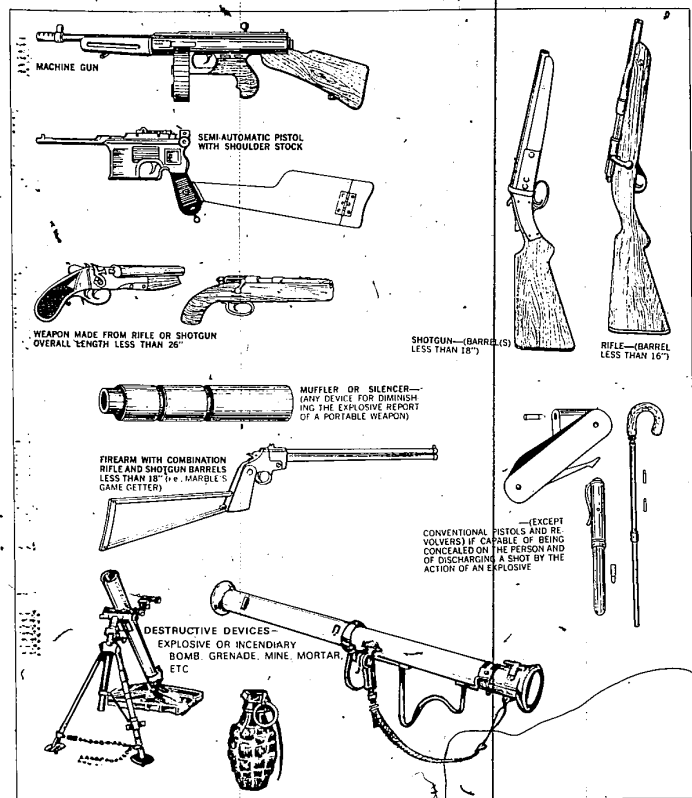


## public affairs



A NEW FEDERAL law requires the registration of the weapons and firearms shown in this drawing, provided by the Internal Revenue Service. If you have an unregistered firearm of the type shown here, you could be punished by a

fine of up to \$10,000 and or imprisonment for up to 10 years. Registration must be done from Nov. 2 to Dec. 1. Registration forms are available from IRS offices.

## 'Land Value' Theory Taxation: Creative Tool

By EMORY DANIELS

Industrialists, city planners, and developers from Wayne and Oakland Counties were treated to a sales job on a program of creative taxation at an Economic Development Seminar last week.

About 110 community leaders interested in economic expansion heard Southfield Mayor James Clarkson's story of how taxes can be used to encourage rather than inhibit growth.

"SINCE 1961 Southfield has taken priority by implementing an economic theory known as 'land value taxation.' Basically, land is taxed according to its worth on the open market. Valuations are determined by the market value of the land.

A residential lot located in the middle of an industrial area would be taxed more heavily since its market value would not be equal to a residential lot in a residential neighborhood.

"DEVELOPERS in Southfield know that the city will not tolerate the land within its boundaries not being put to the highest and best use," says Clarkson.

## Land Tax System Started A Long Fight

The introduction of land value taxation in Southfield was not accomplished easily, and almost resulted in removal of the officials.

Although Southfield has enjoyed a prosperous expansion since 1960, the city has done so with the lowest major city property tax in the state, one-third the amount of Detroit's property tax rate.

Clarkson stated that under Michigan law, it is difficult to put into practice a program of assessing land values only. Instead, Southfield's approach is to have separate assessments for buildings and the land.

The city provides partial

exemptions for improvements and takes annual reappraisals of land values.

A land division has been established in the assessor's office with a reappraisal of all land each year. In 1961, the reappraisal resulted in an increase in valuation of land parcels amounting to \$40 million, with buildings being depreciated by \$22.5 million.

DURING the first year of land value taxation, homeowners generally experienced a reduction in assessed values and a reduction in the city tax rate, said Clarkson, while speculators received a whopping increase to assessed values.

Under Clarkson's program, assessments are not increased when an individual dies or improves his home. The assessor's policy exempts most home improvements including yard improvements, landscaping, sprinkler systems, driveway paving, fences, storm windows, gutters, repairs, paint and minor modernization.

"A man's home has become his castle in which improvements he makes are not assessed," says Clarkson, "but those

who let their property deteriorate by failing to paint, repair, maintain and improve find that they receive no reduction in tax assessment. This policy works favorably to encourage people to improve and maintain their homes."

UNDER LAND VALUE taxation, land which rises most rapidly in valuation is given priority in the reappraisal process.

One appraiser works full time collecting commercial land sales and reappraising commercial land values. Residential land values are reviewed annually, subdivision by subdivision, by the residential staff.

