

Lawson Purdy's Career in Property Tax Reform

By PHILIP H. CORNICK

FORTUNATE IS THE MAN whose natural bent, training and experience qualify him to play a part in some great movement of his time. Such a man was Lawson Purdy in the quarter century preceding the outbreak of the first world war. Already steeped by environment and education in the concepts of individual liberty and private initiative on which our nation had been founded, and with a grasp of the obligations and responsibilities imposed by citizenship, his imagination was fired and his life given purpose by the teachings of that great American, Henry George.

These words must lack full meaning to those of the present generation who have no personal memories of the happy, hopeful days when Lawson Purdy was at the height of his power and influence. In a world shattered by two devastating wars and fearing a third, in which aggregate taxes levied in the United States for the support of federal, state and local governments have mounted as high as \$400 per capita, individual liberty, the property tax, and the dynamic teachings of George may seem relatively unimportant even to some of the younger readers of this journal. For an understanding of the full import of Lawson Purdy's extensive and successful labors, it is therefore essential to describe the environment in which he worked.

As late as 1912, aggregate taxes levied in the United States for the support of all levels of government had amounted to less than \$29 per capita. Of that total, about one-half had been levied on taxable property for the support of state and local governments, in general under ancient statutes adapted during colonial days from English models, and more or less planlessly amended and interpreted from year to year as the developing economy spawned new forms of property. Low as the figure for 1912 appears in the light of what has happened since, it was four times as high as the corresponding figure for 1860—three years before Mr. Purdy was born. The steady increase during the intervening decades had become a matter of public concern. Official commissions were appointed to study the problem and suggest remedial legislation. Among the proposals which emerged from these studies and stimulated the formation of citizen agencies for tax reform, were those looking to the classification of property for purposes of taxation.

This growing movement for reform of the property tax was greatly stimulated by the appearance in 1879 of Henry George's "Progress and

Poverty." George, of course, was much more than a mere tax reformer. His purpose was to use tax reform as a means to sweeping social and economic reform. In common with two of the great British liberal individualists of his time—John Stuart Mill and Herbert Spencer—he regarded the existing system of private land tenure as a basic iniquity. He shared their fears of unduly expanded governmental powers. Unlike them, he proposed to restore the common rights of all men to the planet on which they were destined to live out their spans by absorbing into the public treasury the full economic rent of bare land through taxation. This device, he contended, would achieve his clearly-stated objective by peaceful means, and with the use of only such governmental agencies as were already in existence.

By the time the young Lawson Purdy had attained his majority, Henry George was already well on his way to becoming both a national and an international figure. George's vigorous writings, soon translated into other languages, and his speeches in the United States, Great Britain, and the British overseas dominions, had a magnetic influence on many of his contemporaries—among them, some whose names have since been indelibly written on the pages of history: for example, Leo Tolstoy, Sun Yat Sen, George Bernard Shaw, and Winston Churchill. Obviously, it was no mean company with which Purdy chose to align himself.

Always practical minded, Lawson Purdy saw that a thorough knowledge of existing tax law and of the law of property, would be a great asset to him in that segment of the total task to which he dedicated his life. He therefore set out to make himself a master in those branches of the law.

That long and important part of his subsequent career during which he worked primarily in the field of taxation falls into two major parts. Although they are inextricably intertwined and overlap in time, they will be treated separately in the pages which follow. These will deal first with his work in the revision of the tax laws; and second, with his work in the administration of those laws.

I. Mr. Purdy's Work in Tax Law Revision

IT MUST NOT BE ASSUMED that one can go to the session laws for any year, or to the legislative records concerning such a session, and find clear proof that Lawson Purdy was instrumental in obtaining the enactment of any given piece of legislation. In a relatively few cases, one will find that he had served as secretary of an official commission which drafted bills subsequently enacted into law. In a larger number of cases, one will find that, in his capacity as president of New York City's Commis-

sioners of Taxes and Assessments, he sent written requests to chairmen of legislative committees for the enactment of certain pending bills. In the main, however, he attained his objectives by his thorough understanding of the tax laws and their operations, by maintaining friendly relations with influential figures in the legislature, and by his skill in utilizing the influence of organized groups of citizens.

Among the organizations through which he worked at various times, two deserve special mention. The first of these was the New York Tax Reform Association, organized in 1891 by a group of followers of Henry George under the leadership of Thomas G. Shearman, a distinguished attorney and civic leader of his time. Staffed and officered throughout its long and influential career of more than forty years by followers of Henry George, its chief financial and political support came from individual and corporate taxpayers with more limited objectives. These can perhaps be summarized as follows: the simplification of the tax laws, the reduction of costs of taxpayer compliance, provisions to bring about more effective administration, and the modification of those elements in the property tax which had degenerated to the point of becoming taxes on honesty rather than on property. Bills originated by the association still survive in the charter and administrative code of New York City, and in the state tax laws of both New York and New Jersey. Mr. Purdy served as its secretary from 1896 to 1906, and was influential in its program throughout its life.

