TABLE 19 Average Annual Value of Building Permits
[Values in Millions of Constant 1982 Dollars]

<table>
<thead>
<tr>
<th>City</th>
<th>1960 to 1979</th>
<th>1980 to 1989</th>
<th>Percentage of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pittsburgh</td>
<td>$181,734</td>
<td>$309,727</td>
<td>+70.43</td>
</tr>
<tr>
<td>Akron</td>
<td>134,026</td>
<td>87,907</td>
<td>-34.41</td>
</tr>
<tr>
<td>Allentown</td>
<td>48,124</td>
<td>28,801</td>
<td>-40.15</td>
</tr>
<tr>
<td>Buffalo</td>
<td>93,749</td>
<td>82,930</td>
<td>-11.54</td>
</tr>
<tr>
<td>Canton</td>
<td>40,235</td>
<td>24,251</td>
<td>-39.73</td>
</tr>
<tr>
<td>Cincinnati</td>
<td>318,248</td>
<td>231,561</td>
<td>-27.24</td>
</tr>
<tr>
<td>Cleveland</td>
<td>329,511</td>
<td>224,587</td>
<td>-31.84</td>
</tr>
<tr>
<td>Columbus</td>
<td>456,580</td>
<td>527,026</td>
<td>+15.43</td>
</tr>
<tr>
<td>Dayton</td>
<td>107,798</td>
<td>92,249</td>
<td>-14.42</td>
</tr>
<tr>
<td>Detroit</td>
<td>368,894</td>
<td>277,783</td>
<td>-24.70</td>
</tr>
<tr>
<td>Erie</td>
<td>48,353</td>
<td>22,761</td>
<td>-52.93</td>
</tr>
<tr>
<td>Rochester</td>
<td>118,726</td>
<td>82,411</td>
<td>-30.59</td>
</tr>
<tr>
<td>Syracuse</td>
<td>94,503</td>
<td>53,673</td>
<td>-43.21</td>
</tr>
<tr>
<td>Toledo</td>
<td>138,384</td>
<td>93,495</td>
<td>-32.44</td>
</tr>
<tr>
<td>Youngstown</td>
<td>33,688</td>
<td>11,120</td>
<td>-66.99</td>
</tr>
<tr>
<td>5-city average</td>
<td>167,504</td>
<td>143,352</td>
<td>-14.42</td>
</tr>
</tbody>
</table>

Don and Bradstreet figures (Oates and Schwab 1995, Table 3).

Popular and professional journals have largely ignored the reform; whereas California's Proposition 13 captured national headlines, Pittsburgh's expanding two-rate tax was virtually unpublicized; yet Pittsburgh went on to surpass most cities in downtown construction and affordable housing (see Table 19).

In 1979, Pittsburgh significantly shifted taxes from buildings to land values. Other cities in the comparison use the conventional method, taxing buildings and land values at the same rate.

Outlook

Expansion of the reform nevertheless seems likely. Seven Nobel economists—James Buchanan, Milton Friedman, Franco Modigliani, Paul Samuelson, Herbert Simon, Robert Solow, and James Tobin—have endorsed land value taxation. Advocates are promoting its adoption, among other places, in Missouri, New Hampshire, West Virginia, Minnesota, Maryland, Wisconsin, and the District of Columbia.

High land values, often blamed for causing urban housing problems, may—if taxed more rationally—become a major key to their solution. (SEE ALSO: Brownfields; Infill Housing; Property Tax; Speculation)

—Walter Rybeck

Further Reading


Lease

A lease is an implicit or explicit contract between two parties—the lessor (typically the landlord) and the lessee (typically the tenant)—that stipulates the mutual obligations and consideration to be paid (e.g., rent) by the lessee in return for specified rights to use the property. Although varying widely in form, typical lease conditions in a residential tenancy might include (a) the length of the contract, (b) options for renewal, (c) initial rent (or other compensation) and mechanisms for change, (d) allocation of other costs, (e) performance standards to be met by landlord or tenant, (f) subletting, (g) penalties for failure to perform, and (h) conditions for termination.

