



A Land Value Tax Could Bump Housing

Gov. Tina Kotek’s Housing Production Advisory Council suggested a massive tax increase could be necessary to achieve her housing goal of 36,000 new homes a year, with recommendations including tax increases on income, sales, payroll, fuel and property. (“[Gov. Tina Kotek’s advisory council floats possible massive tax increases to meet housing production goal](#),” Jan. 13). We agree with council member Daniel Bunn that some of the proposed tax increases are politically unfeasible, such as a retail sales tax. Other ideas included property tax exemptions for affordable housing, along with ideas we cannot agree with, such as allowing expansion of urban growth boundaries.

Portland already has more than enough capacity under current zoning to accommodate projected household growth, according to [a draft of the 2045 Housing Needs Analysis](#).

The problem is that much of the developable land is locked up in landholdings. We must free that existing land supply by using tax incentives, not tax increases. A land value tax, which would place a high tax rate on land but a low rate on improvements, would make it expensive to hold onto vacant and underutilized sites. It would reward building investment with lower taxes.

Repealing Measures 5 and 50 and replacing them with a land value tax based on real market assessments would reverse the current system’s perverse incentives. This market-based reform could help accomplish the governor’s housing production goals without raising revenues using the kind of taxes that are a drag on the economy.

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Kris Nelson, chair and legislative director,
Tom Gihring, research director

Common Ground OR-WA

www.commongroundorwa.org