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A 19th-Century Property Tax Idea Is Back. Can It Revive a Blighted City?

The Georgists advocated shifting the tax burden from buildings to land. Today that would face major political hurdles, but there might be variations on the concept that could spur housing development and discourage land speculators.

With housing shortages in some metro areas and urban blight in others, an old idea has resurfaced as a palliative to spur development and discourage land speculators. The proponents are called “Georgists,” harkening back to the American social reformer Henry George of the late 1800s. Their central concept is a [“land value” tax](#) — a variation of property taxation that shifts the fiscal burden from improvements on property to the raw land itself.

The concept originally was predicated on the correlation of landholdings with personal wealth, so was thought to be progressive as a tax policy. Over time it morphed into a thesis that taxes on land would also discourage speculative holding of vacant property, driving owners toward the highest and best uses of their real estate by making physical improvements effectively tax free. It’s an idea that has most prominently [resurfaced in Detroit](#), home of vast swaths of derelict property, much of it owned by speculators hoping to profit from a Motor City economic revival.

The problem for today’s Georgists is that property tax laws and modern urban land-use patterns have long ago outgrown the original idea. Shifting the tax burden in most urbanized areas from the value of improvements to the value of land would essentially grant a windfall to high-rise developers, big-box retail operators, builders, real estate partnerships and landlords — at the expense of middle-class homeowners.

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