The second of the organizations through which he mobilized an important segment of public opinion in support of his program was the New York State Conference on Taxation, which held the first of its several sessions at Utica in January, 1911. It is significant that the New York Tax Reform Association took the lead in establishing the new organization, in response to an appeal signed by five official delegates from the state of New York to the conference of the National Tax Association which had met in the fall of 1910. The signers were: E. E. Woodbury, of the State Tax Commission; S. A. Carlson, mayor of Jamestown; Lawson Purdy, at that time president of New York City's department of taxes and assessments; Edward L. Heydecker, his assistant commissioner and right-hand man in that post; and E. R. A. Seligman, professor of economics at Columbia University.

Arthur C. Pleydell, at that time secretary both of the New York Tax Reform Association and of the National Tax Association, served with Heydecker on the committee on arrangements. The effectiveness of the

organization is amply indicated by the fact that the legislature, already in session when the first of these conferences convened, enacted six laws based on conference resolutions and five additional ones which grew out of conference deliberations.¹ Subsequent conferences proved almost equally fruitful.

It is worth noting, in passing, that the names of Edward L. Heydecker and Arthur C. Pleydell are closely associated with that of Lawson Purdy, both in revising the property tax laws, and in administering those laws. Also life long followers of Henry George, they early became Purdy's close friends and devoted co-workers; and remained members of his uniquely effective team until death intervened.

Of the many bills enacted into law as the result of Lawson Purdy's efforts, only a few can be described here. For convenience, they will be presented under five headings: those designed to draw a more precise line between real and personal properties; those designed to remove personal property from the assessment rolls compiled by local assessors; those designed to improve administrative procedures for the valuation of real estate; those designed to provide for a more equitable distribution among minor civil divisions of tax burdens on real property imposed by the state or by counties, and for a fairer apportionment between classes of real property assessed by different agencies; and those designed to simplify and clarify procedures for the enforcement of liens based on arrears of taxes on real estate.

Establishment of a Clearer Line Between Real and Personal Property

IN THE EARLY DAYS of the property tax, the test of mobility served adequately to distinguish between real and personal property. Land, and the structures erected thereon, were immovable, and constituted real estate. Furniture, vehicles, tools, hand looms, and livestock, for example, were clearly movable, and few difficulties arose in classifying them as personal property. The distinction was important chiefly because of provisions in the general property tax laws which permitted a taxpayer to deduct his outstanding debts from the taxable value of his personal property, but not from that of his real estate.

With changing conditions, new forms of property emerged which confronted owners, assessors, and courts with difficult problems. For example, the poles, wires, tracks, pipes, and conduits belonging to public utility companies, and lying under, on, or above the public streets and

¹ *New York State Conference on Taxation, First and Second Conferences, 1911, 1912*, Albany, J. B. Lyon Co., pp. 7-15.

highways, were hardly movable. On the other hand, they were not attached to lands owned in fee simple by the owners of the attachments, or held under the usual form of leasehold. In course of time, they came to be classified for purposes of taxation as personal property; and, after the companies had deducted their outstanding bonds and notes there was little or nothing left to tax.

The New York Tax Reform Association, of which Lawson Purdy was then secretary, took part in preparing a bill to correct that situation, and used its skill and influence in obtaining its enactment. The bill defined as real estate the properties of the public utility companies lying within the public streets and highways, together with their special franchises to the exclusive use for specific purpose of the lands within those streets and highways; and provided that the state tax commission should ascertain their value and certify them for inclusion on the property tax rolls prepared by local assessors. The bill was enacted into law as chapter 712, laws of 1899. The ensuing legal battle did not come to an end until the United States Supreme Court, on May 29, 1905, affirmed the decision of the New York State Court of Appeals² which had sustained the act in its entirety.

In 1900, the first year in which the tax commission exercised its new powers, the amount certified for inclusion on the local rolls was \$266 millions. In 1916, when the commission began to report separately the values of the intangible and of the tangible elements in the special franchise properties—that is to say, the exclusive rights to the use of publicly owned lands lying in the streets, on the one hand, and the improvements essential to their use, on the other—the total value had reached \$650 millions of which \$331 millions represented the land value. Since no part of that land value, and only a small part of the improvement value, had ever appeared on the rolls prior to 1900, the new act represented quite an achievement.

