST, P.R. man

Emmet McCabe

Hawaii - Pittsburgh Plans

Calif. I.D.S.

★ Referred realization of ΔP is already accounted for in its present magnitude. The fact that its taxn. is deferred is a separate factor, which does distinguish the tax from taxes on MNR.

Antipodes, Denmark.

Assess latitude. San Diego; Portland. Current wave of reassessments (in wrong place.) (Wenzlick. Walnut & Carpenter)

Special abatements. E.g. Wis. assess. freeze. ^{approp. to our weather} 7-20 yrs., but that is as good as $\frac{3}{4}$ exemption.

My proposal differs:

Universal

"Permanent" freeze.

Not that it won't change w. environment.

Changes as "public value" of environment changes. Not as indiv. improves, but as his neighbors improve his opps.

Not based on old bldg., but ~~of~~ o.c. of site, looking to future. (Defer detail)

III. Analysis of effects of modifying tax base, exempting bldgs.

✓ General: when the tax burden on a parcel of r.e. depends on how it is used, then the tax system biases the mkt. in favor of the less taxed use.

A. Compr. of new & old use.

Every piece of land constantly in compr. between present use & future ... defender & challenger.

Differs in this respect from bldgs - minimal salvage value, even negative, usually. Site, always reuse value.

Don't need tear down bldg. to find it. Just contemplate doing so. Model bldg. (Many streets, is an imaginary bldg. on every site, on which asking price based.) And obscure price paid for nearby land. (draw contours.)

Tax on new bldg worth today 50% Co. --- that is more than site is worth, often several times more. Lowers value of site in future use. But not in present use. Avoid tax by non-renewal. Challenger competing w. one hand tied behind his back. Or fiscal deadweight tied to legs.

When renew? When defender ceases to earn a return on salvage value — i.e. renewal value of site.

Even simpler, when annual current net inc. of defender, gross of cap. costs, falls below annualized net inc. of site, net of cap. costs.

$$A = \frac{i \sum [R_n (1+i)^{t-n}]}{(1+i)^t - 1} \quad \text{Smooth out irregularities so.}$$

Assume bldg. tax is const. yply. amt, subtract from A, simply. (Takes larger part of it.)

[Renewal Gap, G , is Rev. of Defender, R_0 , less $[A - T]$]

Renewal occurs when $R_0 < A - T$

How much slow renewal in years? Still getting data, but is mired. in decades. R_0 tends to settle 15-20% above $A - T$ and flatten out. ^{15%} also, thereby ~~blights~~ sheds negative external cos, lowers a for environ.

Whitefish Bay

URA project, land sales, fiscal determinism.

Risk & leverage re bldg. tax. Leverage after bldg., but not before. Avoidable by non-renewal.

Tax based on C_0 , not revs. Thus: a, Adds to risk of bldg. invest.
b, Comes early, before revs. peak, adds to capl. request.

B. Compar. among uses of different capl. intensity.

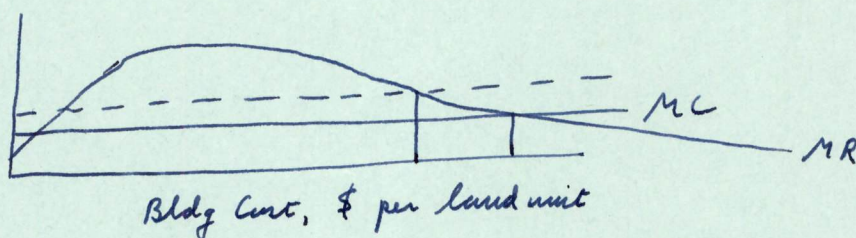
Intensive use discouraged ^{by bldg. tax.} Relative bidding power of extensive use enhanced.

(One aspect of that is renewal freq. have already covered.)

