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RSF DIGEST

NEWSLETTER OF THE
ROBERT SCHALKENBACH FOUNDATION

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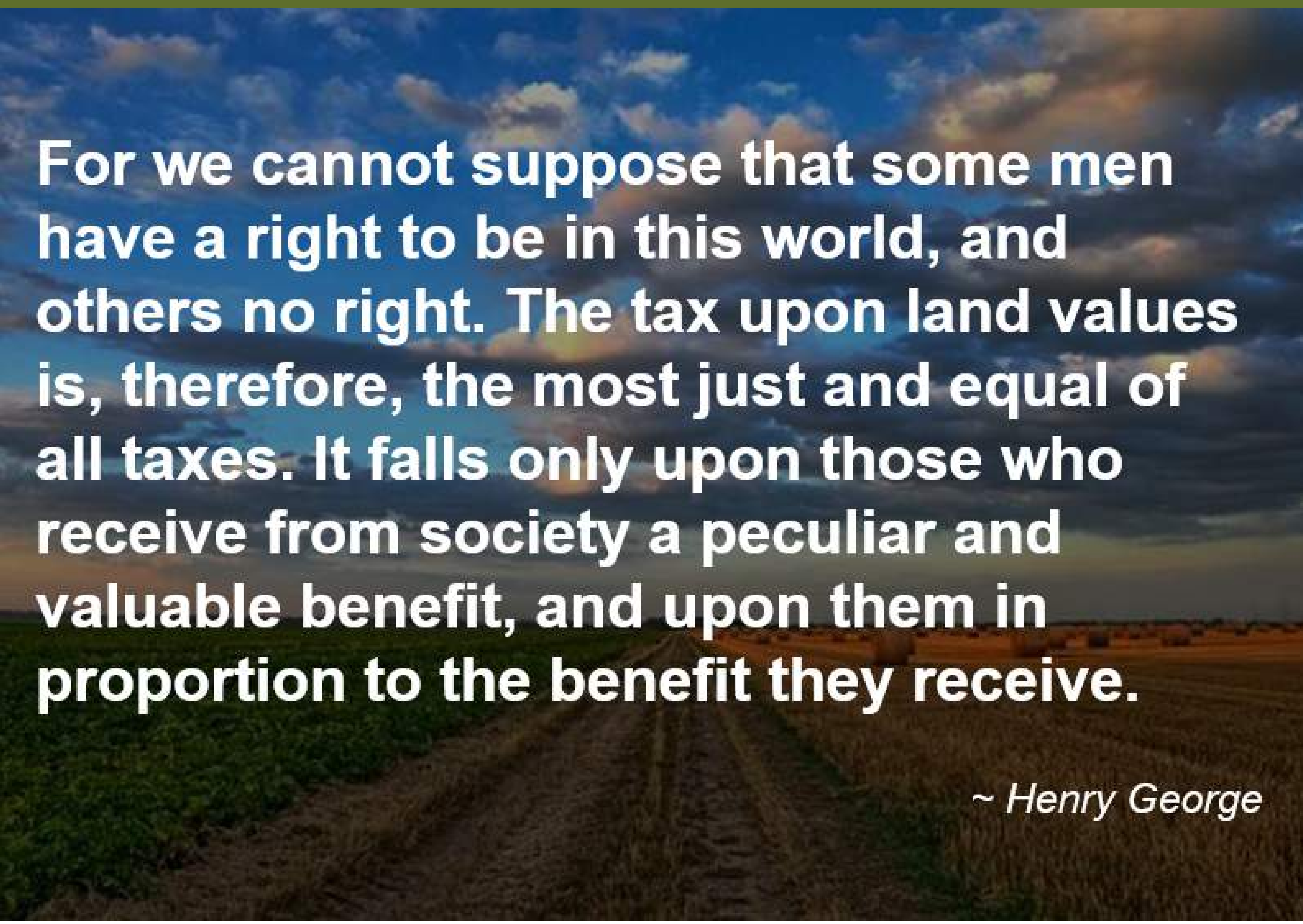
The Robert Schalkenbach Foundation (RSF) is a private operating foundation that promotes public awareness of the social philosophy and economic reforms advocated by 19th century thinker and activist, Henry George.

RSF remains true to its founding doctrine. Initiatives and programs are focused on education, communities, outreach, and publishing. The RSF mission centers on creating a world in which all people are afforded the basic necessities of life and the natural world is protected for generations to come.

Industrial development agencies and authorities (IDAs):

(noun): meant to foster economic development in specific areas, IDAs are public benefit corporations that are generally exempt from sales taxes on their purchases.



Letter from the Executive Director

THE NOT-SO-QUIET SUMMER

BY JOSIE FAASS, EXECUTIVE DIRECTOR

This is our first newsletter since moving to a quarterly schedule, and boy oh boy, can a lot happen in three months!

The Foundation is in the "quiet phase" of a number of large-scale endeavors, including our new scholarship program. The framework of the program is now complete, the IRS has our application for approval to grant awards, and we've found a vendor to manage the selection and fund distribution processes. Basically, the nuts and bolts are there, now comes the first phase of the fun part - designing our own Georgist educational programming for our first scholar cohort! This effort is being led by the Foundation's Board of Directors, but we're welcoming outside input. If you have thoughts you'd like to share, please drop us a line at info@schalkenbach.org.