Partly as a result of conflicts between state and local authorities growing out of the new act, partly also because of problems created by subsequent acts, other steps were necessary to clarify the distinction between real and personal property. As has already been pointed out, the test of mobility served clearly to classify a hand loom as personal property; it failed with respect to a much heavier power loom, bolted to the floor, and attached to its prime mover in any one of a variety of ways. This difficulty was resolved in chapter 726, laws of 1917, as amended, more fully

² *People ex rel. Metropolitan Street Railway Company vs. Tax Commissioners*, 174 N. Y. 417.

described below, which provided that "machinery and equipment used for trade or manufacture and not essential for the support of the building, structure or superstructure, and removable without injury thereto" were to be treated as personal property.³

Elimination of Personalty From Local Tax Rolls

HENRY GEORGE HIMSELF was uncompromising in his insistence on the total exemption of all types of personal property from all forms of taxation. The existence in the constitution of New York of a limitation on the rate at which property could be taxed, which was—and still is—applicable in all of the state's larger cities, interposed a very real obstacle to the attainment of this objective. On the other hand, if progress were to be made toward the development of more precise valuations of real estate, some means had to be found for eliminating from the assessor's duties the time consuming—and largely ineffective—tasks of listing and valuing tangible and intangible personal properties. The constitutionality in New York of the classified property tax had already been demonstrated by earlier experiments, and taxes imposed in lieu of a tax on property had already made their appearance in the state.

Against this background, the group of tax reformers led by Lawson Purdy formulated a program for eliminating all forms of tangible and intangible personalty from the property rolls maintained by local assessors. A steady stream of acts, emerging from the legislature during a third of a century, was required to accomplish this purpose. Some of the acts merely applied common sense to the problems of listing and valuing specific classes of property, leaving the local assessors nominally responsible for the maintenance of the classified rolls, but imposing the basic tasks on others in better position to discharge them. Others provided for lieu taxes administered by the state or county, with the cities and towns sharing in the proceeds. A few granted outright exemption to designated classes of personalty. A small number out of the total are described here by way of illustrating the methods used.

Prior to 1901, every local assessor was required, in addition to his numerous other duties, to ascertain who, within his jurisdiction, owned how many shares of stock in what state and national banks, and to assign a value to such individual holdings. Returns were incomplete, valuations were difficult to establish, debts outstanding were deductible, and not all the taxes levied could be collected. Proceeding on the assumption that only a bank itself would be in position to know who its shareholders were, how many shares they owned, and where they lived, the Purdy group

³ McKinney's *Consolidated Tax Laws of New York*, Book 59, Part I, Sec. 219-L.

drafted bills putting bank stocks in a separate class taxable at a fixed rate of one per cent throughout the state; providing that each share was to be valued at its proper proportion of the bank's capital stock, surplus, and undivided profits; and requiring the bank itself to collect the tax from its shareholders, and pay it over to the officials of the tax district in which the shareholders lived.

The provisions of section 5219 of the revised statutes of the United States, which then as now imposed limitations on the manner in which states could tax national banks; and the traditional jealousies between banks operating under national charters, and those incorporated under state laws, posed difficult problems for the tax reformers. Nevertheless, three bills embodying the new classified property tax on bank stocks were enacted in somewhat mangled form at the legislative session of 1901.⁴ Since that time, bank stocks have not been included on local tax rolls.

In 1905, the principle of classification was extended to mortgages, a tax of one half of one per cent per annum being imposed on them, instead of the general property tax rate applicable to other properties. When it was discovered that this tax had the effect of increasing the interest rate on mortgages by an amount equivalent to the tax, the legislature of 1906 was prevailed on to substitute in chapter 532 the present mortgage recording tax of one-half of one per cent. Under that act, any mortgage which has paid its recording tax is exempt from listing and taxation as property on the local rolls. By the provisions of chapter 802, laws of 1911, the principle of the mortgage recording tax was extended to secured debts—that is to a wide variety of bonds, notes, debentures and other types of written obligations, secured by mortgages or by deed of trust, on property in New York or elsewhere. The payment of a tax at the same rate as the mortgage recording tax, to be evidenced by cancelled stamps attached to the securities in question, exempted them from taxation as property on the local rolls. Meanwhile, in 1910, the persistent tax reformers led by Mr. Purdy had taken advantage of the widespread resentment created by an act of legislature revising upward the scale of motor vehicle registration fees, in order to secure the inclusion of a provision that the new fees should be in lieu of all other taxes, general or local, to which motor vehicles had previously been subject. That removed automobiles from the property tax rolls.

