

Issues Affecting Revenue Performance: Appropriate Residential Taxes given Land Scarcity and Maintenance

Muhammad Mutawalli Mukhlis¹, Binov Handitya²

¹Sekolah Tinggi Agama Islam Negeri Majene, Indonesia
muhammadmutawalli@stainmajene.ac.id

²Research Center for Law, National Research and Innovation Agency, Indonesia
binov.handitya@brin.go.id

Article Info	ABSTRACT
<p>Article History: Received Jul 09, 2025 Revised Aug 08, 2025 Accepted Sep 05, 2025</p> <p>Keywords: Land Ownership Urban Land Taxation Revenue</p>	<p>Housing taxation has long been a crucial tool for governments to balance fiscal needs, ensure equitable wealth distribution, and regulate the use of limited urban land. This research examines the legal and economic dimensions of optimal housing taxation in contexts where land scarcity and maintenance obligations significantly shape property values and social welfare. By integrating principles of public finance, property law, and urban policy, the study highlights how taxation frameworks can be designed to discourage speculative landholding, promote efficient land use, and incentivize regular housing maintenance. It explores the challenges posed by escalating land scarcity, particularly in densely populated regions, and the legal mechanisms required to address unequal access to housing. Further, it evaluates how maintenance-related regulations and tax incentives can reduce deterioration of housing stock, enhance environmental sustainability, and support long-term urban resilience. The paper argues that a balanced legal framework—combining progressive property taxation, land value capture, and maintenance-based incentives—can contribute to both economic efficiency and social justice. Ultimately, the study proposes a model of housing taxation that recognizes land as a finite resource, ensures accountability in property upkeep, and strengthens the right to adequate housing within a sustainable legal and policy framework.</p>
<p>Corresponding Author: Muhammad Mutawalli Mukhlis, Sekolah Tinggi Agama Islam Negeri Majene, Indonesia Email: muhammadmutawalli@stainmajene.ac.id</p>	

1. INTRODUCTION

The use of taxes to control housing and land ownership has long been acknowledged as a major issue in both economics and law. In contrast to consumable items or moveable property, land

is limited, immovable, and naturally scarce. In order to guarantee equitable access to housing and stop speculative activities that skew real estate markets, this shortage poses particular difficulties [1]. Urban overcrowding, social injustice, and rapid property price inflation are all results of many jurisdictions' inadequate legal frameworks. Therefore, it is important to view housing taxes as an essential part of laws and policies that support distributive justice, effective land use, and sustainable urban development rather than only as a fiscal tool for funding revenue collection.

In light of two crucial factors—land scarcity and maintenance responsibilities—this essay centers on the idea of optimal housing taxation [2]. Land shortage increases housing competitiveness, which frequently results in affordability crises and exclusionary urban forms. However, the state of the housing stock is equally significant since poorly maintained or neglected housing impairs public health, reduces livability, and strains government infrastructure. Therefore, an ideal legal framework for housing taxes must carefully balance forbidding speculative or inefficient land use with encouraging property owners to preserve and enhance their housing assets.

1.1 Land Scarcity and the Legal Imperative

In addition to being an economic reality, land scarcity is also a legal issue. The demand for land in densely populated urban areas is far greater than the supply [3], which puts tremendous upward pressure on property values. This scarcity, if unchecked, encourages speculative activities in which land is bought and then kept fallow in the hope of greater returns down the road. Because land is not available for cheap housing or productive usage, such activities compromise social fairness.

Legally speaking, this issue necessitates corrective taxation measures. One hotly contested concept is land value taxation (LVT), which levies taxes on the land's unimproved worth as opposed to the structures that are erected on it. The idea that land is a common resource whose value is mostly established by societal issues like zoning, infrastructure, and urban development rather than private ownership forms the basis of the legal justification for LVT. The legislation can deter speculative hoarding and guarantee that ownership is in line with active, socially beneficial use by imposing a tax on land values. To strike a balance between private ownership and the public interest, different versions of these taxation regimes have been used in places like Singapore and some regions of the EU.