Our library project is also chugging along. The physical collection is sorted and the digital cataloging has begun. If you're interested to see what we have, check out our tiny cat-powered catalog at https://schalkenbach.org/online-library-catalog/. Check back often, as new materials are being added daily and we're far from done building out this amazing resource. We're also accepting donations of materials, and have received some unique items already. If you have a title, image, or something else you think belongs in our collection, please contact archivist@schalkenbach.org and let us know.

Of course, we'll be offering some interesting library sponsorship opportunities in the near future. Know someone (maybe it's you!) who would love to have a shelf of Georgist works named after them? Interested in helping preserve historic texts for future readers? More to come on these ideas and more...

With Board leadership, the decision was made to begin managing our annual grant-making activities through a formal RFP process. Our Program Committee has narrowed the list of research topics to a handful of really exciting areas of exploration, and the first call for proposals will be published at: https://schalkenbach.org/request-for-proposals-process/ (and promoted through emails and elsewhere) in the coming months.

Finally, the Center for Property Tax Reform has been hard at work, conducting outreach and original research. Right now, we've got some interesting conversations going in a variety of places, ranging from upstate New York, to Virginia, to Puerto Rico. Those familiar with the long history of my Center Co-Director Josh Vincent's work to bring Land Value Taxes to cities and towns nationwide, know just how laborious and place-specific these efforts are, but we're in it for the long haul and happy to have so many opportunities to talk LVT!

Our researchers, Mike and Washiq, are also doing some pretty cool things - from creating a "racial bias in property assessments" handbook to exploring LLC ownership in NYC - they're advancing our understanding of mission-related topics with relevance to today's most salient topics.

Of course, our work is also about making connections and bringing our ideas to new audiences. I recently returned (to a flooded house, thanks to Hurricane Ida) from the annual International Association of Assessing Officers (IAAO) conference in Chicago - it was a truly eye opening experience for someone who relies heavily on assessment data in their research, and a great opportunity to connect with professional assessors from across the U.S. and beyond. If you'd like to see a few of my thoughts on the event and the topics discussed, visit our website.

The new RSF Reading Room is ready for visitors!

The National Conference of State Legislatures annual conference is also coming up, and Covid-permitting, CPTR plans to be there.

Summer was a busy time at RSF and fall promises to be even more so! Do you want to get involved in our programming? Let us know by contacting info@schalkenbach.org. Visit our website to learn more about some specific engagement opportunities.

DIRECTORS' PERSPECTIVES

EXPLORING CURRENT APPLICATIONS AND IMPLICATIONS OF HENRY GEORGE'S TEACHINGS.

WHAT TAXES ARE FAIR?

BY JOHN HOOKER

Don't tax me. Don't tax you. Tax that man behind the tree!"

Recent disasters and folks looking to buy houses are driving renewed concerns over resilience, affordability and sustainability. The "supply" of houses is low and mortgage interest rates are relatively low, so builders and sellers are asking top-dollar. Low property taxes also help lift prices. But what taxes are "fair" to buyers and sellers – and even tenant owners?

Local governments have long depended on two or three legs of public revenue: taxes on labor (income taxes), property and consumption (sales and "sin" taxes).

The economy and related tax revenues rises and falls. States tend to want to control income taxes as a reliable, broad-based source of revenue. Local governments lean on reliable property and more volatile sales taxes. Property taxes endure even when incomes fall, hurting those who lost their jobs or had to leave their jobs. And local property taxes are burdened by irregular, uneven and unreliable assessments, and opaque pricing data. Some states publish current sales, but others don't out of a stated concern for buyers' and sellers' "privacy", a discrete and polite way to hide wealth in land.

Sales tax is a disproportionate burden on the poor who spend most of their income on daily needs. The well-to-do spend a fraction and can bank the difference. Eliminating sales tax on food and medicines is one step in relieving that burden, but simply shifts the taxes onto other items, like household goods. Taxes on services (as in New Mexico and Hawai'i) are seldom used but expand the tax base, as services become a larger share of the U.S. economy.

Local property (or ad valorem) taxes, as applied in the U.S. today, are inherently unfair and discriminatory. If you live in a rich suburb or town, low taxes give you good schools and local services. If you live in a poor suburb or district, high taxes give you poor schools and local services. That's part of the system we've built over the past 100 years in America. Now we're paying the price in aging schools, streets, parks, sewers and more. We're also seeing the effect of locking in on a single kind of low-density housing pattern, our "Great Suburban Experiment" as described by James Howard Kunstler in his seminal The Geography of Nowhere. How do we grow and change without decay and upheaval? Gentrification is a relatively recent concern.

Another element of ad valorem taxes is how value is divided between the land itself and the "improvements" on it. Most assessments don't look at potential rental income as a basis of value. A common rule-of-thumb is that land is one-third of the value, improvements are two-thirds. This benefits surface parking lot barons who, with little improvement, reap tremendous rent income from downtown properties. A few cities in Pennsylvania changed to a "Land-Value Tax" (LVT) where land is assessed at 90% of the value and the improvements are only 10% of the value. This idea captures the old real estate adage of the value of a lot is "location, location, location!"

Our post-War suburbs are showing their age. The perennial question is how (and who) pays to fix and sustain all that infrastructure our grandparents built. President Reagan said government can't do it. That leaves the rest of us to do it. The failure of a condominium tower in South Florida suggests we aren't prepared to cope with old age alone.