Appraisals of properties are based upon sales information which has been confirmed and adjusted for special conditions. By use of computer, the annual reappraisal is done in a period of three hours at a cost of about six cents per parcel.

"Land value taxation cannot take all the credit for our city's growth," Clarkson admitted, "We do not even have 100 per cent land value taxation, but we do have perhaps a greater amount in Southfield than in any other city in the nation."

"AT PRESENT, we have a definite competitive advantage over neighboring cities which have failed to keep land assessments current and find their land sitting idle year after year. We do not find our 50-year-old homes becoming slums."

"Heavy taxes on improvements are bound to discourage, delay or even deter owners from making improvements. The bigger the improvement tax, the smaller is the owner's incentive to spend good money to improve his property."

"In Southfield, heavy taxes on land values tend to encourage growth and sometimes compel development," Clarkson concluded.

"The bigger the land tax, the bigger the leverage on owners of unused property to own or improve it or sell it to someone who will."

# The Industrial Park: A Local Case Study

By EMORY DANIELS

The success of an industrial park depends upon the willingness of the community to bend and offer needed flexibility for such a high-scale development.

Often, however, zoning laws and near-sighted politicians stand in the way of industrial development, and the tax base is lost through lack of cooperation.

A case study of cooperation between industry and government was offered last week at a seminar sponsored by the Wayne County Economic Development Commission.

WILLIAM H. BOWMAN, executive vice-president of Thompson-Brown Co., Farmington showed color slides representing the story of the Farmington Freeway Industrial Park located near I-696 in Farmington Township.

Bowman served as chairman of the township's industrial development committee, offering his expert knowledge to the community.

The first stone wall Bowman faced was the absence of water and sewer service. The township put a one mill proposal on the ballot to bring the services into the area.

The millage passed and the first year services were installed with the aid of a \$375,000 matching funds federal grant.

During the first year only 0.6 of the mill was levied. In 1964, the industrial and commercial concerns of the township carried 19 per cent of the tax load but now carry a little over 18 per cent of the tax load. Bowman noted that in the past 30 months, he has been able to sell 63 industrial sites in the park.

THE 250-ACRE project was started in August 1966, financed entirely by private capital. It now has established a site for a new Holiday Inn.

Thompson-Brown was able to sell the site to Holiday Inn only through the cooperation of the township, Bowman said.

Zoning allowed a commercial type business in an industrial area, he said, but it limited the maximum height to three stories. Holiday Inn wanted a five-story motel and the zoning board of appeals considered and granted the variance.

Now Holiday Inn is considering the possibility of building a dinner-theater across from its motel site.

BOWMAN SAID his company is developing the park to make it as attractive as possible. The success is borne out by the fact that residential homes

valued from \$40,000 to \$60,000 are being built across from the park.

Bowman then told of plans for a service center within the park to benefit employees of member firms.

Among the facilities being discussed for the center are a beauty shop, cleaners, shoe repair shop, travel agency, microfilm and data processing headquarters, drug store, and a 24-hour industrial medical clinic. The clinic would offer immunization programs and would go out to the factories to give shots.

The park also has a helicopter pad, a popular item in the township. Four or five local residents have purchased heli-

copters and use the park's facility.

Bowman said in the future the pad will be tied in with an ambulance service to rush accident victims to nearby hospitals.

ALSO BEING considered is an office center which Bowman feels would offer a seamless relationship between the commercial and industrial sites. This would bring in professional people to serve the industrial clients.

This is allowed under the township's zoning, said Bowman. In fact, Alexander Hamilton Insurance has already located in the 40-acre parcel allocated for offices.

## Luring New Industry A Citywide Effort

The need for organized planning to attract industry was the recurrent theme of the Economic Development Seminar last week in Southfield under the sponsorship of the Wayne County Economic Development Commission.

Although some communities prosper because of a geographic accident, because they're located near an expressway or railroad and have large undeveloped tracts of land, even the fortunate cities must organize for orderly development.

Industrial sites are plentiful at present, and the community which gets the big fish must offer very attractive bait for the catch.

ABOUT 110 attended the seminar including representatives from Livonia, Redford, Farmington, Westland, Plymouth and Garden City. They heard George D. Mot-

felt tell of the need to explore ways to generate more money and to insure that the money is put to creative uses to lure industry. Moffett is manager of the industrial development department of the Greater Detroit Board of Commerce.

George H. Hillman of Consumers Power, told city officials his company will help communities with industries that would logically fit in their area.

He warned that the professional site-seeker looks beyond the surface of finding a place to work but is equally interested in a place to live for his employees.

COMMUNITIES can control their services such as police, fire, schools, library, cultural facilities, streets, water and sewer. These are the selling points a city must offer industry, said Hillman.

To initiate a program designed to lure industry, Hillman explained, a city must first start a crisis by defining the real needs to crack apathy.