Housing Maintenance as a Legal Concern

In conversations about housing taxes, land scarcity garners the most attention, but maintenance is just as important. In addition to gradually losing value, badly maintained housing has an impact on environmental sustainability, public safety, and public health. In addition to contributing to urban deterioration and drawing criminal activity, dilapidated housing also costs local governments money, forcing them to take action through rehabilitation or redevelopment.

Many nations' legal systems currently tax property according to its market value, although they hardly ever take maintenance or neglect into consideration. Because of this, owners are less inclined to make maintenance investments, particularly when land values alone ensure capital growth. Taxation can be changed to offer maintenance-based incentives in order to close this gap. For instance, owners who make investments in energy-efficient improvements, structural repairs, or environmental standards compliance may be eligible for property tax rebates. These policies bring taxes into line with the larger housing legislation principles, which prioritize not only access but also the rights to adequate housing and habitability.

Furthermore, taxes associated with maintenance can be connected to sustainability objectives like encouraging disaster-resilient building in areas that are susceptible to disasters or lowering carbon emissions through green retrofitting. In this case, the legislation fulfils two purposes: preserving each person's obligation to keep their property in good condition and furthering group environmental and safety goals.

Balancing Equity, Efficiency, and Sustainability

The design of optimal housing taxation must rest on three interrelated legal principles: equity, efficiency, and sustainability.

- Taxation regimes must address housing access differences in order to be equitable. By progressively taxing valuable properties or undeveloped land, opportunities and resources can be redistributed, preventing a small number of people from holding all the property while many others are denied access to decent homes.
- In order to be efficient, taxes must deter wasteful behaviors like letting properties deteriorate or leaving property undeveloped. Taxation becomes a corrective legal tool when private incentives are matched with societal benefit.
- In order to be sustainable, housing taxes and maintenance requirements must take long-term environmental and urban resilience objectives into consideration. The sustainability of housing systems for future generations is ensured by tax incentives for green housing, public utility maintenance, and disaster-prevention improvements.

These three principles can be operationalized through legal reforms that integrate property law, urban planning, and fiscal policy into a coherent framework. The law must strike a balance between recognizing private property rights and imposing stewardship obligations that protect the collective good.

Comparative Legal Perspectives

An understanding of how various jurisdictions have addressed the difficulties of house taxation under land scarcity and maintenance restrictions can be gained by examining comparative legal frameworks. For example, Singapore uses vacancy fees and government-controlled land leasing to limit scarcity, whereas Germany uses a property tax system that periodically reassesses property prices to assure equity. Attempts to deter speculation and encourage development are exemplified [4] by discussions surrounding split-rate taxation in the US, which taxes land at a greater rate than buildings.

The degree to which maintenance is seen as a public duty varies among legal systems as well. In certain civil law jurisdictions, property owners are explicitly required to prevent [5] "neighborhood harm," which includes failing to maintain buildings that provide safety hazards. Conversely, common law systems lack strong connection with revenue mechanisms and frequently rely on zoning and municipal ordinances. Policymakers can create a hybrid framework that handles both scarcity and maintenance in a way that is both socially just and legally enforceable by combining these strategies.