Before the Model Zoning Code in the 1930s and the FHA Minimum Property Standards that followed, we built neighborhoods mixed with detached houses and traditional small-scale, "middle" housing – duplexes, stacked triplexes, rooming houses, rowhouses, even modest apartment buildings. Downtowns might have long-term hotels and "single room occupancy" (SRO) apartments.

The model zoning code, as adopted across the country, discriminates against the poor, limiting builders to more expensive one- and two-story, detached, single-family houses on large suburban lots, that are unaffordable to many. Post-War zoning also required driveways, garages and parking on the lots to accommodate our wealth of new personal cars and trucks. This adds to the cost of new houses. Today, builders will divide new neighborhoods and even house blocks by price and size, thus by wealth and income.

Affordable housing advocates are calling for new, more affordable "missing middle" homes and accessory dwelling units (aka "mother-in-law apartments" or ADU) to be allowed in post-War and newer neighborhoods.
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DIRECTORS' PERSPECTIVES (CONT.)

THE FALLACY OF ACCUMULATION AND WEALTH

BY: MANU DELGADO-MEDRANO

This article is part of Uncommonwealth, a series of articles that discuss housing affordability, economic justice, and inequality in the United States.

Recently, I was listening to a podcast on NPR on how homeownership in the United States had now become a luxury. There were three guests on the show, including two financial advisors and the CEO of Redfin, a major real estate brokerage firm. Throughout the podcast, all three individuals acknowledged and lamented that owning a house was now unreachable for most Americans and that things were getting continually worse on this front.

"How would Americans build wealth now that they are mostly incapable of buying a home?!", they asked. "We must build more houses to increase supply"; "We need more loans from banks"; "We must create more subsidies and down-payment assistance programs to help Americans buy into the housing model"; "No, what we need is to help economically disadvantaged communities find other mechanisms for building wealth, like investing in the stock market"…

All sensible thoughts, to be sure, but what I found fascinating from this conversation is that none of the participants even remotely questioned the fact that — in our purportedly rich society — we as individuals are forced to figure out on our own how to build wealth to provide the basics for ourselves and our loved ones, the same basics that in other rich societies are more or less guaranteed.

But why is that the case? Why, while other rich nations are able to provide access to all basic necessities for the vast majority of their citizens, we in the United States must go it alone, go out of our way, struggling to figure out mechanisms for building wealth just to secure the basic necessities of life: housing, healthcare, education, retirement? Is not the definition of being rich not having to struggle to fulfill these basic needs?

The fallacy of accumulation and wealth

Throughout many parts of the world, and especially in the United States, there exists a culture that prioritizes a single thing above all others: the accumulation of money and wealth.

In the pursuit of wealth, we sacrifice our time, our families, our values, our energy, our communities, our planet, all with the unrelenting goal of achieving as much as we can materially in our productive years so that we may live more comfortably in our old age, so that our descendants may have a better life than ours.

Ever less attainable, however, the American Dream has become for most something akin to a nightmare. As wages stagnate and the cost of living continues to increase (in large part due to ever-increasing real property prices), more and more Americans continue to struggle, working harder and longer, just to stay afloat, much less build wealth.

Round and round we go, helpless and frustrated, destroying ourselves, our lives, our institutions, our society, and our environment in this single-minded, endless seeking. We believe there simply is no other way and we have come to accept and normalize this destructive approach to life.

As those of us who are lucky enough to accumulate begin to do so, however, we realize the fallacy in all this: there is no end to our precarity, there is no permanent sense of security that can come from accumulation, there is no point at which we feel that we have enough…

Eventually, we realize that no matter how much we have got, we will always feel the need to accumulate even more. And even if we do end up with all the material wealth in the world, we continue to live in fear of losing it all, building walls and underground bunkers, daydreaming about colonies in space to keep out those less fortunate than we are and whom we now perceive as a threat.

Eventually, if we have any consciousness at all we begin to realize that we are not trying to meet real material needs through our striving, through accumulation; rather, we are working endlessly to quell what is truly an insatiable psychological need. **(Cont. Page 8)**

INFRASTRUCTURE PROBLEMS EXACERBATED BY A POOR SYSTEM OF TAXATION

BY:MATTHEW DOWNHOUR

The current conflict in Washington, dealing with the expenditure of hundreds of billions of dollars, is the much anticipated, frequently promised, but poorly defined 'infrastructure bill'. As it stands, two versions are possible – one preferred by centrist Democrats and a few moderate Republicans that limits spending to a few categories, especially roads, ports, and the like, and a much larger one encompassing topics like 'human infrastructure', including expanded Medicare and other services not typically considered under the title of infrastructure.

It remains to be seen if either bill will muster enough votes in both the closely-divided Senate and the Democratic majority House – doing so will require getting a broad consensus within the Democratic party, a unenviable task in a party that ranges from Joe Manchin to Alexandria Ocasio-Cortez. **(Cont. Next Page)**

DIRECTORS' PERSPECTIVES (CONT.)

INFRASTRUCTURE PROBLEMS (CONT.)

The pressure is on, though – partly because such a bill has been promised for years, and because it is clear that in many ways America's basic economic infrastructure is falling behind other countries – not just in rail, where the US has lagged Europe and Asia, but also in broadband internet and even with roads and bridges. Moderates frequently cite the high federal deficit as a reason to forestall further spending, while proponents of more spending note that interest rates are historically low and so the real price of taking on new debt is small. However, what neither side explains is precisely why, given the immense structural hurdles to getting anything done in Congress, the federal government is the only entity that can make this happen.

