

Letters to the Editor

Viewpoint on Land Taxes Disputed

The Point of View article "It's Time to Mine the Tax Treasure Under Foot" by Deputy City Administrator Philip Finkelstein [May 13] was a shocking example of irresponsible rhetoric.

Mr. Finkelstein would like to rip off the landowner in New York City, a member of a tragic minority that has little or no income, faces outrageous building costs, stiff zoning regulations, annual carrying costs and possible disaster.

Obviously, Mr. Finkelstein believes that most landowners in New York are speculators who have the wealth of J. Paul Getty, Howard Hughes or the Chase Manhattan Bank. Too many owners are ordinary businessmen who, while trying to create new residential or commercial development at great personal risk in the hope of earning a profit, are stymied by a multitude of obstacles.

The reason owners sit and lose money while holding land in New York is that they are unable to produce economically sound improvements. They are hoping that the passage of time will produce a solution to their problem.

To follow Mr. Finkelstein's suggestion that land taxes be

raised would be to invite in rem proceedings against those holding land and burdened by unfair taxes and to discourage other developers from considering New York City,

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In his Point of View article, Philip Finkelstein states: "There should be no illusion that taxes in general or rates in particular are a major factor in corporate or residential flight from the city. At the same time it is clear that a big tax boost could give an unwanted spur to that movement." Yes, but the flight is only of those who can afford it.

One of the many governmental ways to violate the 14th Amendment's equal treatment requirement is in the matter of taxation. In the field of real estate, if a man keeps his property in good order he pays the full tax. If a small homeowner buys materials, bit by bit, and improves his home, he is taxed on the full value of his improvement. On the other hand, the government gives tax abatement for the building of new structures or the rehabilitation of those that were neglected.

In the "News of the Realty

Trade" column on the day that Mr. Finkelstein's article appeared, it was reported that Riverton Houses were being sold. Although they are 25 years old and had used up their tax abatement rights, they were granted a partial abatement until 1998.

That means that those of us who live in regular and mostly old houses, or own old houses, are footing the bill. Often those in tax abated houses earn more than those who pay real estate taxes directly, or it is included in their rents. And most of these people cannot afford to flee from the city. If this is justice, what is tyranny?

Mrs. Daniel Friedman
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City 'Perversion'

The real estate section on May 13 contained two articles that describe the perversion of the real estate market by the city administration.

One article ["Wanted: A Tenant in Factory"] referred to a deal in which Detecto Scales, Inc., was "saved" as a New York industry when it was paid \$1.3-million for a plant that it probably could not otherwise have sold for \$500,000 or \$600,000.

Though a Williamsburg community group is to pay

an annual "rental" of \$75,000 for the use of the building, that figure is misleading. The city will be losing at least \$35,000 a year in taxes on the structure; it is spending \$10,000 a month for maintenance and security, and renovations are expected to cost \$1.3-million. On a total investment of about \$3-million the income will represent a return of a little more than 1 per cent.

Though this transaction is more valid than the Yankee Stadium deal, which will produce an even lower rate of return and save fewer jobs, the principle of subsidizing businesses will eventually have the same negative results as the Mitchell-Lama housing program has had.

The second article ["It's Time to Mine the Tax Treasure Under Foot"] is a proposal by Deputy City Administrator Philip Finkelstein to resurrect the Henry George tax system, which has never been considered appropriate in a private entrepreneurial system.

Mr. Finkelstein contrasts the low real estate taxes on one-family homes with the much higher taxes on Manhattan office buildings. This disparity demonstrates not the advisability of his proposal for higher land taxes

but the political power of the many homeowners in Queens, Brooklyn and Staten Island as opposed to the few owners of office buildings in Manhattan.

Would Mr. Finkelstein suggest that every parcel of land be developed to its maximum under the zoning regulations? If that were to happen, could Mr. Finkelstein guarantee that the buildings would be occupied?

The Henry George system is simple and Machiavellian: Tax every site as if it can be built to its physical maximum without regard to market or community needs.

If such properties are not built upon, they will eventually belong to the city because their owners will be unable to pay the taxes. If the owners build structures for which there is no demand, they will also be unable to pay their taxes and the land will again revert to public ownership.

If Henry George had prevailed, Detecto Scales would long ago have abandoned its old plant to the city, and if Mr. Finkelstein prevailed, Detecto would be demolishing its obsolete building to construct a bigger—untenanted—one.

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