In 1912, a frontal attack was made on another of the assessor's perennial headaches—the task of listing and valuing the household and personal ef-

⁴ Laws of 1901, chap. 550 applicable to banks and banking associations, and chaps. 132 and 535, applicable to trust companies.

fects of individuals. This was done through chapter 267 which added subdivision 21 to section 4 of the tax law, in order to grant an outright exemption to all such property up to \$1,000 in the hands of any one person. Added to an older exemption for personal property exempt from execution, this brought the total exemption of tangible personalty per taxpayer to \$1,250, and greatly reduced the amount of time which assessors had to waste in looking for such properties.

In 1917, the tangible personal property of mercantile and manufacturing corporations was removed from the property tax rolls by the imposition of a state administered, locally shared, lieu tax on those corporations. It was in this act, chapter 726 of the laws of 1917, as amended from time to time, which now appears as Article 9-A of the state's tax law, that the sharper line between real and personal property cited above appeared.

The cumulative effect of the acts here selected for comment, and of many others of the same kind attributable to the influence of Lawson Purdy and his colleagues, can be traced in the composition of the property tax rolls of the state. In 1895, personal property had accounted for 18.39 per cent of all taxable property in New York City as then constituted; 12.16 per cent in the state as a whole. By 1920, the corresponding percentages had dropped, in the five counties now included in New York City, to figures ranging between 1.02 per cent in Queens County and 2.53 in New York County; that in the state as a whole to 1.71 per cent. In part, because of the increasingly effective procedures for the valuation of real estate made possible by these and other acts still to be described, the state-wide ratio of personalty to total taxable property had dropped for the state as a whole to 1.17 per cent in 1932.⁵

In 1933, the legislature enacted the final act in the long series. This was chapter 470 of that year, which provided that "personal property, whether tangible or intangible, shall not be liable to taxation locally for state or local purposes." So far as the state of New York was concerned, the general property tax which had been described by Seligman as "beyond all doubt one of the worst taxes known in the civilized world,"⁶ had ceased to exist. Thereafter, local assessors were enabled to devote their full time and energies to a better listing and valuation of real estate.

Provisions for Better Procedures for Valuation of Real Estate

THE HISTORY of the movement designed to provide assessors in New York

⁵ *Report of the New York State Tax Commission, 1933*; Table 18, pp. 156-7.

⁶ Seligman, "Essays in Taxation," (10th Ed.) New York, Macmillan, 1925, p. 62.

with better tools for use in the listing of taxable and exempt real estate begins with a special act applicable only to the office of county register in New York County. Chapter 349 of the laws of 1889, as amended by chapter 166 in the following year, required the preparation of maps to contain, in addition to all the streets, avenues, roads, boulevards, parkways, and water fronts in the county, also the dimensions of all parcels of real estate, and provisions for indicating their locations by reference to systematically numbered sections, blocks, and lots; and the indexing and re-indexing of all instruments affecting title to, or interests in, real estate by reference to those maps. Chapter 542, laws of 1892, required that real estate in New York County be described on the tax rolls also by the use of the section, block and lot numbers appearing on the official maps used by the county register.

These acts antedated the emergence of the Purdy influence on tax legislation, but their provisions were repeatedly clarified and strengthened by the amendments proposed by the Purdy group in the light of experience gained during Mr. Purdy's long incumbency as president of the department of taxes and assessments. One of the many notable amendments—that of chapter 680, laws of 1913—provided that the designation of taxable parcels of real estate by the use of distinguishing numbers “shall import into the assessment rolls any necessary identifying description shown by the tax maps.”¹

The charter under which the greatly expanded city of New York began to operate in 1898 made provision for extending this method of describing real estate on the tax rolls to the entire city, authorizing the use of tentative maps for the purpose until permanent maps of the newly annexed territory could be completed; and establishing the office of surveyor in the department of taxes and assessments for the purpose of completing the maps, and keeping them abreast of changes.

On this foundation, Mr. Purdy and his colleagues next succeeded in having the legislature, in chapter 454, laws of 1903, erect two added improvements in procedure, by amendment of New York City's charter. First, it was stipulated that “the assessed value of real estate shall be set down in two columns; in the first column shall be given, opposite each separately assessed parcel of real estate, the sum for which the said parcel under ordinary circumstances would sell if wholly unimproved; and in the second column shall be set down the sum for which said parcel under ordinary circumstances would sell, with the improvements, if any, thereon.” Second, it was required that the annual record of the assessed valua-

¹ Cf. *Administrative Code of the City of New York*, Chap. 7, Sec. 167-1.0.

tion of real estate was to be delivered for publication as a supplement of the *City Record*—the city's official newspaper—the record for each section, district or ward to be bound and sold separately.