Part of the answer lies in the nature of infrastructure. Improving a road from Elko to Reno, Nevada may or may not be worth the trouble – few people live along the route and the cities it is connecting are relatively small and probably do little business with one another. But, if Elko is already connected to Salt Lake City, and Reno is already connected to San Francisco, then the value of that additional link is immense – instead of two big small towns, it's helping to connect to large and growing metropolitan areas. However, the benefits of this connection are not going to be felt entirely or even primarily by Nevada – rather, both Utah and California will be benefitted from their great connectivity.

These benefits, which increase the value of a given product the more its linked to others – are called network effects. It is for this reason that the federal government had to subsidize first the railroad connection between Utah and California, and subsequently the interstate – it would be irrational for Nevada to pay for that all on its own, but beneficially to the whole country if the link is built. Large scale physical infrastructure has long been a project of the federal government, and this pattern only accelerated in the 1950s with the construction of the interstate highway system. These kinds of projects cannot be efficiently undertaken by the states alone.

However, much of what has been proposed in the larger infrastructure bill being considered by the House is not subject to the efficiency problems of network effects – expanding medical and home based care, childhood education, local commuter rail and bus lines, and many other infrastructure investments can be effectively undertaken by state and local governments. A train from San Francisco to LA, for example, would benefit primarily Californians, and thus if it is a good investment for the federal government, it would also be a good investment for California, should the federal government fall through. The same is true of more local projects, and especially true of services provided to individuals.

So, why instead to proponents of these programs instead prefer federal funding? Well, of course it's natural to seek money wherever you can get it, and if you can get it without taxing your own voters so much the better. But while that might be a reason to ask for funds, it doesn't explain making projects dependent on federal funding.

The reason is that states attempting to fund such infrastructure projects are usually funding them poorly. Most states rely on sales or income taxes – paying for a new bridge or new bus system or expanded childcare all ultimately means raising such taxes – and raising those taxes can harm the economy, driving commerce away or underground. In extreme cases, the fear is that high earners, who disproportionately fund these projects with their taxes, will leave the state entirely.

While federal income taxes create some of the same efficiency, the difficulty involved in packing up and leaving the country is far greater and so at least that fear is diminished – and of course the federal government can always lean on very low interest loans when taxes fall short. **(Cont. Next Page)**

THE EVICTION CRISIS: NOISE AND INSIGHT

BY: STEVE SKLAR

On legal process grounds, the U.S. Supreme Court has just ended the Federal eviction moratorium about halfway through its sixty-day extension. But eviction moratoriums in seven states and the District of Columbia continue, as the homelessness crisis the Federal moratorium was intended to curb persists. Reportedly, the initial moratorium, which began in September, 2020, during the Trump Administration, kept millions of people from being forced out of their homes for unpaid rent during the pandemic. Meanwhile, it is estimated that over 15 million people are currently behind on rental payments in the U.S. Furthermore, Covid-19 is especially dangerous to homeless people. (Hence the role played in the moratorium by the CDC, the agency that issued that temporary eviction ban.)

In short, millions of people are now in danger of being forced to live in peril in tent cities, under bridges or on the street. How have we come to this moment of crisis, what should be done about it, and what can be done to make sure we don't end up here again?

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DIRECTORS' PERSPECTIVES (CONT.)

INFRASTRUCTURE PROBLEMS (CONT.)

Initially it seems like this should only handicap a relatively inefficient project – a truly transformative rail line or childcare center will more than pay for itself with new economic growth, far offsetting any tax increases, right? Well, possibly, but the problem is where those benefits go. A new train line might (indeed, probably will) lead to a jump in the value of land served by its stations. A childcare center in the neighborhood will make the whole neighborhood more desirable, driving up land values there.

The problem is that States collect only a tiny portion of the benefits, perhaps as high as two but usually closer to one percent of the increased land value per year in property taxes. If landowners can generate even 5% of their land's value in revenue every year – a very conservative figure – they end up enjoying 80% of the land value gains created by infrastructure spending. Meanwhile, even if workers find their incomes rising due to the greater productivity of the land, they are saddled with paying higher rents as well, making it politically difficult to collect taxes on their increased wages, either.

The solution is straightforward – fund such infrastructure problems primarily by capturing the land value that they create. This can be accomplished most easily in the US context by simply raising taxes on land value (ideally introducing a split rate so that the taxes on built property, the value of which is less impacted by the investment, the same). Worldwide, cities that funded their infrastructure investment via land value capture also had some of the best outcomes in terms of the valuable transit and educational systems they created – Singapore and Hong Kong, for instance, stand out by capturing most of their land value by municipal ownership and leasing of land, and are also notably for having among the best transportation and education systems in the world.

Economist Joseph Stiglitz has gone so far as to assert what he calls the Henry George Theorem: that under the right conditions, investment can pay for itself simply from land value capture. The best part? States doing so avoid many of the problems inherent in other funding mechanisms. The land, unlike high income individuals, isn't going anywhere, and the tax can't diminish the quantity of land available (a traditional property tax, however, can reduce the incentive to build new buildings – hence the value of split rate taxes).

