

Taxes may help prevent land hoarding

By **TED SCHAFERS**
 Business & Financial Editor

In less than five years the average price of land for single-family homes insured by the Federal Housing Administration has nearly doubled in value in the United States, according to statistics maintained by the federal agency.

Since price is usually determined by the law of supply and demand, the natural assumption would be that the U.S. is running out of land for housing.

Roy Wenzlick, internationally known St. Louis real estate analyst, however, pinpoints the real cause.

"The price of land in the urban areas of the United States, including St. Louis, is high because 58.3 per cent of the population today lives on less than one per cent of the land."

He suggests three things that should be done to arrest skyrocketing land prices:

ONE: Promote a decentralization away from cities.

TWO: Use urban ground more efficiently, by building more multifamily housing units.

THREE: Tax vacant ground in metropolitan areas like St. Louis on the basis of its 'selling' price. Most vacant land is held by speculators, who can afford to carry it year after year because of low assessments.

"Low taxes have been largely responsible for builders leapfrogging and constantly building farther out in metropolitan areas with inners leapfrogging and costs as these streets and utilities must pass vacant undeveloped land," he declared.

Wenzlick holds little hope of any near term population movements away from larger metropolitan areas.

"From 1960 through 1970 urban (city-county) area population increased by 19.2 per cent, while rural population actually declined by three per cent," he said.



Roy Wenzlick

More builders are turning to apartments, town houses and even row-housing today to bring down selling prices.

IN 1955, during the big post-war boom, 89.5 per cent of all new housing was in single-family buildings. Last year single-family units accounted

for only 48.5 per cent of all new housing.

FHA figures which are available only through the second quarter of 1971 show that in 1966 land costs on average were running at 54 cents per square foot. By the first quarter of 1970 this average had climbed to 77 cents; to 92 cents in the fourth quarter and was reported at 98 cents per square foot in the second quarter last year.

"I don't know what the FHA average is today, but I'm certain that it is has not gone down," said Wenzlick.

In 1970 the U.S. population was reported at 203.2 million. Census Bureau forecasts for the year 2020 call for populations ranging from 307.4 to 447 million.

"EVEN IF the most optimistic prediction came true, the population density in this country would be 126 persons per square mile, only one-

fifth the 1970 density of the United Kingdom. Even mountainous Switzerland has a population density of 460 per square mile.

"Apparently the United States has sufficient land for growth for hundreds of years," said Wenzlick.

There now are about 3,370 persons per square mile living in major city (urbanized) areas of the United States. If that density level is reached in standard metropolitan areas, Wenzlick estimates the U.S. could handle 1,308,746,666 people — or roughly the total population of North and South America, Europe and Russia.

(St. Louis metro includes the city, St. Louis county, Jefferson, Franklin and St. Charles in Missouri, plus Madison and St. Clair counties in Illinois.)

"No one wants that kind of density, but it illustrates just how much vacant land there still is in our own metropolitan area," said Wenzlick.