

Gold In Them Thar Swamps

By M. Fixel and M. Pfeffer

New York's World Fair is being erected on what was formerly swamp land. Neighboring a large cemetery, originally fed by meagre transportation facilities, this erstwhile marginal area is suddenly blossoming into the "World of Tomorrow." The City Administration is being praised for acquiring title to the land necessary for this grandiose undertaking. Whatever praise it is entitled to arises from its use of legal machinery to restrain the avarice of speculators. An instance is worth mentioning. A realty company dealing in Long Island City property long ago began to accumulate the land in Flushing Meadows between the North Shore Division of the Long Island Railroad and Northern Boulevard. By 1924 the company had lost hope for an industrial development in this section and began to auction off many of its holdings. However, in 1936, the realty company was once more full of optimism. In a proceeding before Judge Lockwood it was quite well able to paint a cheerful picture.

The area considered in this proceeding consisted of 22,424 sq. ft. ($\frac{1}{2}$ acre) of upland and 816,678 sq. ft. (18 acres) of land under water, all vacant. For this the company asked \$2,186,552.00.

To support their claim, engineers of the realty concern maintained that the land under water "could be bulkheaded and filled at a cost of \$341,093. The real estate expert was of the opinion that when thus improved the property would be worth \$3. a sq. ft. . . ." Thus, the landowner was offering the land to the city at a value it would have after the city had, at its own expense, filled it in. The city accepted the principle of this argument, but asserted that the reclamation project would be more difficult and expensive than the landlord's experts maintained.

As previously stated, the realty company asked \$2,186,522.00 for the water-logged land. The estimate of

The New York World-Telegram headlines a story "Halleran Paid 9,100% Profit. Queens Official got \$147,906 on \$1,754 Investment in Meadows." The New York Post tells us "Store Rentals Boosted by Fair." Thus the public press is inadvertently advertising the fact that the "World of To-morrow"—New York's World Fair—was born in the iniquity of land speculation, will develop into a colossal rent graft from New York landowners. The authors of this article, have been making some studies of the Fair from the Georgist point of view, and have several articles in the making.

one city expert, Twohig, was \$213,871, while the estimate of the other, Fisher, was \$264,317. The Court made an award of \$240,000.

In making the award the court cited five cases* as precedents. In all of them the principle of evaluating land at its speculative value was accepted; only the amount of the speculative value in each case was questioned. Thus, our legal machinery is called upon to prognosticate the future need of society for any given piece of land. It is doubtful, for instance, whether a court would undertake to decide what a bale of hay or a case of shoes would be worth next week. Why land?

The award made by the city in the case in question, one-tenth the price asked, was accepted. Probably because the award was ten times what the speculator had paid for it. (The present writers were unable to find in the records the price they paid.) The case is cited as an example of how the City acquired some land for the fair grounds.

The total cost of this fair project to the City will be many millions of dollars. It is to be hoped that the City of New York will regain some

of the taxpayers' money by the collection of rentals from the many luxurious concessions which will cover the once lowly swamp. If the City government is not to make a financial mistake, it must collect huge rents in 1939 to balance the debts incurred. In 1940 the earth upon which the Fair rested will again be—just land. The City will no longer be collecting rentals. The net gain will be a public park.

The landowners in the vicinity, however, will get more than a playground for children and a park for lovers. To make the project a complete success, the city has extended its subway, improved and built highways, extensions, bridges, etc. All the social services created have been made to order for the patiently waiting landlords, who will quietly reap a rich harvest.

True, an unwise lord of the land does make a fuss. John J. Halleran, acting Queens Borough President, has been battling city awards for condemned lands for several years. As owner of extensive Flushing realty holdings, Mr. Halleran demanded excessive sums when the city wanted the land in 1936. At a Supreme Court hearing, testimony was given that he and his associates bought Flushing lands for \$500 an acre in 1923 and demanded \$35,000 an acre in 1936. This is an exceptional case, for it is not often that landowners bring their speculative schemes to public attention.

Referring to the exorbitant speculative prices for Fair land, Mayor LaGuardia, at a session of the Board of Estimate said, "It stinks—I say it stinks." Yes, the "World of Tomorrow" is built on land which has a decidedly obnoxious odor—a continuing blend of high taxes and high rents.

* People ex rel Lehigh Valley Ry. v. Burke, 247 NY 227

People ex rel Strong v. Hart, 216 NY 513, 517

Matter of City of New York (Inward Hill Park) 197 AD 431

Matter of Bronx Parkway Commission, 192 AD 413

Matter of Bronx Parkway Commission 191 AD 212, 217