"Identify the real power people in your town and confide with them in advance," he continued.

"And don't wait until full agreement is reached because it never will be. Get the ball rolling."

FURTHER GUIDANCE was

presented by Robbie Martin, president of the Dundee Cement Co. Communities must decide if they really want industry, cautioned Martin.

"You must recognize the fact that industrial plants are not the same as parks or art museums. You must really desire industry or give up your attempts."

Martin urged communities to organize leadership that will work and then surprise his audience by saying:

"The best workers are those who have a selfish interest. As industry grows, we sell more cement, and housing won't increase unless industry grows."

Martin cautioned his listeners to make sure their city was ready to sell itself. "When we get ready to move into a city, we talk with the cab drivers and barbers. If you are going to sell us, every citizen must get involved because civic pride and enthusiasm about the community are what we look for."

Martin also warned cities to deal squarely with industry instead of trying to slip something over on them.

"We are not interested in getting concessions," he said. "We just want a fair deal, and industry is not so dumb that it can be taken easily."

## How State Aids Towns Spotting Industrial Land

For the past four years, the Office of Economic Expansion of the Michigan Department of Commerce has taken bus tours of 60 communities throughout the state to locate prime areas for industrial expansion.

Recently, the agency took its first chartered bus tour of a metropolitan Detroit community and hopes to schedule more in the future, says John P. Kavanagh, director of the Office of Economic Expansion.

UPON REQUEST, the bus visits a community for a tour and analysis of its economic potential. Riding on the bus are state officials, economic advisers, and industrialists and utility officials.

The mayor of the visited city, or another city official, maps out the trip in advance and takes the leaders on an hour tour of the community describing points of interest.

After the tour, the panel offers criticisms and suggestions, pointing out the city's strengths and weak points. Next, they suggest steps which could be implemented to foster economic growth.

Kavanagh readily admits his panel cannot analyze completely community problems in a half-day visit. He added, however, that preparations made by the city indicate their readiness to meet and sell industrial prospects.

ALTHOUGH the bus tours may have shortcomings, Kavanagh says they have been helpful in many areas.

One town credits the tours with the starting of a program to clean up the backs of business streets downtown. Another community was given the impetus to start an industrial park.

"Some of our suggestions are followed," he said, "but more importantly, the panel members learn about the communities and discover common problems shared by neighboring municipalities."

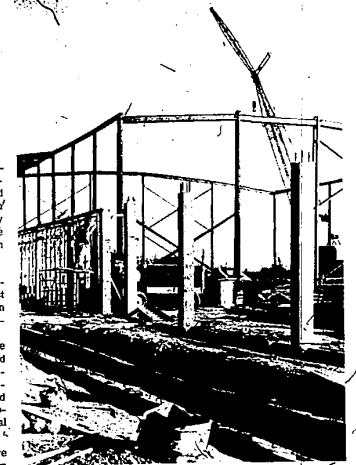
KAVANAGH SAID the panel has recognized the definite need for positive action by those responsible for economic activities by neighboring communities joining forces to solve community problems. Wayne and Oakland counties are among the fastest growing areas in the nation, Kavanagh noted. But the growth potential must be harnessed with municipalities organized to meet expanding needs.

IN MANY AREAS, he continued, prime industrial sites are lost in places by a change in political boundaries.

In some cities, incomplete land uses are enshrined in zoning ordinances with attempts to update zoning to meet current demands.

Kavanagh said that many communities could profit by political cooperation, which would eliminate unattractive competition.

He stressed, however, that when mayors are not the answer, communities should institute a working cooperative agreement.



STEEL GOING UP — Taking advantage of Indian Summer weather, construction workers are pushing ahead on the new physical education plant on the Schoolcraft College campus, being built at a contract cost of \$2,701,000. Shown above is the steel superstructure for the main gymnasium. Scheduled for completion in January, 1970, the 97,000 square foot plant will also include an auxiliary gym, a swimming pool, a wrestling-rehabilitative exercise room, handball courts, classrooms and faculty offices.

## National Attention

Tax reformers and economists throughout the state and nation are keeping a close eye on Southfield and Mayor James Clarkson's "land value" tax system.

Southfield, an Oakland County suburb, is located immediately east of Farmington Township and is the home of the Northland Shopping Center.

Its policy of assessing has differed from most other cities for six years and has now been used enough to allow objective study by economists.

In recent months, the city's assessors office has been contacted by over a dozen cities throughout the U.S. and in foreign countries for information about its tax program.

Sen. Paul Douglas' Commission on Urban Problems has devoted considerable time in Southfield and, according to Clarkson, has told President Johnson that "urban redevelopment must go hand in hand with land value taxation to be successful."

The mayor also has traveled to major cities in the U.S. as an ambassador for land value taxation.