



MALTA - March 2017

PROPERTY TAX COULD HELP SAVE MALTA'S HERITAGE - EXPERT..... 1

Property tax could help save Malta's heritage - expert

The introduction of a property tax in Malta could provide an incentive for would-be developers to preserve historic buildings and safeguard architectural heritage, a US housing market expert has suggested.

"There are several examples in the US of programmes where property owners are lining up to voluntarily put their buildings into conservation schemes, primarily due to tax advantages," Andrew Narwold, a professor of economics at the University of San Diego, told Times of Malta.

"Property taxes provide us a ready carrot we can use to encourage behaviour we like. I know it's not a popular position in Malta, but it could be developed in a way that would encourage use of existing space rather than the need for new developments."

Property taxes provide us a ready carrot we can use to encourage behaviour we like Prof. Narwold was in Malta addressing a symposium organised by eNGO Flimkien Għal Ambjent Aħjar on the economic value of heritage.

The lack of property tax in Malta, he suggested, meant that there was no cost for owners to hang on to empty properties, precipitating the need for new developments. By introducing such a system, owners could be given tax breaks for reusing existing properties or restoring historic buildings.

In San Diego, he noted, such a scheme encouraged more than 1,000 individual property owners to conserve historic buildings. Moreover, his research has shown that the value of surrounding properties increased as a result.

"When property is developed, the benefits are strongly concentrated in the hands of very few, while the costs, spread over a larger group might be individually small, but collectively quite large," he said, noting the additional importance of heritage to Malta's tourism product.

"Tourists aren't here to see the high-rises in Sliema. The counter-argument is always 'this is just one building', but that's why I'm advocating systems that make it advantageous to reuse space rather than being confrontational."

Prof. Narwold pointed to other schemes in the US whereby citizens voted to impose an additional tax on themselves in order to acquire land publicly and end the potential for development.

"Most Maltese should recognise they get value from heritage," he said. "A new tax on people is never popular, but we have evidence that if you introduce it the right way, if people trust that as a result, certain properties will never be up for development, they're willing to pay for it."

Part of the challenge, Prof. Narwold said, was finding ways to encourage historic preservation and conservation without being antagonistic to developers, as is the case with current approaches that limit development through zoning alone.

International Property Tax Institute

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or any opinions expressed in the articles.

“Part of it is understanding that the incentive is always to develop: it’s cheaper, easier and more profitable. So development is going to come if you don’t do anything,” Prof Narwold said.

“I hope people in Malta are seeing the developments going on and realising that this isn’t the direction they want to go, and that something needs to be done to get around it. Do we really need one more high-rise?”

International Property Tax Institute

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or any opinions expressed in the articles.