

AFFORDABLE HOUSING for OREGON: CITIZEN'S DIVIDEND

funded by a
**LAND-VALUE
TAX**



Our stake in our state

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Affordable Housing

One way to make housing affordable is through the economic system. Taxing private land ownership appropriately and sharing the proceeds among all citizens lowers land prices and gives all residents a housing subsidy.

Property Tax

Property taxes in Oregon are based on taxing 2 very different kinds of property the same. But when we think about it, ownership of land is actually very different from ownership of the "improvements" and personal property that rest on it.

Land

Land is the basis of private occupation; unless we live on boats or ice shelves, where do we live if we're not allowed to occupy a piece of land? Land is the natural resource base or "commons" that our improvements and possessions rest on. It's a finite resource. On the other hand, improvements are the result of human activity, which we can much more easily increase the supply of.

Private land ownership is a privilege we give ("deed") to occupy and use part of our natural resources. Land ownership should be affordable to many more of our citizens so they can be more secure in their housing, rather than being a vehicle of capital accumulation by speculators,

both citizens and non-citizens, who have seen an average 6% annual capital inflation over the past 25 years. Most of this inflation is not caused by anything the owner has done, but on community-based conditions around it (neighborhood, infrastructure, public safety, zoning codes, lack of pollution, etc.).

Oregon's Constitution, Article I, Section 20, says, "No law shall be passed granting to any citizen or class of citizens privileges, or immunities, which, upon the same terms, shall not equally belong to all citizens." Yet we grant the privilege of capital accumulation to some of our citizens over other citizens, and even to non-citizens over many of our citizens!

"Improvements"

"Improvements" are structures we build on a piece of land to make it more useful, such as buildings with permanent foundations that aren't easily moved. Improvements are a result of human activity. It makes sense that we should keep taxes on improvements to a minimum, so more (housing, business facilities, etc.) is produced and the land is used more productively.

Keeping Land Affordable

Currently, property taxes in Oregon equal 1% of Real Market Value (RMV)

of both land and improvements. To make land prices more affordable and stable, an additional 1% tax on land RMV – we could call it a “land value lease fee” -- would help moderate land price inflation AND give every citizen an annual dividend (or basic income) of \$700 that could be used to make housing more affordable and help many out of poverty. A family of 4 would get \$2000/year, a very significant boost.

A Citizen’s Dividend

Alaska pays its citizens a dividend, normally a few thousand dollars a year, funded by a tax on oil company profits, essentially a lease fee on private use of part of the state’s natural resources. A land-value tax funding a citizen’s dividend could do a similar thing here: more appropriately tax private use of nature and natural resources for the benefit of our citizens.

Security of Housing

Some people prefer renting because they don’t want the responsibility of ownership. But many more renters would like to be property owners, if only they could afford it, to have security of housing. The 1% land-value tax would keep land prices down, so more renters could buy their own land to occupy or build their own house or business.

Oregon Trail Card

To make sure the dividend is used for legitimate purchases, the Oregon Citizen’s Dividend could be credited to a cash card like the Oregon Trail Card. Purchases from these cards are restricted. The dividend could be restricted to pay only for basic necessities -- rent, mortgage, basic foodstuffs, medical expenses. For children, some of their dividends could be deposited in an Oregon College Savings Plan account, an investment in their futures.

Low-income Hardship

For some land owners, for example a single elderly or disabled low-income person occupying a house on a lot in a high land-price market such as Portland, the land-value tax might be \$3,000, so the Citizen’s Dividend (\$700) wouldn’t cover the additional tax. To account for this, the property tax deferral program should be expanded so that property taxes for more people could be deferred until sale or transfer, when the entire land value is received.

Current Landowners

If you’re a landowner, you may be thinking, “But don’t I have the right to sell my land for more than I paid for it?” Of course, who doesn’t want to make a profit? But it’s more equitable for us all for land prices to remain relatively low and

stable. We don’t want speculators holding onto land -- our commonwealth -- expecting the price to go up so they can make a big profit. We need property owners who use the natural resources in their control sustainably and efficiently. And we don’t want real estate bubbles – that can disrupt the entire economy!

Of course, we’ve got to have a way for a smooth, fair transition; we need to give time for the market to adapt. A transition of 4 years would be reasonable.

Occupy Oregon

This system allows all Oregon residents to “occupy” our land, since the Citizen’s Dividend is pegged to our cumulative private land value. All residents would have a financial “stake in our state”, and be more interested in participating productively in society.

Interested in connecting?

Give us a call or send us an e-mail to be on our contact list to help support this initiative!

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