No matter how the current situation in congress turns out, it is basically inevitable that some people will be disappointed to see their favored programs cut from the final deal. The nature of the bicameral system and our current polarization basically ensures disappointment on both sides. Fortunately, for many kinds of projects there is an alternative to federal funding – capturing the value of land created by infrastructure to help such projects 'pay for themselves.'

EVICTION CRISIS (CONT.)

It is clear that the answers to these questions are not to be found in the pages of that bastion of intellectual conservatism, The National Review. Several recent opinion pieces in that magazine, critical of the eviction moratorium, focus their concern almost exclusively on the vulnerability of the "smaller landlord," which is to say the not-immensely-wealthy landlord whose well-being is especially dependent on rental payments. However, you would be hard pressed to find similar concern in these articles for the far greater numbers of tenants. This despite the fact that, even to the writers of The National Review, tenants in general would surely rate as "smaller" — in income, say, or social standing, or the ability to withstand financial setback — than even the smaller landlords.

The way in which one Sean-Michael Pigeon closes his opinion piece on the moratorium might stand for the view taken of the eviction crisis in all of these pieces: "Renters may need assistance, but landlords can't endlessly house tenants that don't pay. No matter what, eventually, the rent comes due." The gist of all of these articles is the same: life's tough but fair, honor your contracts, pay the rent or get evicted, no need for a moratorium because there is no crisis worth worrying about.

In that article, Pigeon also criticizes the moratorium extension in part because the government has been very slow in paying rental arrears to landlords. Apparently, then, Pigeon finds the bailout, a major feature of the moratorium, desirable; why else would he object that it is being paid out too slowly? But as writers for The New York Times have observed, the slowness of rental payouts weighs in favor of extension, not against it.

In other words, The National Review knows that it doesn't like the moratorium or its extension and will find ways of expressing that, rational grounds be damned. We must therefore look elsewhere for insight into the causes of the eviction crisis and its amelioration and prevention.
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DIRECTORS' PERSPECTIVES (CONT.)

EVICTION CRISIS (CONT.)

The dynamics at play in other, more natural, disasters such as wildfires and floods are a good place to start. Like those disasters, the impending catastrophe of widespread homelessness is a kind of perfect storm. And though a perfect storm may seem to come out of nowhere, it does not. It arises out of a kind of pre-condition or systemic weakness that needs only some relatively foreseeable stressful event to turn things catastrophic.

In the case of wildfires, it is dry landscape that acts as tinder awaiting only a lightning strike to spark conflagration. In the case of the mass evictions that are imminent, the tinder is a society already weakened not merely by immense inequality in wealth (which is, after all, a relative thing) but widespread economic distress — that is, absolutely, not merely relatively, low income. Under such conditions, a fairly mundane reversal here or there — a health problem resulting in high medical bills, a downturn in business — can make rental or mortgage payments impossible.

If that state of affairs is the tinder for the eviction catastrophe now impending, the Covid-19 pandemic is the latest and biggest spark. It has thrown people who were already struggling to pay for housing out of work or drastically reduced their income across entire industries — the restaurant business, the live entertainment industry, the tourist industry, mass transit, air travel. The loss of purchasing power among those in one industry reduces the customer base for a myriad of others. The result is the imminent surge of homelessness.

Whence come the attributes of deepening poverty that are the pre-condition for this catastrophe? I believe the central insight that came to the 19th Century thinker and reformer Henry George in the foothills outside San Francisco provides the answer: poverty persists and deepens as civilizations such as ours advance in their ability to produce wealth because land then increases in value; where land is allowed to be privately owned and so becomes monopolized, people in general must then pay more for the privilege of using it.

Modern-day San Francisco bears this out. In recent years, the level of homelessness in that city has been dire and was rising even before the pandemic. A study by the Bay Area Council's Economic Institute from April, 2019, begins: "By virtually every measure, the Bay Area's homeless crisis ranks among the worst in the United States. The Bay Area has the third largest population of people experiencing homelessness (28,200) in the U.S., behind only New York City (76,500) and Los Angeles (55,200)…." At the same time, the "overall median home value in San Francisco rose a whopping 90% between April 2009 and April 2019, from $715,900 to $1.36 million…."

Today as in the industrial depressions of George's day, in San Francisco as in New York City and elsewhere, the rise in housing costs has outstripped the general level of wages, driving up the level of an already substantial homelessness. Clearly, the eviction moratorium was a good-faith response to an impending catastrophe. But when the economic conditions that set us up for catastrophe are considered, it becomes clear that a moratorium is inadequate to the crisis at hand.

That is not just because it is temporary, or that under our current tax policy a moratorium bailout effectively sends the bill for rental assistance disproportionately to the members of the middle and lower classes who are relatively least able to afford it. (Consider the 2016 and 2017 Federal tax returns of Donald J. Trump, a larger landlord who paid all of $750 in Federal taxes for each of those years). No, the truly significant defect in a moratorium is that it does not address the origins of the problem.

The remedy George proposed for the alleviation of poverty in general applies to the housing crisis in particular: eliminate the injustice of private land monopoly. The so-called single-tax mechanism George proposed as the most expedient one to achieve that goal was to have society and not a relatively small number of individuals collect the economic rent, that is, the rental value of land. Let the small landlord or any landlord pocket what is theirs by right — the value of improvements on it such as buildings or building maintenance or services provided to tenants.