1. cf. 2 uses of different intensity, same NR. Tax tips scales to the less intense. Gas stations compete w. apth.

$$\begin{aligned} NR &= GR - CC \\ T &= t \cdot CC \\ NR - T &= GR - (CC + t \cdot CC) = GR - CC(1 + t) \end{aligned}$$

2. Conventional inquil. anal.



Reduce intensity.

Reduce rent - by more than tax. Excess burden.

(Even when coupled w. land tax, still excess burden, bcs. land escapes by capm.) (l land cheapened by bldg. tax.)
so, subst. land for capl.

3. Other distortions caused

sub. o & m for capl.

Reduce durability (but not longevity)

Turn land to non-pecun. alternatives, untaxed implicit inc.

Removal of bldg tax reverses above. As relative bidding power of more intensive use.

C. Shift tax base toward center, & contain sprawl.

L.v./bldg. higher in center.

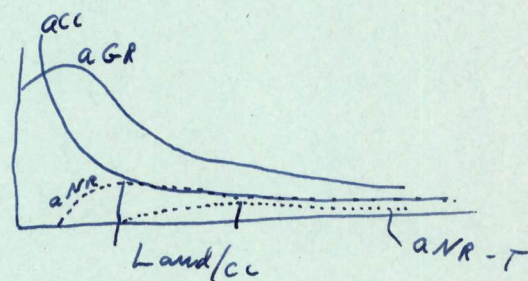
Remarkable quality to stimulate invmt. where tax is heavy.

Don't tax ~~where~~ peripherally. uca 4 (?) ok, up to a point.

Why ^{will it} contain sprawl? Res. remarkable scope for intensifying use of central land. Now, 5% land provides 75% urban services, pays 75% taxes. ~~about~~ Ok if were central & best,

but isn't.

also, wide scope to intensify.



Bldg. tax shifts opt. to rt.;

land tax sharpens need to reach opt.

D. Lower utility rates

1. By containing sprawl
2. " untaxing facilities
3. " thus taking full advantage of - Δq costs

E.

IV. How define tax base?

Ornette school

Scrape off fry's pan

Demolition

Eccentric buyer? Also eccentric seller - they make mkt.

Contouring. Tendency toward continuous variation, due to adjoining

I.R.S. agrees. If buy & demolish, won't let you depreciate.

Problems - many, but affect little land.

V. Objections

1. Lower tax base

2. Dead & buried? Hardly. aca 20

3. Flood mkt. Biggest objection - it wd. work
 Conceded. Must. must. Provide needed housing at lower price - a
 worthy goal. Not just a redistribution, either - lower S.O.G. arts. Now, force hi land-cons.
 Keep assets current, begin in center. ^{unplanned}
 In long pull, better to flood mkt. early, forestall devmt. of excess
 space.

4. Confiscation.

Not as usually conceived. Just some redist. among landowners.

5. Amenity of open space?

Present prob. are destroying that.

Svt. wd. contain sprawl. If center get too congested,
 public intervene. No evidence, now. Mkt. shows
 pref. for hi density - higher value p.s.f.

As to amenity of space, ^{amenity does not reside in} ~~not~~ space as such, ~~that~~ ~~creates amenity~~, but what you do w. it. Now we tax amenity more than anything. Seagram's Bldg. e.g. assessors see what is conspicuous.

VI. Conclusions

Can keep property tax

Only tax ~~can~~ ? am sure can be used heavily w/o bias; alien. of res.

Unsolved problem - = intensity in perf. what?

Bldg. tax responsible for contracts?

Talk to Nat Comm. on Urban Affairs.

A

Pittsburgh. 1967 (May or June)

U.C. Irvine Ext, 7-20-68; Memphis, 11-14-68

~~The way our urban renewal program~~
~~works, like many who went back to Civil War days,...~~

390 like 50% Mark Twain, Confed. money (after-tax money)

1. ~~Israel, recent graphic demonstration of advantages of going it alone w/o waiting for aid from the overcommitted format of contingent liabilities~~

2. ^{older} Cities threatened by vicious circle of taxes.

older bldgs. are fiscal deficits.