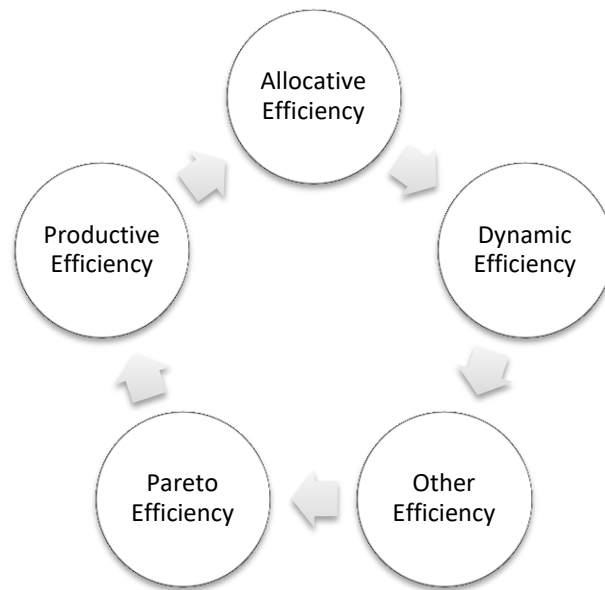


Figure 1. Economic Efficiency

One of the main tenets influencing public policy [6], taxation design, and legal studies is economic efficiency. Simply said, efficiency is the best possible distribution of limited resources to enhance the welfare of society. Economic efficiency, as it relates to law, studies how taxation, regulatory frameworks, and legal frameworks affect both individual and group market behavior. Efficiency analysis is frequently used by legal scholars to support the establishment, amendment, or repeal of regulations in Figure 1. In the areas of housing law, property taxation, and land use control, where conflicting interests between private ownership, social welfare, and environmental sustainability must be balanced, the pursuit of economic efficiency is especially important.

2. RELATED WORKS

By contrast, a land value tax (LVT)—which taxes only the unimproved value of land—has been championed in law-and-economics scholarship as a more efficient form of taxation. Because land is fixed in supply and cannot be hidden or moved, taxing it does not alter productive behavior in the same way as taxing improvements or labor does [7]. Courts and legislatures evaluating LVT proposals often rely on this principle of efficiency to defend the legality and rationality of the tax. In constitutional challenges, efficiency arguments are frequently deployed alongside equity arguments to demonstrate that the tax system serves a legitimate public purpose.

Scholars in both law and economics [8] have long debated the impact of residential taxation on revenue performance, particularly in contexts of land scarcity and the high costs of property maintenance. Classical works by Henry George (1879) introduced the concept of the land value tax (LVT), arguing that land, as a finite resource, should be taxed more heavily than improvements, since its value is largely created by community development and public investment. George's thesis continues to influence contemporary debates in taxation law, where LVT is seen as a way to improve efficiency while curbing speculative landholding.

More recent legal scholarship has highlighted the relationship between land scarcity and fiscal performance. According to Bahl and Martinez-Vazquez (2008), land-constrained urban areas often experience higher housing demand, which distorts property valuations and complicates tax administration [9]. Their studies suggest that legal frameworks for property tax must adapt to

dynamic urban conditions by incorporating frequent reassessments and transparent valuation mechanisms to maintain fairness and revenue adequacy.

The question of maintenance and housing quality has also been explored in the literature [10]. Kitchen (2013) emphasized that when property taxes include improvements, owners may delay or neglect maintenance to avoid higher tax liabilities. This creates a paradox where tax policy, intended to support municipal revenue, indirectly undermines housing quality and long-term tax bases. Legal scholars such as Youngman (2016) have argued that integrating tax incentives for maintenance—such as deductions or exemptions—can align property taxation with broader social goals of sustainability and urban livability.

From a comparative legal perspective, several jurisdictions provide instructive models. For example, Germany's Grundsteuer system distinguishes between land value and building value, with ongoing reforms seeking to improve equity and efficiency in urban centers facing land scarcity. Similarly, Singapore's property tax regime, rooted in scarcity-conscious planning law [11], adopts progressive taxation based on property rental values while exempting certain maintenance expenditures, thereby balancing fiscal goals with housing policy. These comparative studies reveal how different legal traditions approach the challenge of maintaining revenue performance while addressing land scarcity.

The law-and-economics school, particularly Richard Posner (1998), has contributed to the theoretical foundation by framing taxation through the lens of economic efficiency [12]. From this perspective, residential taxes should minimize distortions while ensuring adequate revenue. Posner and later scholars have warned against overly complex tax schemes that burden both administrators and taxpayers, arguing instead for simplicity, predictability, and proportionality—values that resonate with constitutional principles in many jurisdictions.