The value of the underlying lot on which a building sits — always a major part of what rent is made up of, and in the case of residential real estate often the greatest part of it — arises from the presence and development of the community around it and therefore belongs, by right, to the community. Reform land and tax policy to reflect that and the threat of widespread homelessness, along with the injustice of private land monopoly generally, will disappear.

To illustrate the effects of land monopoly, George described a hypothetical situation wherein one person owns all of the land of an island that is also inhabited by 10,000 others. If private land ownership is respected there, any of the ten thousand that cannot meet whatever terms the landowner proposes is left with only two options: emigrate or die. And where emigration means drowning, their only option would be death.

In effect, that is where we are with the eviction crisis. Times being tough financially and there no longer being any frontier where free land is available, there is nowhere a mass of renters and homeowners can go for housing they can afford. They (we) are in the position of George's islanders. Rising housing costs and falling income being widespread, emigration will not help us if we fall into financial distress. Ultimately, the only real option for those who can't pay for housing is homelessness, and the disease and death it brings.

The eviction crisis makes it clear that now more than ever we need land policy reform.

DIRECTORS' PERSPECTIVES (CONT.)

WHAT TAXES ARE FAIR (CONT.)

The benefits of amending the zoning code to allow these traditional housing types in meld into mid-century and even younger single-family neighborhoods are manifold:

1. A new ADU allows a widowed mother-in-law to live next door without living in your spare bedroom. She might even want to live in the same neighborhood she's lived in for the past 40 years, but can't afford anymore.
2. A new rentable studio apartment might offer a local college student to live in a safe, established neighborhood rather than the "student ghetto".
3. Subdividing a lot to create a new duplex offers an incremental way to build wealth for existing homeowners.
4. Adding residents to the neighborhood encourages new shops to open and expand within walking distance of your house. But that might require also allowing a house to be converted into a corner store.
5. The new sales and property tax revenues in the neighborhood can pay to replace broken sidewalks, sewers, streets and playgrounds.

There has been a lot of change in the past 70 years across our cities and suburbs. We currently tax some change we want – increasing labor income and land improvements, and some we don't like – like consuming stuff.

Leaving income taxes off the local table, some possible corrections to our flailing American experiment are to:

1. Change our property tax policy to follow Pennsylvania's example and better capture the value of the location of land,
2. Increase transparency of property sales to expose false assessments and pricing,
3. Expand the range and variety of housing and services available in your neighborhood,
4. Remove sales tax on day-to-day needs. Expand sales tax to include services.

Every community and state is implements and impacted by taxes differently. If you could change anything, what would you tell your representatives to do? Because from where I stand, we need a comprehensive tax strategy that positively impacts all communities and everyone they serve.

FALLACY OF WEALTH (CONT.)

The compulsion to accumulate
Accepting the pursuit of money and wealth as a core value and a way of life is not a conscious, rational choice we each make because we have concluded that it is the best path forward. Rather, this behavior is a compulsion, a kneejerk response that arises from our fears: the fear of not having enough, the fear of losing it all, the fear of being left behind, the fear of unworthiness, the fear of knowing that if hard times were to strike you will be all alone, left to your own devices.

We seek money and wealth because we want to feel secure; because our need for psychological safety is the most predominant feature of what we have become as a society. In our minds, the only solution to this constant anxiety is to accumulate wealth at all costs. If we have enough money in our bank accounts, then we feel that we won't need society, we will be able to purchase all the things we need, the basics and the luxuries and we will finally be able to rest from our unease...but then we never do, we never can.

We tend to think of this narrow mentality as somehow being intrinsic to who we are, as something immutable, as a feature that defines us as a nation or civilization. In reality, however, this mentality is a response to the weakened present state of our social contract.

Continuously undermined by the extremist individualistic notion that a society is at its best when we are left to our own devices and by the political project dedicated to eroding it, our social contract has disintegrated, shriveled, leaving us wallowing in a deep sense of alienation and fear.

Forsaken and living in constant fear of the future, not knowing how we will manage in our old age or how our children and grandchildren will fare as things get worse, our natural response is to grasp, to hoard, to strive to accumulate as much as we can, lest we are truly left behind.

The anxiety that lingers deep within us compels us to seek any measure of safety, to cling and to grasp, and the compulsion thus arises within us to pursue desperately and unconsciously — unaware of the damage we are causing — the wealth we believe will provide us the elusive sense of security we so eagerly seek.

We have been shown in American society time and time again that we are indeed alone. And we are left alone, unsupported, because we are so divided. Individuals in this country from different backgrounds, races, ethnicities cannot see others different from them as part of who they are, as part of their community, part of their humanity.

Rather than creating social systems that allow us all — rich or poor, black or white, average or exceptional—to access the basic necessities of all humans, we cruelly and foolishly resolve that we would rather be poor, insecure, uneducated, and ill than share the wealth we have extracted from our society with those whose very existence we begrudge; we have decided that we would rather have no meaningful social safety network, no universal healthcare, no affordable education, no universal housing than share access to all this with others whom we cannot relate to.
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FALLACY OF WEALTH (CONT)

The cost of our choices

The cost of our greed and bigotry, our inability to empathize, and our lack of compassion is that we who live in a supposedly rich society ALL live in a permanent sense of precarity, of constant fear, and dread, no matter how poor or rich we are. The forsaking of collective and cooperative values in favor of individualistic ones has led us to live not in a robust, prosperous, sustainable society but in a chaotic, predatory jungle in which the strongest prey on the weakest and in which we are all ultimately rendered vulnerable, miserable, and insecure.