As city ages, more of bldgs. are old.

Requires higher tax rates

~~Impact - tax 390 like 50%~~

Drives investors to invest elsewhere. But whoever puts up a new bldg. is carrying on his ~~B~~ back all the old ones. No one

wants to be a generator of fiscal surpluses -- and doesn't

have to be, b/c many jurisdictions compete for him. Credit crunch.

As lose indy, lose employment. Are left w. unemployed in old houses.

If cities cut services, also lose industry and people.

— Also, threats of insurrection.

Need more tax revs. w/o more tax burden. Crazy? Sure, we also need

Sta. Clean.

a. Get more from State, ^{Fed.} give less. Have much to look for-

ward to since reappointment. But beware psychology of dependency. We all must learn to get away from mother (you ladies, I address you not as mother, but as daughter)

b. More from local. Recent interest: TIME Inc; NLUP; etc.

Then get as much as you want, not drive capt. away.

City rev. raising no longer at odds w. attracting

capt. Tax the way ^{Hell} (techn. term) out of land --

What stifles enterprise is ^{Needn't learn to raise tax rates.} not so much tax load, but how the load rises when taxpayer acts enterprising. But you probably won't need to.

Land not preempted by any taxing jurisdiction. Also deductible. B

3. Exempting bldgs. doesn't reduce tax base.

Bldg. tax is borne mostly by landowner.

Nominally on capl. But very migratory. After-tax $\propto$ must be same in all jurisdictions.

Reduced supply, shifted fwd. to tenants. But they, too, migrate.

Only land is stuck, gathers in all local blessings — pays all local taxes.

To remove ^{local} bldg. tax, land is worth more, there is Δ tax base, same rate of tax. Australia proves it. Canadian land boom proved it.

Only base shld. Δ :

(a) Remove excess burden. ~~Add~~ Add "submerged" stories,

~~previously submerged. Each one yields a surplus adds to land rent.~~
→ Reduces costs of extending service to this same capl. if located on fringe of town.
Intensify in time: Add "submerged" years -- by advancing date of new bldg.
Tornadoes instant renewal. 
Replace old junk with new bldgs; turn old bldgs. into surplus generators!

(b) Reduce public costs.

E.g. vent. xptn. Pvt. bldr. provides inside bldg.

what public user pays for outside it. Add 3d dim. to distrib. nets -- at no added public cost.

E.g. welfare costs. [Some of this may be exported,

but also net reduction at nat. level by Δ consum. surplus &

lower repts.) (What really "dumps" problem is land sterilization]

E.g. all distrib. costs, due to higher density.

No more lean territory to be carried by rich territory. Costs fall w. volume, & $\therefore$ density; rise w. distance.

c

1 go further & say tax base should increase.

a. Turn negative into + spillovers by replacing old w. new.
Turn base metal into gold.

Now, old bldgs. sterilize wide blighted areas. Destroy
values; destroy tax base.

b. Remove excess burden.

E.g. height. Add stories now made suboptimal.

Each yields Δ rent. (Free of neg. spillovers from ht. But A-B, Main, Assoc.)

Same for quality.

Same for size of bldg. - Lg costs, great benefits.

Same for date of bldg. There is a incl. date to
renew. Bldg. tax defers that by many years. Rent deferred is
rent denied.

Good way to perceive. Are 2 equities in land, priv. & public.

c. Reduce public costs (reduce need for tax base)

i) Add 3d dim. to ^{all} distrib. ~~agreements~~ ^{networks}, at no public cost.

Top stratum of space in bldg. is alternative to space at edge of
town. Every elevator trip is same as 10 mile lateral trip.

Every telephone line running up utility core replaces 10 mi. of
lateral capacity. Think about it.

Intermodal bias - interdimensional bias.