Finally, emerging environmental and urban studies literature links residential taxation to sustainability. Authors such as Tiebout (1956) and more recent environmental law scholars suggest that land scarcity, when combined with maintenance incentives, must be addressed within a framework of sustainable urban growth. Revenue performance cannot be separated from environmental considerations, as taxes influence patterns of land use, density, and housing quality [13]. These insights underscore the importance of designing legal frameworks that not only secure fiscal stability but also promote equitable and sustainable residential development.

3. METHODS AND MATERIALS

3.1 Design criteria for property taxes

3.1.1 The pressing necessity to take action

In the legal context, "the urgent need to act" refers to circumstances in which a failure to act could lead to a denial of justice, a violation of one's rights, or irreversible harm to both persons and society. Law is a tool intended to maintain equality, justice, and safety, not just a set of regulations. The law requires state institutions to respond quickly to new issue such housing disparity, land shortages, environmental degradation, and human rights abuses [14]. Inaction frequently results in growing social and economic disparities, which reduces or even eliminates the effectiveness of corrective activity.

The enforcement of constitutional rights and international human rights commitments is one area where the urgency of legal action is very apparent. The idea that justice postponed is justice denied has been reinforced by courts on several occasions [15]. For example, it is

impossible to delay access to environmental protection, fair salaries, or suitable housing without making pre-existing vulnerabilities worse. Similar to this, prompt legal action is required to safeguard both individual rights and the public interest in situations involving land disputes, evictions, or public safety issues. As a result, urgency becomes a moral and legal need in addition to an efficiency issue.

Furthermore, the notion of preventive justice provides the foundation for the pressing need to take action. The purpose of the law is not just to settle conflicts after harm has already happened, but also to stop harm before it starts. In fields like home upkeep [16], urban governance, and environmental law, where inaction now could result in irreparable harm tomorrow, this preventive function becomes essential. Therefore, it is the collective responsibility of legislatures, judges, and administrative agencies to act quickly on urgent concerns while adhering to the principles of sustainability, equity, and proportionality.

In the end, the pressing need for action illustrates how dynamically the law responds to social reality. It emphasizes that in order to guarantee that rights are upheld in reality as well as in theory; legal institutions must be proactive rather than reactive [17]. In times of crisis as much as in regular governance, the law accomplishes its fundamental role of enforcing justice, upholding order, and protecting the common good by responding fast and forcefully.

3.1.2 Design criteria for property taxes

The design of property tax is a crucial element in balancing state revenue generation with the principles of justice, efficiency, and sustainability [18]. A poorly designed property tax system risks deepening inequality, encouraging speculative practices, or placing an unfair burden on vulnerable groups. To avoid these pitfalls, certain legal and policy criteria must guide the formulation of property taxation frameworks. These criteria ensure that taxation not only meets fiscal objectives but also aligns with broader constitutional mandates and international obligations such as the right to adequate housing.

1. Equity and Fairness: The foremost criterion is equity. Property tax must distribute the tax burden fairly among property owners based on their capacity to pay [19]. This includes both *horizontal equity* (similar treatment for similarly situated taxpayers) and *vertical equity* (greater contributions from those with higher-value or multiple properties). For instance, progressive property taxation, where luxury or speculative holdings are taxed at higher rates, reflects the legal principle that taxation should not disproportionately harm low-income households. Equity also requires that tenants and marginalized groups are not indirectly penalized by unfair property tax structures.

2. Efficiency and Land Use Optimization: The efficient use of land and houses should be encouraged by a good property tax system [20]. This is particularly crucial in situations when there is a shortage of land. The law prevents speculation and guarantees that land is distributed for economic and socially beneficial uses by taxing underutilized properties, unoccupied homes, and idle land. This requirement is demonstrated by the idea of land value taxation (LVT), which promotes development and upkeep rather than hoarding by taxing the unimproved value of land rather than the buildings erected on it. Additionally, efficient tax design decreases administrative complexity and evasion potential.

3. Simplicity and Transparency: Legal frameworks for property taxation must be clear, simple, and transparent to build public trust. Complicated assessment methods or arbitrary exemptions weaken compliance and create opportunities for corruption [21]. Taxpayers should be able to understand how their liability is calculated, and property records must be accurate and accessible.

