

IT'S YOUR GOVERNMENT

How Taxes Can Abet City Ugliness

By Raymond Moley

A CASE HAS appeared in the courts of New York which shows clearly one of the most important reasons why our great American cities are dying at the centers, and why, beyond their downtown areas, they have sprawled out into ugly, uneconomical congeries of gaping vacancies and hit-or-miss developments, like the planless meanderings of a desert river bed.



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In New York City the most interesting street is that part of Park Avenue from a slightly church at 60th Street down to a new tower of Babel. This horror on the horizon is the Pan Am Building, which rises above the rear haunches of what was once the symmetrical Grand Central Station. In that stretch of the avenue there are three hotels, a club, and a beautiful church. The rest are towering office buildings, mostly bearing the names of renowned corporations and banks.

MOST OF THE builders of those office structures have sought the maximum rental income and the lowest taxes by crowding their buildings against the sidewalk and elevating them as high as the law allows.

A few have offered those who pass by a bit of ocular refreshment by excluding commerce from the ground floor, using that space for small plazas.

But outstanding on the avenue, and indeed in the nation, is the Seagram Building, a 38-story bronze and glass

structure set back to accommodate a plaza 100 feet deep where there are fountains and trees. At night the Seagram structure is a tower with low-intensity light glowing from all sides. It has received many awards and citations. One of these hails it as one of six buildings in the world which by sacrificing commercial space "enhances the architectural beauty of the community."

The government of the city of New York has pounced on this structure with an assessment which means that builders from here on must, if they are to enjoy the lightest tax burden, sacrifice every consideration of public enjoyment and beauty by utilizing every inch of land for greater rental space above.

IN SIX YEARS the assessment of the land which the building and plaza occupy has risen 31.5%, and on comparable land across the avenue the assessment has gone up only 5%. In determining the value of the Seagram structure for tax purposes, the city used the cost of reproduction as a measure, instead of the capitalized amount of the net rental income as in other, box-like buildings. Thus, the Seagram tax assessment per square foot of rentable floor space is \$33.98, while for a nearby building on the avenue it is \$17.74. The annual additional tax burden is \$383,000.

When Seagram carried its case to the intermediate court, the Appellate Division, the city's assessment was sustained, and the most bizarre reasoning was offered in justification for the decision. The court said that the method of using reproduction cost in this instance, rather than the capital-

ized net rental income, was justified because the unique character and beauty of the structure provided "prestige" of commercial value to the company. This means that the city and the court abandoned mathematical calculations and flew into the misty realm of psychology. Thus, a man who makes himself attractive and presentable in his business life by wearing good clothes should be fined while his seedy competitor is rewarded.

A great but sadly-neglected economic philosopher, Henry George, wrote 80 years ago: "If I have worked harder and built myself a good house while you have been contented to live in a hovel, the tax gatherer now comes annually to make me pay a penalty for my energy and industry . . . If a railroad be opened, down comes the tax collector on it as if it were a public nuisance." I might add that in the past few years those in New York who have maintained slums on their land have made fortunes through urban renewal. Everybody's taxes enrich them, while those who have built and improved the city have taken all the risks.

WHILE I CANNOT charge politics as a factor in the court's judgment, there is no question in my mind about the political motivation of the city. It must get vast revenues for its wasteful programs, and it seeks to lay the heaviest burdens on such areas as Park Avenue, where most of the buildings are owned by great corporations owned by stockholders over the nation. There are few votes on Park Avenue, while there are many in the great dreary stretches of Brooklyn, the Bronx and Queens.

The Seagram case now goes to the Court of Appeals in Albany.

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