

The Disposal of Property By Tax Sale

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**Need for Cities to Guard Against Recurrence of Problem—
Lack of Foresight in Town-Planning or Lack of It
Responsible for Present Evils, Resulting in Loss to
Purchaser and Municipality.**

The disposal of property by municipal authorities to recover taxes that have not been paid is now quite familiar, and it may be well to draw attention to the causes which have made such sales necessary, and to consider whether steps have been taken to prevent their recurrence.

When a new country is opened for settlement, it is quite usual to over-estimate the rate, not only of the agricultural and mining development, but also and more frequently of the urban development. It is true that there have been instances in Western America and Canada where the rate of growth was under-estimated, such exceptional cases as Chicago, and the early years of Saskatoon. But these exceptional cases have only served to encourage those interested in the sale of real estate to predict similar conditions for nearly every city. Some prairie cities whose present population does not exceed 70,000 people have building subdivisions planned that would serve a million. In the areas immediately adjacent to and tributary to Vancouver, subdivisions have been planned that would provide for a population equal to one-half the present population of the entire Dominion. The rapid growth of Vancouver, Calgary, Edmonton and Saskatoon is often commented upon, but the fact is overlooked that American cities have gone through similar experiences. Whilst in a decade of ten years it is not uncommon for small cities to double their population, when they reach a population of 100,000 the rate of growth does not average much more than 6 per cent per annum, and when they have passed 800,000 the rate of growth drops to about one and a half per cent per annum. The rate of growth is of course a great factor in determining the speculative value of land. When buying real estate in the ordinary market, the vendor may advance reasons why there should be a growth in the direction of the land he has for sale, the consequence of which will be the extension of public improvements, and enhanced value of the land. The purchaser, however, is usually well aware that the vendor cannot guarantee the growth or the provision of public utilities, the latter as a general rule being at the discretion of the municipal authorities. Some who bought in the past and relied upon the growth and improvement of the district to enhance the value of their holdings have profited; but there were many who over-estimated the rate or direction of development, with the result that they now possess land of little present value, and, rather than continue to pay taxes based on a high assessment, they allow the municipality to take possession of the land to redeem the unpaid taxes.

It is doubtful whether the consequences are realized which are likely to result from municipal authorities selling land at much below its assessed value. The purchaser is very apt to assume that the municipality, having sold the land, will facilitate the development of the district to make the land worth owning, considered of course as ordinary building land, and not acreage which may be cultivated or otherwise utilized. A purchaser may realize that the municipal authorities cannot do everything at once, and may be content to build his house with only a trail for access. But later, when the grocer and the coal merchant refuse to deliver their goods because of the bad roads, and the doctor cannot be secured in an emergency because of the lack of communication, he will certainly expect the municipal authority which sold him the property to do what is necessary to make it accessible and to provide essential utilities. A purchaser of more cautious disposition may not build until satisfactory access is provided. But when he finds the municipal

authorities hard to move, and all the pressure he can bring to bear at council meetings and at elections is unavailing, he in turn will refuse to pay taxes when no benefits are received, the municipality will again own the land, and acquire with it an aggrieved citizen.

If, however, the municipal authorities aim in both cases to satisfy the purchasers, it is quite probable that expenditures will be incurred for which there will be no adequate return in revenue, with the result that a heavier burden will be placed upon all property owners, which in itself tends to prevent the payment of taxes, and consequently more and more land is likely to be relinquished, as time goes on.

The purchase of cheap land at tax sales will have a tendency to promote scattered settlement, which is one of the greatest dangers confronting western cities, and can only result in either a very imperfect and unsatisfactory city development or taxation which will be both a burden to the individual and a handicap to industrial progress. The usual method of subdividing city land, which is almost a standard one in the west, is extravagant enough without adding to the cost by developing many times the area that can be profitably used.

Where subdivisions can be cancelled in large areas and the ground, if needed for development, properly planned, great economies can be effected. Compare, for instance, two subdivisions for industrial communities, the city of Ladysmith on Vancouver Island, planned some 25 years ago, and a new development just completed for the work-people of the Youngstown Sheet & Tube Works, at Youngstown, Ohio. Both have the same area of 220 acres, but the utilization of the ground is very different, as shown in the following comparison:

	Ladysmith Acres	Youngstown Acres
Building area	114½	156
Park area	6	11
Street area	99½	53
Total	220	220

The difference is perhaps more striking if put in another way. Assuming the street area to be equally apportioned amongst the lot owners, the owner of a 50-foot lot in Ladysmith would be responsible for 580 square yards of street, while the owner of a similar lot in Youngstown would be responsible for only 226 square yards. Assuming again, that the streets are equal in their improvement, it is not hard to determine where the taxation would be highest. Moreover, the building regulations in force at Youngstown will secure a more sanitary and healthy development than that which has taken place at Ladysmith.

Where subdivisions cannot be cancelled, some effort might be made to control development and to confine it to areas which can be easily served with public utilities. One municipality that has recently disposed of thousands of lots by tax sale is situated on two drainage slopes. On the northern slope a long and expensive trunk sewer has been built, but the municipality cannot afford to construct the lateral sewers to connect with the trunk sewer, even though it has hundreds of feet of pipe in stock. At the same time, by selling lots at tax sales, and in other ways, the municipality is encouraging settlement on the southern slope, and the residents are already clamouring for a second trunk sewer, which if granted will mean the possession of trunk sewers costing nearly half a million dollars, and about as useful as a railroad without rolling stock.

Tax sales afford the opportunity to acquire cheap land, and will no doubt be an incentive to build. But it must not be overlooked that the development of land to make it fit for building is charge against the land itself; and it is easy