

business office structures probably reflect an awareness of the central city's strong competitive position in this field, as contrasted with its weak competitive position with regard to industrial activity.

But one cannot be sanguine about all the differentiation. The frequently high assessment ratios for multifamily housing may very well conflict with central city housing policy goals; few large old central cities can expect substantial expansion in their supplies of housing to result from a policy of favoring low-density single-family housing. Similarly, underassessment of vacant land is hardly consistent with *any* rational urban development program. And, more generally, lack of uniformity in assessments, if widely appreciated by taxpayers, has a real, if intangible, effect on a city's ability to obtain more revenue from the property tax. Voters are far more likely to resist tax increases if they believe the tax to be unfairly administered than if they believe it to be reasonably equitable. Bad administration is, in this sense, an Achilles' heel, and is so considered even by those whose appraisal of the tax on other grounds is far more favorable than the appraisal presented in this paper.

INHERENT AND REMEDIABLE DEFECTS

It should be noted that this catalog of defects in the property tax can be subdivided in another fashion. Some of the defects appear to be fundamental to the nature of the property tax; others, notably poor assessment of single-family houses, are much more remediable; and still others largely relate to the fact that the tax is levied by so many jurisdictions operating within a single urban area.

The major defects which seem to be inherent in the property tax are these:

1. Its adverse effects on the central city housing stock;
2. The difficulty in uniformly assessing business property;
3. The horizontal inequity of housing taxes within income classes;
4. The regressivity of housing taxes among tenants and among homeowners; and
5. The lack of neutrality among types of economic activity, particularly in connection with taxes on transportation and public utility property.

The defects which relate to local government fragmentation, correctable at least in part were the tax to be levied over broader geographic areas, are these:

1. The adverse effects of high central city business property taxes;
2. The effects on urban development patterns outside the central cities; and
3. Some part of the regressivity of the tax, in particular that part which results in taxing the central city poor to provide public services designed to alleviate or overcome poverty.

This classification, then, suggests some possible policies to overcome the major failings in the property tax.