At its heart, a lease is a contract to govern contingencies. In general, neither landlord nor tenant can perfectly anticipate what might happen over the life of a lease. A well-designed lease can reduce uncertainty by means of mutual restrictions and guarantees with a view to ensuring the well-being of both landlord and tenant. For landlords, the principal risks are that (a) their costs may increase over the duration of a lease in ways that had not been anticipated, (b) market conditions may change in a way that makes some other use of the property more valuable than this tenancy, or (c) the tenant (or subtenant) will subsequently prove to be costly: for example, waste heat or energy, vandalize or damage the property, be tardy in paying rent, or be noisy, unsanitary, dangerous, unruly, or disruptive. For their part, tenants cannot always be confident that the landlord will behave appropriately. Presumably, a residential tenant wants "quiet enjoyment" of the property (e.g., unrestricted access to the rented premises; adequate maintenance and quick repairs by the landlord; timely provision of heat, water, and other utilities; freedom from undue eviction; protection from noisy or unruly neighbors; and control over access to the rented premises by the landlord), protection against undue rent increases during the lease, and adequate notice of any changes in lease conditions. Even if the tenant has confidence in the current landlord, the dwelling might be sold at some future date to a new landlord who might behave differently.

In principle, landlord and tenant are free to draft the terms of the lease, subject to the provisions of government legislation and common-law practice. However, critics argue that many landlords impose lease conditions that tenants must either take or leave (that is, cannot freely negotiate). In recent decades, many jurisdictions in North America and elsewhere have sought to remedy such imbalances by assigning property rights to residential tenants by


Leased Housing

through legislation that supersedes lease provisions. Such packages of rights are generically termed security of tenure, although the packages have changed over time and differ among jurisdictions. Security of tenure provisions typically include things such as (a) the maintenance responsibilities of the landlord; (b) the right of tenants to sublet; (c) conditions for seizure of premises or contents by the landlord; (d) access to rented premises by landlords; (e) restrictions on damage deposits, key money, and other landlord charges; and (f) protection against unjustified eviction. In general, security of tenure legislation can be thought to arise from the same concerns that give rise to consumer protection legislation generally. In some jurisdictions, rent regulation has also been introduced—in part, to protect security of tenure. Although rent regulation is also used to achieve other social goals, one important benefit has been to ensure that a landlord cannot otherwise evict a tenant simply by proposing an unjustified rent increase—what has been referred to as an economic eviction. (SEE ALSO: Eviction; Private Rental Sector; Security Deposit)

—John R. Miron

Further Reading

Leased Housing

The leased housing program was a variant of the public housing program created in 1965. It is also known as the Section 23 program. The leased housing program is generally viewed as the forerunner to the housing allowance-type programs that followed—the Section 8 existing housing and voucher programs.

In the conventional public housing program, local public housing authorities (PHAs) own and manage developments and then rent units to eligible households. In the leased housing program, PHAs entered into rental contracts with private landlords. The PHA was responsible for selecting tenants who paid 25% of their income for the housing, and the PHA paid the remainder of the contract rent to the landlord.

With the enactment of the Housing and Community Development Act of 1974, the Section 8 existing housing program, which also enabled low-income households to rent private apartments, replaced the leased housing program. A major difference between the two programs was that in the leased housing program, PHAs would locate the units and enter into a contract directly with the landlords, whereas in the Section 8 existing program, individual households were responsible for locating their own units on the private rental market. Tenants are required to pay 30% of income for their units (changed from 25% in 1981), and the PHA, using federal funds, pays the difference between that amount and the full rental. In the Section 8 existing program, tenants cannot rent units that exceed the fair market rental amount for their area, and their contributions cannot exceed 30%. In a variant of this program, the voucher program, tenant contributions may exceed 30% of income, but the allotted subsidy is based on the difference between 30% of income and the fair market rental. A total of about 100,000 units were financed through the leased housing program until its demise in 1974. (SEE ALSO: Public Housing; Public Housing Authority; Section 8 program; Turnkey Public Housing)

—Rachel G. Bratt

Further Reading

Lending Institutions

The history of banking and financial services in the United States is a complex story of institutional change, evolution, and specialization. In general, financial institutions that directly extend credit can be categorized as either (a) depository, such as commercial banks, thrift institutions, and credit unions, in which loans are made from deposits; (b) nondepository, such as mortgage banks and finance companies, in which loans are made from outside sources of funds not directly controlled by the institution; or (c) fiduciary, such as life insurance companies and pension funds, in which loans are made from the proceeds of long-term vested obligations.

Thrift institutions, composed of savings and loan associations and mutual savings banks, originated as a source of funds for the construction and purchase of homes. Individuals pooled their savings into “share accounts” held by local, cooperative “building and loan” associations. These state-chartered, tax-exempt institutions relied on long-term savings and time deposits and specialized in mortgage lending, unlike commercial banks that took demand deposits and made shorter-term loans to businesses. Until 1920, mutual savings banks were the leading institutional source of real estate credit in the United States, particularly for multifamily housing (apartment buildings), largely because of their geographic concentration in the older, densely populated, built-up areas of the Northeast. State laws restricted the expansion of savings banks as the country grew, and during the 1920s boom they were surpassed by savings and loans associations that rapidly proliferated to finance...