Transparency not only enhances accountability but also affirms the rule of law, as citizens can clearly see that taxation is applied uniformly and justly.

4. Revenue Sufficiency and Stability: Property taxation must provide a stable and predictable revenue base for local governments. Unlike income or sales taxes, property taxes are less volatile and tied to tangible assets, making them essential for funding public services such as infrastructure, sanitation, and housing regulation. The legal criterion here is that taxation should ensure *adequacy without excess*, striking a balance between fiscal needs and taxpayer capacity [22]. Regular reassessment of property values, grounded in law, helps maintain this balance and prevents distortion over time.

5. Accountability and Maintenance Incentives: A modern criterion for property tax design is the incorporation of maintenance incentives. Tax systems should not reward neglect or disincentivize upkeep. Instead, they should encourage owners to invest in repairs, safety measures, and environmentally sustainable improvements. This can be achieved by providing rebates or exemptions for compliance with building codes, energy efficiency upgrades, or heritage conservation efforts. Legally, this aligns with the principle that property ownership carries duties alongside rights [23], reinforcing the idea of stewardship of land and housing.

6. Alignment with Constitutional and Human Rights Principles [24]: Lastly, the design of property taxes needs to align with international human rights law and constitutional safeguards. The right to decent housing guaranteed by agreements like Article 11 of the International Covenant on Economic, Social, and Cultural Rights (ICESCR) should not be compromised by taxation policies. Rather, they ought to be worded to promote equitable land allocation, affordable housing availability, and the preservation of vulnerable groups from eviction. This criterion guarantees that taxes are a social justice mechanism included into the law rather than just a financial tool.

3.2 Property taxes versus land value taxes

The debate between land value taxes (LVT) and traditional property taxes is long-standing in legal, economic, and public policy scholarship. While both are forms of recurrent taxation on immovable assets, they differ significantly in their legal design, economic impact, and distributional consequences.

The total value of the land plus any additions, like buildings, infrastructure, or landscaping, is subject to property taxes. In the majority of jurisdictions, this technique is the most often used model because it is easy to administer and accurately captures the total value represented by real estate. On the other hand, property taxes have drawn criticism for their efficiency and fairness. The approach may unintentionally discourage investments in house maintenance, restoration, or construction by taxing upgrades, which would lead to economic inefficiencies. Legally speaking, proportionality and equity issues with property taxes are frequently raised by the constitution, particularly when assessments are not updated on a regular basis and result in similar taxpayers being treated differently.

A land value tax (LVT), on the other hand, is only levied on the land's unimproved worth; it does not include the value of structures or other projects. The works of Henry George, who maintained that society advancement, public infrastructure, and collective investment—rather than individual effort—are the primary sources of the legal and philosophical support for this strategy. Legally speaking, taxing land value is consistent with the idea that public contributions to land value need to be recognized for the good of the public. Since building and maintenance do not raise the taxable base, LVT does not penalize these activities like property taxes do. This characteristic

increases LVT's economic efficiency by promoting profitable land use and lowering the speculative holding of undeveloped or underutilized lots.

Additionally, the comparison draws attention to disparities in equality considerations. Low- and middle-income households that make significant investments in property maintenance may be disproportionately affected by property taxes, which can be a burden for those who maintain or upgrade their properties. However, because it targets landowners who profit from growing land values—often as a result of government investments in public services, schools, and roads—LVT is seen as more progressive. Additionally, by discouraging land speculation, LVT makes sure that land is either put to good use or made available to those who can use it effectively.

Nonetheless, LVT presents significant administrative and legal difficulties. It takes complex evaluation procedures and is disputed to determine the unimproved value of land independently from the value of structures. Owners of real estate may contest assessments in court, bringing up issues of procedural due process and fair valuation. Furthermore, present property owners—particularly those with valuable urban land—may view the switch from a property tax system to an LVT system as punitive, which could lead to political opposition.