Police costs: 21 arrests for murder; 40,000 moving traffic

ii) Reduce welfare costs.

Local benefit is most apparent, but arouses our guilty feelings, afraid we are dumping. Test of that is, what if everyone did it. ("What kind of a chunk...") But net result of policy is more bldg.; & more empl.

URA demolishes w/o replacing. That ~~not~~ really does deserve criticism. But L.V.T. only demolishes bcs. have added stimulus to build. ~~the~~ Broadens what. by lowering burst of early tax cost.

~~We will see.~~ Most opposition comes from fear of glutting what.

iii) Reduce neg. spillovers from horiz. xpts: noise, fumes, accidents, police costs

iv) Reduce pollution -- bring more w. in ec. reach of treatment plants.

[E]

c. Turn negative into positive neighbor hood effects by trading old bldgs for new
Turn base metal into gold. What sterilizes down values in blighted areas but
old bldgs.

d. Synergism

Used to call agglom., but a gloomy, glommy word.
or linkages, but sounds like a fence.

Magnetism
Gravitation

Ecost. calls it Ag returns to scale, but scale sounds
like something ^{you scrape off} that collects on a boiler.

In rural areas, "total community". Has a good ring, but coming
to synergism. An 'in' word & this yr.

1+ produces land value. ~~1~~ No one produces land area, but

man produces l.v. Large ^{developers} ~~own~~ know this & use it. In cities w. many owners, each produces
l.v. of his neighbors, ~~not~~ not delib., but like Brit. emp. in fits of absent-mindedness. City needs
to play coord. role synergism of big ~~landowners~~.
That is the answer to those who fear that Δ pop. means
sharing a limited tax base among more people.

Every new person & new capt. adds more than its share to
tax base. Evidence: new cities & large cities have more base per cap.

~~And there they attract still more~~ Evidence: larger cities & newer ones attract
still more people, & the demand bids up l.v.
Reasons:

1. Share common costs of facilities needing large mbt.

Several aspects.

(a). Distrib. City is distrib. orgn. All central
plant-produced services require distr. Distr. costs Δ w. length, Δ w.
volume.

(b) Δ access to ^{and share} basic locating ~~services on~~ ~~land~~ ~~factor~~,
the suburbs of ~~rays from~~ radials from hubs, (a benefit in itself),
and Δ demand so they can be developed; cap. improvements;
freq. of service. City's window on the world, for export & import.

(c) Support ^{other} large facility: symphony, ball team;
hospital; museum; arena; Trade center

(d) Support sellers catering to small % of minority tastes; or

occasional needs:

a Korean restaurant, chess club, local distrib. of rare wines, a transmission specialist; ^{vascular specialist, foreign cars} ~~div. of labor~~ ^{Applies to ind. supply & service,} ~~cutting oils, ind. horists, automation systems, ^{just} rare metals & shapes, dies.~~
(e) Hand down bldgs. over life. Rental space for small
bars.

^{access is key, and access is mutual,}
(f) All this is mutual. Buyers attract sellers, & sellers buyers. Small businesses are both. They make fractional ^{and intermittent} use of city's infrastructure; pool of trained & specialized labor; ind. supply & service; subcontracting; rental space, office & prodn; mktg. facilities; etc. And they supply fractions of cities mkt, & world mkt. to which city gives access.

(g) Is no end to ^{synergism.} ~~it~~. Best way to grasp it is go thru Yellow Pages. Spend a day. You won't be bored. You'll be amazed at how ~~complex~~ much you didn't know about how the different parts of yr. city fit together.

Sum up in A. Smith: "div. of labor bin. by --"

2. Promote compen.

a. No need for vertical integrn. The market integrator to small bus. can step into one small part of the whole production chain.

b. Room for several sellers of the same ~~or~~ things. ^{Neighborhood specialization. Comparative shopping.}

c. Min. capt. & size requirement of all bus. Min. commitment. Make fractional use of, i.e. share, costly & rare inputs.