After the systems of describing real estate by reference to tax maps, and of improving the comparability of valuations assigned to individual properties by the separate listing of the valuations assigned to land, had been tested in practice in New York City, the Purdy group took steps to extend them to other parts of the state. One of the major purposes lying back of the establishment of the statewide conference on taxation above referred to was to enlist support for this movement; and the first of the conferences held at Utica in 1911 attests to the success of the plan. Chapter 315, enacted by the legislature of 1911, authorized all cities and towns in the state to prepare tax maps, and to describe taxable real estate by reference to them after the maps had been approved by the state tax commission. Chapter 117, enacted in the same year, required all cities in the state to provide an added column on their tax rolls for the entry of "the value of the land exclusive of buildings thereon." The scope of both these acts has since been extended to apply to every tax district, or quasi-tax district, in the state.

Equalization, the Fight on Competitive Under-assessment

IN NEW YORK, as in other states, the use of assessment rolls prepared by city and town assessors for the levy of property taxes for county and for state purposes early created a difficult situation. Resort to a high tax rate for purely local purposes, to be applied in a given town to a low level of assessed valuations, would provide the needed local revenues, and at the same time reduce the town's burden of county and state taxes levied at a uniform rate applicable throughout the county or state as a whole. Because the larger cities were subject to the constitutional limitation on tax rates already referred to, and because many smaller cities were subject to tax rate limitations imposed by charter, these units were not free to engage in the general scramble for competitive underassessment, and found themselves saddled with undue proportions of the burden of state and county taxes. The state legislature had therefore made statutory provision for equalization both on the state and on the county levels. The methods prescribed had never worked well, because too little provision had been made for detached and factual analysis of the extent of underassessment.

The entire situation had become even more complicated following the enactment of the statute requiring the state tax commission to ascertain the full values of special franchise properties, and to certify them for in-

clusion on the rolls compiled by local assessors. While the courts had quite generally sustained the valuations fixed by the commission, they had in many cases sided with the companies in their contentions that the commission be required to adjust the values certified for inclusion on a local roll to the same ratio of assessed to full value as that which prevailed for the roll in question as a whole.

Mr. Purdy's experience in developing methods for testing the accuracy of the work of his deputy assessors in the valuation of the numerous districts into which New York City is divided provided the basis for new legislation, the recommendations for which were embodied in resolutions adopted at the Utica Conference in 1911. As a result, the legislature of that year enacted "chapter 801, which lays down a uniform rule for county equalization to be followed by all boards of supervisors;" and "chapter 804, under which the state board will hereafter equalize the assessments of special franchises before certifying them to the various local boards."⁸

These acts, repeatedly amended and supplemented since that time, have had a salutary effect throughout the state. On the county level, equalization among cities and towns has been placed on a factual basis in some, though by no means in all, of the state's counties. On the state level, there was a notable advance in the quality of the equalization process, both between centrally and locally assessed properties, and among the counties of the state while the state still continued to make levies on real estate for the support of its own functions.

Tax Lien Foreclosure

IN 1905, AN ADVISORY COMMISSION on taxation and finance which had been appointed by the Mayor of New York City selected Lawson Purdy as its secretary. The work of the commission emerged in chapter 490, laws of 1908, in the form of a series of amendments to New York City's charter. These provided a new procedure for the sale and foreclosure of liens based on arrears of real estate taxes. All arrears of taxes, special assessments, water rents and other charges constituting liens against a given parcel of real estate were to be consolidated into one lien, and advertised for sale at public auction. Every bidder at the auction was to agree to accept the lien at its face value, the successful bidder being the one who agreed to accept the lien at the lowest rate of interest, not exceeding twelve per cent. Failure of the property owner to discharge the lien within a stipulated time, or default in payment of interest on the lien, or in subsequent taxes

⁸ Cf. *Report of Commissioners of Taxes and Assessments of the City of New York*, 1911; p. 12.

on the property, opened the way for an action to foreclose the tax lien under the provisions of the civil practice act applicable to actions to foreclose mortgages on real property.

The basic provisions of the act are still to be found embedded in chapter 17 of New York City's administrative code. They reappeared in a number of special acts applicable to other cities and counties of the state, and have now been made available to municipalities throughout the state by the provisions of Title 2, Article VII-A of the tax law of the state.

