

Thread by @paulbeard: "A thought experiment, using a piece of disused land and a land value tax model. This graffiti exhibit is in front of a disused business, cur [...]"

A thought experiment, using a piece of disused land and a land value tax model. This graffiti exhibit is in front of a disused business, currently being demolished at a glacial pace. Last I looked it up, it was assessed at \$2M for the land and the building was a write-off. 1/



So \$2M for the land, before you can do anything with it. Note that it is zoned for 18 units and 26 parking spaces. At 18 units, the developer is already at \$111K per unit before she turns over a shovel of dirt or drives the first nail. 2/

And 26 parking spaces eats into the developable footprint, making it smaller and perhaps making the units smaller, since their sale price needs to cover that initial \$111k cost. So what can be done about that? 3/

What if, instead of \$2M with a 1% property tax on the land and the development (which will not be a write-off: it will be new residential property), we assessed a 10% tax on the land and ignored the improvements? At present valuation, the tax goes from \$20k to \$200K. 4/

We can assume the cost to acquire the parcel will drop, now that it has a higher carrying cost. Maybe in half...so \$1M w/ a \$100k tax. So now each unit only costs \$56k upfront. But each unit will be assessed \$5,555 in land rent which means they have to be sold, not carried. 5/

What we have done is convert a speculative asset to a productive one, simply by taxing it as one. it's just as close to downtown, to the airport, to local customers as before. Nothing about it has changed. But now it has to pay its way. 6/

If the developer knows she has to get them sold or pay the land rent, they may end up being more affordable than assets carried at 1%. With that in mind, maybe 18 units isn't enough and 26 parking spaces is too many. She may appeal for more of one, less of the other. 7/

Just down the street is a large parcel that was a trailer park, right on Lake City Way...sold a couple of years ago and is being built out as \$600k+ townhouses. Is that affordable? Not to anyone I know. But as an investment or for some of the new arrivals, sure. 8/

That parcel sold for \$9.7M. So the developer was in for that before they did anything to the land. 89 townhomes are planned: that's \$109k per unit just for the land. And that has to be factored into the cost of each unit and the

final price set so the developer isn't stuck. 9/

What if that parcel was sold for half or less but zoned and taxed to get the most from the land? The trailer park owner made millions while his tenants paid his property taxes and everyone else invested in the roads and utilities that made that land valuable. 10/

This is where I puzzle at [@cmkshama](#)'s drive for rent control. A socialist wants to own or control the means of production, which in this case the land. We don't tell the manufacturer what to sell his goods for: we tell him how much he has to pay his workers. 11/

Same here: we don't tell the landlord what they can charge. We tax the land so he has to pay rent (for a change) and compete against the other landlords who will be putting other disused land back to productive purposes. We don't need speculators. 12/

The dung beetle and the vulture serve their purposes but the speculator has none. Put a tax on land to recoup the public's investment and let developers get on with it, without enriching speculators. Nothing wrong with that. It's not like we are cutting down virgin forest... 13/

...or building a golf course in a Nat'l Park: this land *was* developed and is now disused or abandoned. Why let it sit idle, in this economy? Let's put it all back to work. We could use the jobs and the density that will result from this. 14/

[@eyesonthestorm](#) probably knows other idled parcels that could benefit. And other city council members and candidates ought to think about this. Just did that city survey: unless things change, it's hard to imagine staying here. But there are ways to make it a better place. 15/F

And the inevitable response is "if we make it too expensive, businesses will leave..." And? That's what people say to the homeless and working poor, that they should leave it they can't afford it. Thing is, we need workers but we don't need businesses that can't pay their way.

Consider the local restaurant management company in bankruptcy (since they are \$40M in debt)...if you can't run a casual dining experience in the PNW right now, you should get out of the way and let someone who can get on with it.

I bet [@ewarren](#) understands this pretty well. Goes right to her wealth tax... but I can't imagine how hard it would be to get people in 2019 to understand Henry George...