The undermining of the social support that all humans need to thrive for the sake of a false and distorted notion of individual freedom is leading us all directly towards impoverishment, degradation, and societal collapse. We are not willing to see it.

And the toll this has on us physically, mentally, and emotionally is tremendous. We in the United States are now falling behind other advanced economies, unable to keep up not only in terms of our quality of life but also even with regards to our life expectancy.

We must ask ourselves today, why do we truly care so much about building wealth? Is this a conscious pursuit or is it an irrational compulsion stemming from our fears and anxieties? We must ask ourselves: if we were to live in a society with a truly level playing field, a society that was cooperative, in which all basic needs were affordably met and in which all of us were able to save at least part of our earnings, then how important would the accumulation of wealth be?

Hoarding Land

This compulsion, this collective disease, the unfettered quest for wealth is destroying us, it is dividing us and it is making us poorer than we ought to be. One often overlooked consequence of this free-for-all mentality is that we are continuously blowing up our real estate markets.

For most Americans, the simplest, most straightforward approach to building wealth is to purchase a home. And for those of us who are in a position to do so, this approach to wealth-building is not only well-sanctioned by society but also heavily supported by government policy and subsidies.

The problem is that once we begin to see our homes, not as a home, but as an asset, we begin to distort our relationship with land, with our homes; we begin to subject our houses to a casino economy that seeks to maximize the value of our asset, our house, our land, rather than to preserve its dignity as a place in which we can live, grow, work, thrive, learn, and play.

We begin to build barriers to the supply of housing, we begin to hoard and to speculate while excluding those less fortunate than us from the game; we begin to promote policies and actions that lead not to affordable housing for everyone but to widespread exclusion, to real estate bubbles, and their inevitable crash.

We must normalize nonaccumulation

If our society is to survive, if our planet is to survive, then we need to wake up and realize that this compulsion that has taken over the hearts and minds of the vast majority of us is destroying all that we love.

We must realize that the answer is not to double down on "helping everyone" build wealth through housing or through more creative or specialized mechanisms like stocks and bonds. Those of us who advocate for this approach mostly do so out of the guilt that arises from knowing that our own wealth has nothing to do with our hard work, but, rather, with our own advantage.

We must realize that when we "become wealthy" from the nonproductive gambling in the real estate or stock markets or in cryptocurrency or in whatever other fanciful investment we may make we are not actually "building" wealth, we are simply transferring money from one person (generally someone poorer, less educated, with more limited access to information) to another (generally someone who has been bestowed by society an unwarranted advantage). This is theft.

Let us ask ourselves: "If I buy my house for $200,000 and sell it for $500,000, where does that difference come from?" "Is it value that I somehow with no effort of my own magically created or is it value that was created by society, by the businesses and workers in my city, by the thousands of people who moved here who work hard every day, value that I didn't create and that I get to appropriate?". Let us ask ourselves if that is fair.

What we need is not to help others get in on the racket. What we need is to restructure our society so that the incredible amount of wealth we have already built (in the US alone estimated at almost $100 trillion) is more evenly distributed; that every American has access to affordable high-quality healthcare and education; that every American has the ability to purchase or rent a home at a price that is affordable to them, regardless of where in the country they live or who they are; that every American is taken care of financially in their old age.

It is possible to do this, this is what it means to be rich: to be in a society in which everyone is able to easily fulfill their basic needs. As long as we are incapable of doing this, then we do not deserve to call ourselves rich. **(Cont. Next Page)**

FALLACY OF WEALTH (CONT)

We must start with ourselves and ask ourselves why we chose the job we have, why we make the investments that we make, why we glorify the billionaires. We must challenge the compulsion to accumulate wealth and realize that life would be so much better if we didn't feel forced to participate in this rat race, in this American Nightmare.

And when we have mustered the courage, then we must challenge others and normalize the nonaccumulation of wealth and begin to design the features of a society that can allow us to achieve that.

Other rich countries are able to afford their citizens a much higher quality of life than ours without the imperative to build wealth, so we must know that it is possible.

How soothing and refreshing the thought of being truly free, of living in a society in which you are not simply left to fend for yourself: free to choose your job because you love it; free to live anywhere because you can afford to; free to spend time with your loved ones and travel on a regular basis; free from want and deprivation; free from the fears of being saddled by medical bills or tuition debt; free from the persistent anxiety that characterizes our regrettable way of life.

TAXES, JUSTICE, AND PROPERTY: BITS AND BOBS

BY:CPTR CO-DIRECTOR JOSHUA VINCENT

How can we tell the difference between reality and fluff when it comes to surveys and public discourse? At the Center for Property Tax Reform, we believe that keeping surveys up to date on the monstrosities and brilliant ideas now thrown up into public and governmental discourse.

CPTR, by definition, does it all: tax studies, geographic analysis, cause and effect analysis, and unequal treatment by tax systems and assessment valuations.
In this article, we examine events occurring all across the United States and around the world. Our philosophical underpinnings in the economics of land, labor, and capital give CPTR a unique opportunity to explore alternatives to the either/or choices too often presented.