II. Mr. Purdy's Work in Property Tax Administration

IN THE FALL of 1906, Lawson Purdy resigned as secretary of the New York Tax Reform Association in order to accept appointment by Mayor George B. McClellan to the post of president of New York City's Department of Taxes and Assessments. He served in that capacity also during the terms of Mayors Gaynor and Mitchel—a total of eleven years.⁹

At the time that he stepped into his new office, the department of taxes and assessments was already well organized, well staffed, and equipped with some of the basic tools essential to the discharge of its function. The deputy assessors had been selected by civil service, were experienced, and had tenure of office; final tax maps were available and were being currently revised, for the greater part of the city, and tentative maps had been completed for the remainder; the department had completed its transition to the new method of valuation required by the act of 1903 under which land values were to be reported separately from total value. The new president was therefore free to begin his work of developing valuation procedures for New York City, with many of the problems still confronting assessors in numerous other American cities already satisfactorily solved.

Space will not permit a complete presentation of the many notable things he accomplished during his term in office. The emphasis will be placed on the new and emerging problems which he faced, and the devices he adapted from elsewhere or developed with the help of his co-workers for their solution.

⁹ Evidence of the esteem Mr. Purdy had won after seven years in office is to be found in a petition addressed to Mayor-elect John Purroy Mitchel. It requested the reappointment of Mr. Purdy to the post he then occupied, and was signed by sixty-six eminent lawyers, among them thirteen who at one time or another served as presidents of the Association of the Bar of the City of New York. The list included such distinguished citizens as Joseph H. Choate, one time ambassador to Great Britain; Robert W. deForest, noted civic leader in the fields of fine arts, charity, research, and planning; Alton B. Parker, one time chief justice of the New York State Court of Appeals, and Democratic candidate for the Presidency of the United States in 1904; and Frank L. Polk, Benjamin F. Tracy, and George W. Wickersham, each of whom attained cabinet rank in the national government.

Enough was said in the introductory pages to indicate that Mr. Purdy's primary interest was in the valuation of land. Deeply instilled in him, on the other hand, was the knowledge that ours is a government of laws and not of men. Firmly as he believed that neither buildings nor personal property were proper subjects for taxation, he accepted his obligation as a public official to systematize and improve the procedures for establishing just and equitable valuations for these elements in the statutory tax base, at the same time that he strove for more precise methods of valuing land.

The Unit System of Valuation

WHEN HE ASSUMED OFFICE, a decade had elapsed since the pioneer work of William A. Somers in St. Paul had begun to attract attention. The basic features of the Somers system included the use of a land value unit for the valuation of lots of standard depth and shape, in conjunction with a depth curve for the comparative valuation of lots which varied in depth from the standard; a set of rules for use in applying the unit values to lots located at street corners, abutting on alleys, or irregular in shape; the classification of buildings on the basis of shape, size, and type of construction with estimated cost of reproduction new for each class reduced to a cost per square foot of floor space, or other suitable unit of quantity, and with suitable provisions for depreciation due to age, condition, adequacy to site, and other factors. Mr. Somers himself was retained for a time for his advice and counsel in adapting his methods to the conditions existing in New York City.

Although the system of valuation which emerged for New York City conformed to the basic concepts of the Somers system, it varied from it notably in its details. As in the Somers system, the unit foot consisted of a hypothetical strip of land, located at or near the middle of a block front, with a frontage of one foot and a depth of one hundred feet at right angles to the street line. On the other hand, the depth curve to be used in conjunction with it for estimating the value of lots which varied from the standard depth was not the Somers rule, but the Hoffman-Neill rule. The latter rule was an adaptation worked out by Henry Harmon Neill, at that time real estate editor of a daily paper, of an early decision by Judge Murray Hoffman, and of a rule of thumb which real estate men and appraisers had based upon it. These had undoubtedly had a notable influence on market estimates of relative values of long and short lots in comparable locations, and had already received official recognition in the cruder variant known as the Hoffman rule, used by another city agency in the apportionment of benefit assessments on long and short lots. There can be little doubt that

the adoption of the Hoffman-Neill depth curve, based as it was on concepts which had already won wide acceptance among local real estate owners, managers, appraisers and agents, was a brilliant stroke in the field of public relations.

The most notable deviation of the system which emerged in New York from the Somers system as it existed at the time was in the field of corner valuation. The Somers charts and tables, based on studies in smaller cities, treated the phenomenon of land value enhancement due to corner position as one which normally manifested itself within a square one hundred by one hundred feet. Studies by Mr. Purdy and his associates soon convinced them that the almost infinite variety to be found in New York City precluded the use of any rule imposing an arbitrary limit of any kind. In the long blocks extending east and west of Fifth Avenue, for example, there was abundant evidence that the pulsing life which gave the Fifth Avenue frontages their high land values, extended its influence several hundred feet along the cross streets on either side of the avenue. At the other extreme, changes in character of occupancy and in the direction of major traffic flows in what once had been quiet residential sections, brought to light clearcut cases in which month to month rentals for the small stores characteristic of the neighborhood indicated that corner influence extended only twenty five feet in either direction.¹⁰

