

FOREWORD

This study is one of many undertaken by the staff and consultants to the National Commission on Urban Problems. It is part of the research effort being undertaken by the Commission prior to its own recommendations to the President, to Congress, and to the Secretary of Housing and Urban Development.

The findings and conclusions reached in this property tax study are those of Dr. Dick Netzer, and do not necessarily reflect the views of the Commission or the staff. The report is being released in advance of the Commission's findings and recommendations because it deals with one of America's vital urban issues. If the report stirs public discussion and wider understanding of this issue, its publication will serve a useful purpose.

This report focuses on one of the specific charges to the Commission—the study of “local tax policies with respect to their effect on land and property cost and on incentives to build housing and make improvements in existing structures” (sec. 301, Housing and Urban Development Act of 1965). The author, Dr. Netzer, is an authority on these questions. He finds that the property tax as now constituted is a deterrent to new housing and to the maintenance of existing housing, and that it places a particular burden on low-income renters. A tax having these characteristics—at a time when some estimates indicate that about one out of every 10 American dwelling units is substandard—requires urgent attention. The property tax is the biggest single source of local government financing, and increased revenues are needed to maintain and upgrade essential local services. In this context, suggestions for improving and strengthening the tax, as well as for finding alternatives, are high-priority matters.

In addition to problems of property taxation, the Commission is charged with studying a number of other matters; namely, building codes, zoning and land use, housing codes, Federal taxation as it affects housing, development standards, and how to provide an adequate supply of housing for low-income families.

It is hoped that this and forthcoming background reports, along with testimony in the Commission's extensive public hearings, will give insights to the public which are pertinent to the solution of current city problems.

PAUL H. DOUGLAS, *Chairman.*