3.3 Problems with distribution related to the green split-rate tax

A green split-rate tax is an innovative fiscal tool that divides taxation between land values and property improvements while also embedding environmental considerations into the tax framework. In practice, this system allows for a higher tax rate on land values and a reduced tax rate on building improvements, while simultaneously incorporating incentives or surcharges tied to environmental performance, such as energy efficiency or carbon emissions. While this design promotes sustainability and efficient land use, it also raises complex distributional issues that demand careful legal and policy scrutiny.

One worry from the standpoint of social equality is that various property owner types would be disproportionately affected by a green split-rate tax. For example, the higher levy on land may result in a larger tax burden for wealthier landowners, who frequently hold big urban parcels or valuable central sites. Although this is in line with the ideals of progressive taxation, it may give rise to legal disputes over proportionality and fairness, especially in places where excessive taxes is protected by the constitution. Conversely, if the "green" element penalizes inefficiency without offering sufficient subsidies or transition support, lower-income people residing in older, less energy-efficient dwellings may find themselves at a disadvantage. Given that taxpayers in identical circumstances might not be equally able to adjust to greener standards, this presents distributive justice issues under constitutional equality principles.

Intergenerational equity is another distributional challenge [25]. Future generations gain from the green split-rate tax's intentional promotion of ecologically friendly real estate development. However, present property owners and tenants bear a disproportionate amount of the immediate cost burden of compliance, such as renovating buildings to meet energy regulations. Legislators and courts may have to decide whether such measures fairly balance the interests of the present and the future. The proportionality principle in taxation may be used in some jurisdictions to contest the disproportionate burdens imposed on vulnerable populations as greener real estate markets take shape.

The distributional issue also revolves around the urban-rural split. Under the split-rate model, urban land is subject to higher taxes due to its higher market value and easier access to public infrastructure. In contrast, rural landowners may have reduced land tax obligations but have a harder time achieving green performance requirements, especially in areas where environmental

improvements are more expensive because of a lack of infrastructure. If rural populations contend that they are being unfairly penalized for systemic disadvantages beyond their control, this could worsen regional disparities and lead to legal issues regarding discriminatory effects.

Furthermore, the rental housing industry serves as an example of still another level of distributional complexity. Higher land taxes or costs associated with green compliance may be passed on to renters in the form of higher rents. This presents possible legal problems under consumer protection laws, landlord-tenant laws, and even, in states where they exist, constitutional rights to housing. To prevent regressive effects on renters, lawmakers might need to establish balance measures like exclusions, subsidies, or phased implementation schedules.

Lastly, environmental justice law also touches on distributional issues. If equitable reinvestment methods are not implemented alongside green tax systems, communities that are already disadvantaged due to poverty, race, or location may be disproportionately affected. For instance, the system runs the risk of sustaining structural inequality if the money collected from the split-rate tax is not used to fund public transportation, affordable housing, or renewable energy subsidies for underprivileged areas. Legal experts contend that the green split-rate tax may not comply with constitutional and international commitments pertaining to equality and non-discrimination if there are no clear legislative measures guaranteeing fair redistribution.

4. ECONOMIC EFFICIENCY AND TAX LAW

The idea that a tax should raise money without unduly altering economic behavior is linked to efficiency in the legal context of taxes. A tax system that discourages investment, upkeep, or productive work is inefficient, according to classical legal theory, because it costs society more than it brings in. This issue is particularly pertinent to how property taxes are designed. By taxing both land and improvements, traditional property taxes may unintentionally discourage investments in new building or home improvements. Because the legal system inhibits positive action, these results in what economists and legal academics refer to as a "deadweight loss."

Efficiency as a Legal Justification

Efficiency is frequently used as a defense of the law itself from a jurisprudential standpoint. Scholars like Richard Posner have argued in the literature on law and economics that the efficiency of laws should be the basis for evaluating them. This theory sees the law as a means of maximizing societal wealth in addition to being a tool for justice. For example, contract law is considered efficient since it enforces agreements that facilitate mutually beneficial trades. Similar to this, property law works best when it protects rights that promote constructive land use as opposed to speculative hoarding. In this sense, efficiency serves as a normative and descriptive criterion in legal reasoning.

