



**paulbeard** @paulbeard

7 Apr 18 · 20 tweets · [paulbeard/status/982729049536585729](https://twitter.com/paulbeard/status/982729049536585729)



Ran an errand on foot — the best way to see a city — and I noted more business closings along a major highway inside the Seattle city limits. More open spaces/brownfields/derelict buildings to show off, I guess.

So what's the cause? High taxes/costs of doing business? Given that property taxes along that stretch are about 1% of property values, is that reasonable?

The parcel I noticed is valued at \$610,000 for about 12,197 ft<sup>2</sup>. Call me Kreskin but my guess was that the taxes would be about \$6,000 (1%) and they are in fact \$6,895.20.

Another recently vacated parcel 2 blocks away (22,079 ft<sup>2</sup>) is valued at \$1,966,000: taxes are \$21,296.97 — 1.1% of assessed value. So what's happening here?

Recall an earlier example where my favorite local tool store is complaining about paying \$30,000 in taxes on real estate valued at \$3,000,000 that they have held for almost 100 years.

Can they not make enough to cover those taxes? If some other cost — say, wholesale costs, due to tariffs(!) — went up, would we be expected to feel sorry for them? No. No one is owed a living, as we heard for 40 years now.

If the taxes are too high to cover the costs, maybe it does make sense to move. But perhaps the taxes are actually *\*too low\** for the value of that land, given its location. The last thing we need is another low-rise or street level retail location with required parking.

What if commercial property tax rates along a busy corridor or in a highly-trafficked were higher, maybe 5 or 10% of the assessed value? We make land more expensive to keep and less expensive to acquire, as speculators cash out in favor of developers and commercial enterprise.

The net effect should put more land into productive use, as the costs of holding it go up. And it should make the developments more dense, as developers need to find ways to make those costs pencil out.

Instead of a retail store or low-rise apartments, a retail store, office space above, and several floors of flats. All of those properties would contribute to paying the higher land tax. We get the density we need with lower housing costs.

If that \$2 million parcel was turned into a street level retail, with some other business (professional services) above and then 20 or more residential units, and the taxes were doubled, could that mixed tax base cover it?

The old retail location paid \$21k: maybe a new retailer would pay half that, with the floor above paying the same with the residential units paying the balance. \$42,000 in taxes, \$22k paid by business, \$20k by homeowners/tenants: more revenue, higher density, lower rents.

Do that for the other vacant parcels — I count 4 of them in a few blocks — and then look at rezoning/up-rating the car dealer lots and other low-rise businesses that benefit from Seattle's modern growth at rates that are out of date.

A 41,595 ft<sup>2</sup> parcel — almost an acre, largely undeveloped — just up the street is valued at \$2,288,700. Almost twice the size of one cited above and taxed at \$27,506.41. Another vacant parcel, 30,289 ft<sup>2</sup>, valued at \$1,514,400, assessed \$18,576.29 in taxes.

How about a retail storage facility, aka hoarders den? How many jobs does a place like that create? How much local revenue is generated from one of those?

Here's one valued at \$8,743,500 for 55,418 ft<sup>2</sup> — 1.27 acres — paying \$88,354.11, with an out of state owner. The rents and other charges go out of state: Seattle gets the property taxes and the wages paid into the local economy.

We are not going to get the density and development we need by making it easy to hoard and speculate in land at the expense of working people. If this city is so desirable a place to live and work, the land values should reflect that.

Land should be taxed based on its productive use, not hoarded for its extractive value, and the prices lowered to get it into the hands of those who will put it to use. We need a productive economy, not an extractive one.

Location, location, location, they tell us. Time for cities to take that into account, not just realtors. Cities should lead the way with rezoning/up-rating specific areas that are underdeveloped/undervalued, then roll it out across the city and urge King County to follow suit.

CC: [@mayorjenny](#), [@nickhanauer](#), [@kcdems](#), [@KingCountyWA](#), [@byrosenberg](#), [@nikkitaoliver](#), [@nwprogressive](#) #landvaluetax #LVT

• • •