

and Midwest. This seems to be related to two factors. First, the large older central cities in these regions developed in an era in which nearly all economic activity was concentrated in the central cities, and they still retain much of this activity, particularly commercial activity. In contrast, the newer parts of the country have developed with a more dispersed pattern of activity from the start. Second, the large old cities do have very large blocks of old low-quality and low-value housing and some of them have very large proportions of multifamily housing. This suggests two rather distinct groups of metropolitan areas, insofar as the effects of the property tax are concerned.

One additional partial explanation for the disparities in the housing share of the tax base lies in the frequent favorable treatment of housing by central city assessors, which is discussed at greater length in a subsequent section. For example, were housing and business property assessed at similar fractions of market value in cities like Chicago, a substantial fraction of the apparent central city-suburban disparity in tax base composition would disappear, but by no means all of the disparity.