Another deviation from Somers system practice lay in the method used for the establishment of the values to be assigned to the land value units on each of the thousands of block fronts in the city. In both systems, land value maps were prepared in tentative form. The Somers practice, developed in cities with a high percentage of owner occupancy, was to submit the maps to criticism at public hearings held in neighborhoods throughout the city. Feeling that the sheer size of New York City, coupled with the low percentage of owner occupancy in many sections, would make such a plan impracticable, Mr. Purdy resorted instead to the publication and sale annually of a volume of land value maps, showing the tentative unit values for all block fronts in the city established on the basis of sales prices, rentals and other indices of value. The foreword invited suggestions and criticism. That publication, begun in 1909, continued without interruption until 1944, when the war-induced paper shortage led to its suspension.

Objective Indices of Value

FROM THE OUTSET, Mr. Purdy impressed on his subordinates the necessity for the systematic compilation and analysis of the fullest information

¹⁰ Cf. *Proceedings*, National Tax Association, 1913; pp. 281-3—"Discussion of problems of corner valuation by Mr. Lawson Purdy."

possible relative to every individual transaction, or judicial or administrative proceeding, which would affect the description, or throw light on the value, of any parcel of property in the city. The material gleaned by the centrally conducted search of offices and courts of record on the state, county and local levels was supplemented by information collected by the deputy assessors in the course of their work in the districts assigned to them. The limited amount of information on true considerations in deeds then available was used in testing the accuracy of the level of assessed valuations by boroughs, and by sections within boroughs. The results were published and commented on in the successive annual reports of the department.

Data on rents were also used in testing the accuracy of the department's work, especially with respect to properties typical of large and relatively homogeneous classes. For this purpose, the department resorted to the same computations used at the time by many real estate men in estimating market values—gross rents multiplied by a factor deduced by the real estate men from actual sales of comparable properties. In areas where there were large numbers of small ground floor stores leased on a short term basis, store rentals were used as a check on the accuracy of land value units established on the basis of other data.

Rentals were used also in arriving at estimates of the extent of obsolescence in buildings. In one of the relatively few technical articles written by Mr. Purdy, he described the procedure as follows:

In using rentals as evidence, it is essential to determine whether the building is suited to the site. If the building is new, suited to the site, adequately rented, and properly managed, the total value of the property may be computed by capitalizing the net rent at such rate of return as is customary for such property in that city An improved parcel of real estate, whatever the character of the building, is never worth more than the net rent usually obtainable, capitalized at the customary rate, unless the land itself, if it had no building on it, could be sold for a higher price than the capitalized net rent of the parcel with the building on it.¹¹

The technical pamphlet here quoted which was first issued as a supplement to the *National Municipal Review* in September, 1919, embodied a complex of interrelated ideas, each of which has since emerged in more highly developed form in text books and handbooks for individuals engaged professionally in commercial appraisals. It is significant that, two decades before the establishment of the professional societies which have since done much to advance the art of appraisal, Mr. Purdy should have developed methods for the application of these concepts to the problem of mass ap-

¹¹ Lawson Purdy, "The Assessment of Real Estate," New York, National Municipal League, 1929, p. 10.

praisal; that is to say, to the annual reappraisal of all the hundreds of thousands of individual properties in the nation's largest city. The magnitude of that task is indicated by the fact that in 1908 the taxable value of real estate in New York City was substantially greater than that in the entire states of Massachusetts and Pennsylvania combined; than that in all the states west of the Mississippi; or than that of the nation's 139 cities with populations ranging from 30,000 to 300,000 inhabitants.¹²

Estimates of Building Obsolescence

THE COMPLEXITY of the task can be illustrated by reference to the three-story and basement "brownstone fronts" which were then the standard type of one-family homes for the well-to-do. In extensive areas on Manhattan Island those buildings added to the value of the lots on which they stood their cost of reproduction new, after allowances for age and condition. In other areas, in which business uses with their attendant noise and traffic were becoming dominant, solid blocks of equally good buildings designed originally for residential occupancy, had become one hundred per cent obsolete. Land values had soared, as frequent transactions at high prices indicated. The maximum gross rents that could be derived from the buildings for the business uses to which they were poorly adapted were wholly out of line with sales prices. The existing buildings were being torn down as rapidly as the larger sites necessary for business uses could be assembled. In such areas, the land value units were adjusted to the levels indicated by sales prices, and the buildings were assumed to add to the land value not more than one year's gross rent.¹³

Few appraisers have ever recognized more clearly than Mr. Purdy that, in a free market, cost of reproduction new does not establish the value which a building adds to the value of the land on which it stands. All it does is to indicate the upper limit of that added value. Because of errors of judgment made in its location or in its design; because of economies made possible by improvements in methods of construction; or because of changes in the character of the neighborhood, the value of that building, measured by its capacity to produce a net income, may range downward from that maximum to less than nothing, the extent of the minus quantity being measurable by the cost in time and money required to clear the site for the erection of a more suitable building.