The Role of Economic Efficiency in Housing and Land Use Law

Economic efficiency can be examined in the perfect environment of housing and land use law. Higher living standards, more economic activity, and better urban development are all societal benefits that result from policies that incentivize property owners to preserve or upgrade their homes. On the other hand, ineffective rules that discourage upkeep and encourage property neglect, like high property taxes on renovations, might have the opposite impact. Legal experts contend that when housing laws deviate from efficiency principles, they can worsen urban deterioration, raise inequality, and limit the supply of reasonably priced housing.

Efficiency issues are also brought up by zoning regulations. Zoning that is too restrictive can result in a shortage of housing, higher rents, and an inefficient use of resources. An implicit efficiency analysis, which weighs individual property rights against the larger society requirement for efficient development, is occasionally used by courts resolving land use issues. Lawmakers can guarantee that land and housing regulations support sustainable and productive results by including efficiency concerns into statutory frameworks.

Economic Efficiency and Distributional Tensions

Economic efficiency in law is controversial despite its allure. Critics contend that concentrating only on efficiency runs the risk of ignoring human rights, equity, and fairness ideals. For instance, a tax system may be economically effective yet have a regressive effect on distribution, burdening low-income households disproportionately. This conflict pushes legislators and courts to strike a compromise between constitutional principles of equality and due process and efficiency.

Environmental law provides a striking example of this tension. Although it may be successful in lowering carbon emissions, a green split-rate tax that taxes environmentally damaging land uses in an effort to increase efficiency may come at the expense of placing greater responsibilities on vulnerable groups.

Efficiency and Legal Certainty

Administrative viability and legal certainty are two further aspects of economic efficiency in the legal system. Legislation cannot succeed even if it is theoretically efficient if it is too difficult, expensive, or uncertain to execute. For example, sophisticated assessment methods are needed to determine the unimproved worth of land for LVT purposes, and these methods may be challenged in court. The law is ineffective in practice if the costs of disagreements and litigation exceed the advantages of efficiency. Legal experts therefore stress that efficiency needs to be assessed in terms of institutional capability and enforceability in addition to abstract economic parameters.

Efficiency, Justice, and the Future of Law

A more sophisticated approach to economic efficiency is becoming more and more necessary for the future of legal studies. Efficiency is still a vital tenet, but it cannot be pursued in a vacuum. Rather, contemporary legal systems aim to combine social justice, environmental sustainability, and efficiency. For example, hybrid taxation schemes that combine land value taxation with exemptions from property taxes for disadvantaged populations are an effort to strike a balance between equality and efficiency. In a similar vein, judicial interpretations of taxation statutes frequently emphasize proportionality, guaranteeing that laws that prioritize efficiency do not violate constitutional rights.

5. CONCLUSION

In conclusion, the design of residential taxes in light of land scarcity and continuous maintenance requirements entails a careful balancing act between efficiency, equality, and fiscal performance. Because land scarcity can either discourage critical maintenance and improvements or encourage speculative property holding, it is even more crucial to connect taxation systems with sustainable land use. At the same time, a stable and flexible tax structure that can produce enough money for public services without unduly burdening disadvantaged households is necessary to ensure adequate revenue performance.

In addition to supporting ongoing house repair as a public benefit, a just and effective residential tax system should acknowledge the special contribution that land makes to public value. If these problems are not resolved, there is a chance that urban development will not be sustainable in the long run, fiscal capacity would be weakened, and public confidence in taxation legislation will be damaged. Clarity, proportionality, and equity must thus be given top priority in the legal framework controlling residential taxation. Incentives that promote responsible land use and consistent property maintenance must also be incorporated. In the end, resolving these problems involves more than simply technical tax design; it also involves promoting social justice and economic stability in a time when land is becoming scarcer.

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