3. Max. choice. Variety

This is supposed to be great advantage of capm. over comm. But not much choice w/o access to mkt.

Not as much choice as we shd. have in urban spread. If you want a feel for limited choice, try to buy a bottle of San Martin wine in Orange Cty. Can't afford to distrib.

4. Foster innovation

Infrastructure for firms opg. at a hi level of uncertainty.

Min. commitment

Pool info.

Draw on max. variety of inputs.

Nursery fn. of N.Y. City.

(But is fn. of newness as well as size. And speed of replacement. L.A. area has done well bet. new. Text comes when face obsolescence.) Lacking concentrated focus, have greater need for renewal.)

5. Create stability.

Pool demand & supply fluctuations.

Like Miss. at mouth vs. headwaters

Hi load fenton

Use capl. round the clock; & the week; the calendar. Require smaller ^{incentives} per volume of bus. Turnover. Cyclical stability - bigger cities less up & down of cycle.

Improves all credit ratings.

6. Facilitate human contact, communication, sharing ideas & feelings.
~~Reduce costs of, & opps. for, human contact~~

Cities exist, society exists, to bring people together

- a) Xp'tn. Less distance to travel per contact.
- b) Communism.

Now, huge cost of reaching ea. other.

Billboard advertising the type. (Hi cost of politics)

TV, & LCD shows.

e.g. of mother's medical need. Needs specialist & lab, every day

Add all this synergism together, have Ag returns.

Marginal people & capl., which we now screen out by taxes thinking they add to costs and not tax base, really do add to tax base

And synchronize. Interdependent.

7. Politics

Spencer has inflated cost of p reaching electorate.

Only limit on these advantages is congestion.

5 confusions about cong.

1. Don't hold pop. fixed in anal.
2. Equate pop. land density & street & common congestion.
3. Confuse s.r. & l.r. Ag costs
4. Forget age
5. Schools not space problem

To Allen Mauvel

I

5. Practical approaches

a. Freeze.

b. WB plan. Other subsidy to new bldg, offsetting

c. Renewal District (~~to implement Richman's plan.~~)

— d. Assessor's latitude. Irene Hickman; Dan McQuigley; Francis Austin; Ted Swartz; new VT. Reappraisal
If he called more of r.e. value as l.v. wd. help w. inc.

tax problem, too.

e. Voluntary w. individual, Individual option.

f. Little cat feet approach.

6. New idea, 3 stages

~~If I've added~~ Idea of taxing site values ~~is quickly passing into~~ ^{moving}
~~Stage 3.~~ changed the order. Begon in Stage 2; spent some yrs. in Stage 1.

Now moving into 3. Not going to bring millennium; not going to undermine Republic. Just a damn good idea.

The main fear people have about it, once you've cleared away the cobwebs of misunderstanding is it will work too well. It will ~~per~~ stimulate new bldgs; comp. will pull tenants from old.

✓ But once you've begun ex. dev., have no choice. Let bldgs. grow old, they become slums. Jos. Schlitz.

Art. Gallion even wants to raise taxes w. age of bldg. I don't go that far. But to throw away land tax bcs. we fear abundance wd. be like men who throw away perp. motion machines for fear he didn't find a good brake.

Urban promise. See also Irvine speech, 7-20-68

Nursery fr.

Smaller bus. Center provides for a firm the facilities & services it cannot or prefers not to provide for itself. Rental space -- ably. may have several occupants over life.

Labr supply, trained & specialized.

Make fractional use of existg facilities.

Subcontract to specialists.

Min. need for mktg. facilities, bes. near a cluster of competitors.

Thus firms w. hi level of uncertainty

Sullivan - wants short lined bldgs., tax rising w. age.

"Critical mass" — when an indy. gets big enough so the city beats out others. Detroit, autos; L.A., drama; Vegas, gambling etc.; N.Y., hi fash, government