Boston

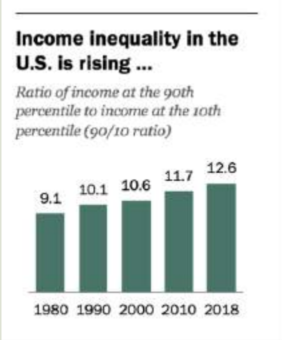
Boston has it's act together in many ways. Outside of Texas, Boston relies to a notable degree on the property tax for its revenue, nearly 73% for FY 22. We'll address the hefty excise taxes and personal property taxes that cloud the economy in a future article. Because Boston is top-heavy with tax-exempt parcels (museums, government buildings, hospitals, and more colleges than you can shake a stick at), they are worth a lot of money.

Although it appears Boston will avoid most of the fiscal landmines planted by Covid 19 and neighborhood organizations local elected officials are starting to float the option of strengthening Boston's PILOT program to shake the money tree harder. Brand-new Boston Mayor Kim Janey wants to update the valuations of exempt properties for the first time since 2010. It's a worthwhile pursuit, mainly since much of the voluntary PILOT payment includes potential credits for "community benefits." That's highfalutin' speak for "look at what we do for you, cut us a break on this pittance we pay."

Tax exempts are a big issue, even in the relative splendid isolation of Boston. Here are the top 20 tax-exempt landowners in Boston:

Land Use	Land Value	Total Value
HOSPITAL (exempt)	1,971,270,502	10,281,862,901
OTHER EXEMPT BLDG	6,077,072,400	10,113,754,101
COLLEGE (academic)	2,256,558,195	7,660,588,388
SCHOOL	1,165,817,501	3,099,238,300
LABORATORY/Medical/Biology	373,213,001	2,899,932,100
OTHER PUBLIC LAND	2,226,304,700	2,820,217,400
EXEMPT 121A PROP	565,116,603	2,463,732,103
Commonwealth of Mass	751,503,900	2,232,536,200
CITY OF BOSTON	1,040,362,601	1,846,219,101
BOS HOUSING AUTHOR	524,093,300	1,580,552,202
CHARITABLE Organization	423,556,001	1,573,052,002
OFFICE /Administration	248,030,100	1,100,311,900
U.S. GOVERNMENT	314,387,200	1,015,334,100
BOST REDEVELOP AUTH	513,682,599	981,925,697
PRIV SCHOOL /COLLEGE	310,367,800	920,083,501
DORMITORY rm	163,807,400	807,106,000
CHURCH, SYNAGOGUE	224,858,799	789,723,000
Mass: other property	468,233,700	692,098,700
RELIGIOUS Organization	250,579,200	587,411,599
Grand Total	19,868,815,502	53,465,679,295

Tax exemption is a privilege, not a right. Even if you can make a moral argument that the buildings fulfill the charitable mission, the land's value below them is the community's. Don't believe it? We do. The public should get that rent!



"So long as all the increased wealth which modern progress brings goes but to build up great fortunes, to increase luxury and make sharper the contrast between the House of Have and the House of Want, progress is not real and cannot be permanent."

Henry George, *Progress and Poverty* (1879)

Source: Pew Research Center, 2020
https://www.pewsocialtrends.org/2020/01/09/trends-in-income-and-wealth-inequality/

This message brought to you as a public service by Erickson & Associates, economic consultants to government, business and the legal profession, with offices in Bend, OR and Juneau, AK. More information at www.EricksonEconomics.com.

The CPTR mission is to expose injustice and inaccuracies in existing property tax systems and support the creation of fair and equitable policies based on the principle of ongoing value capture through land taxation.

Below is just a sampling of what is happening at the Center:

- **LVT in the City** - CPTR researchers are exploring the on-the-ground effects of adopting a Land Value Tax in Richmond, VA. Spoiler alert: residents save about $20 million annually with owners of vacant land making up the difference for a revenue neutral outcome.
- **LLCs in NYC** - It's a common belief that LLCs are used by bad actors to snap up prime real estate and hold it until they can sell at a profit. The CPTR team is using current tax data to explore the role of LLCs in the New York City real estate market, and our preliminary analyses show some truly eye-opening trends.
- **Bias in Assessments 101** - Anyone interested in tax policy has seen a plethora of news stories of late relating how inaccurate and inequitable property assessments can make tax systems more regressive, lead to greater incidences of tax delinquency, and ultimately impede intergenerational wealth accumulation among the affected populations, which are disproportionately composed of black and brown residents and business owners. The potential sources of bias in assessments are many and nuanced, so CPTR is developing a handbook that will allow local government officials, taxpayers, and others, to understand the issues and work to create more just tax systems at the local level.
- **Tax Shift Explorer** - Tax codes and data sets are nothing if not complex, varied, and often full of inconsistencies. The CPTR team is working to adjust the Tax Shift Explorer's scripts and data displays to ensure users have access to the most nuanced and accurate information available for the cities and towns represented in the tool.

CONFERENCES

International Association of Assessing Officers Annual Conference in Chicago

CPTR Co-Executive Director Josie Faass recently attended this conference which featured panels on equity and bias in assessments, new technology designed to increase the accuracy and efficiency of assessing practices, the role of state oversight and equalization, and more. Participants learned the nuts and bolts of property assessment and network with professionals from diverse cities and towns. For Josie's summary, visit **https://centerforpropertytaxreform.org/videos/**

National Scholarship Providers Association ADAPT 2021

Innovation, Adaptability, Equity: Supporting Students in the Era of Change

October 19-22, 2021

National Tax Association Conference on Taxation

November 18 - 20, 2021

National Conference of State Legislator Legislative Summit

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