¹² *Report of Commissioners of Taxes and Assessments of the City of New York, 1908*, pp. 104 and 107.

¹³ M. P. Talmage, "Manual on the Methods of Assessment of Real Estate in New York City", 1914, p. 34.

This recognition of obsolescence as an important factor in the valuation of buildings, coming as it did at a time when population and land values were growing rapidly, and when the development of the steel frame and high speed elevator were revolutionizing the art of building as well as the city's skyline, led to an unusually high ratio of land value to total value of real estate. From 1908 to 1917, land values represented somewhat more than 60 per cent of the total taxable values of "ordinary real estate" in New York City.¹⁴

Methods of Administrative Supervision

NO COMMENT on Mr. Purdy's work in the administration of the property tax would be complete without a reference to his relations with his subordinates, especially his deputy assessors in charge of districts. These numbered 41 when he took office in 1906, 71 when he left office in 1917. As any student of administration knows, procedures developed by central offices are of negligible value unless they fit the varying conditions encountered in the field and are applied in a uniform manner. That imposes a double duty on the head of the office: first, to know whether the procedures fit all the conditions to be found in the field; and second, to know whether his subordinates understand and apply them. On the basis of published reports, it is obvious that the central office in the tax department made many and intelligent analyses of the adequacy of the work in the districts. On the basis of chance meetings from time to time with several deputy assessors who had served under Mr. Purdy, the writer has learned also that Mr. Purdy had a disconcerting habit of dropping in unannounced to talk over matters with the deputy in a particular district. As one veteran deputy assessor put it: "We were afraid of him because we never knew when he would call on us, and did that keep us on our toes! We liked him because he was never bossy. We were always surprised to see how much he knew about our districts. We were willing to do our best for him, because we soon found out that when some outsider tried to prove we were crooked or incompetent, he was on hand to see what was what; and once he had made up his mind we were on the level, it was his fight from then on. He was the finest man to work for I ever knew."

¹⁴ The data on which this statement is based appear on page 34 of the *Report of Commissioners of Taxes and Assessments of New York City, 1917*; and reveal a slight but steady decline in ratio of land value to total taxable real estate value throughout Mr. Purdy's term of office. Subsequent increases in costs of construction and of operation and maintenance, and other complex factors in the economic situation, contributed toward accelerating the rate of decline in this ratio after 1918. It dropped slightly below 50 per cent in 1925; rose to slightly above 50 per cent in 1927, 1928, 1930, and 1931; and stood at 43.2 per cent in 1948-49.

Related Activities

AS HIS FIRST HAND KNOWLEDGE of urban land use grew during his long term of office, it was almost inevitable that Mr. Purdy should become interested in the control of those practices which, as he had observed in many cases, led to the destruction of socially-created land values, as well as of the values of the buildings which had been well designed to take advantage of the potentialities inherent in the sites. He was therefore active as a member of the Commission on Building Districts and Restrictions which pioneered in drafting New York City's zoning resolution; and he served as its vice chairman. His terse, two page summary¹⁵ of the reasons for that legislation, its advantages, and its shortcomings, is still worthy of attention by those engaged currently in work preparatory to the first general revision of the nation's first comprehensive zoning ordinance.

SUMMARY

IT IS GIVEN to few men to see clearly in youth the outlines of an immediate job which needs doing, to seize on it, and to carry it to completion. Lawson Purdy is one of those rare persons. From 1896 to 1933, he was a leader in the renovation of the general property tax law of New York, and in the development and establishment of new patterns of administrative procedure. That period in his career has therefore been a notable one not only for him but for his time.

This statement is true whether his accomplishment is viewed as an essential step toward the distant goal on which he had fixed his eyes, or simply as an allocation and adjustment of the tax on real estate to its accepted place in current thinking as an important foundation stone of local self government. From the longer run point of view, the elimination from the assessor's task of the time consuming and largely ineffective duties of listing and valuing tangible and intangible personalty, and the attendant emphasis on the separate valuation of land, constituted logical first steps toward his ultimate goal. In the shorter run, his labors had contributed to making order, system, and analysis possible in a situation in which chaos and confusion had previously been almost inevitable.

From either point of view, Lawson Purdy has been a laborer worthy of his hire.

¹⁵ *Report of Commissioners of Taxes and Assessments of New York City, 1917; pp. 7-8.*