FAMILY OF CHRISTINE BESHAR, TRAILBLAZING LAWYER, SELLING CO-OP
By Vivian Marino, New York Times, March 29, 2018
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Comments by Wyn Achenbaum, Ardencroft, DE

So they bought the apartment in 1972 for under $200,000. A 30 year mortgage at 8% would have cost them $328,310 in interest. (continued on page 7)

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"Not too much has been done to the apartment since the Beshars settled in 47 years ago . . . "

And today, 47 years later, their estate is asking $8,950,000, an increase of $8,750,000. That's 44.75 times what the long-time owners paid for it.

Suppose that the property taxes and common charges of today, at $10,485 per month, were unchanged in 47 years. $10,485/month is $125,820/year. 47 years at $125,820 per year is $5,913,540. Let's say that half of that, $2,956,770, was paid to the city in taxes on the apartment and its share of the value of the land under the 17-story building, and the other half went for caring for the building's exterior and common spaces, and providing services to the owners of the 34 apartments. One half helped pay for NYC's schools, emergency services, transportation infrastructure and services, libraries, parks, etc.

The bls.gov inflation calculator says $200,000 in January 1970 would be worth $1,317,413 today.

Who produced that increase in value? Was it magically created from thin air? Or on the backs of people who worked for low wages and paid taxes on their wages and purchases to provide those city services? www.propertyshark.com/mason/Property/27389/120-E-End-Ave-New-York-NY-10028/ says the entire building's current tax bill is just $1,884,019.

Does it seem to you that a higher tax makes sense?

And

Piotr, what do you regard as a better tax base than the value of land? Milton Friedman repeatedly called it the "least bad" tax, over a span of 40 years. If we enjoy services that are best provided by the community, how would you propose we pay for them?

Taxing land value doesn't damage the economy or distort any markets. It simply collects what used to be known as the "unearned increment" to fund our common spending. Sure beats taxing wages, or sales, or buildings.

Those who are troubled by wealth concentration, joblessness, sprawl and many other problems may find that the (continued on p. 9)

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first step toward solving those problems comes from shifting our taxation onto land value. Check out "ReSolving the Economic Puzzle" (Rybeck) and "The Mason Gaffney Reader: Essays Toward Solving the Unsolvable."

It is worth noting that a 10-year tax abatement on buildings in the 1920s is largely responsible for the "pre-war" buildings that are so prized in the 21st century. Look online for "New Life for Old Cities," also by Mason Gaffney.

And

Topdoc10, the annual property tax for the entire building is $1.9 million. I have in mind that there are 34 apartments in the building. Assuming they pay an average of, say, $100,000 each in commons charges, that's $3.4 million collected, and a bit over half goes to pay for the city's services that make the location so desirable. That's the local level.

If 50% of 11A's commons charge goes to paying taxes, that's $62,900, or 0.7% of the asking price. If my estimates are even close, either the asking price is awfully high, or, more likely NYC isn't collecting nearly as much via the property tax as it ought to be, particularly given the fact that most of the value is locational value -- that is, not created by any of a series of individual owners, but by the community as a whole.

The city ought to be collecting more via taxes on land value -- and less via taxes on wages and sales and buildings -- to provide vital city services.

At the federal level, the apartment owners each were deducting, on average, $56,000 in property taxes. Under 2018 tax law, only the first $10,000 of that is deductible on their federal income tax -- and maybe none, if they have a 2nd home somewhere. (Offset of course, by a reduction in their federal tax rate, if they're in the highest bracket, from 2017's 39.6% (for their income over $418k per couple), to 37% for income over $600k and 35% on their income between $400k and $600k, in return for losing a $46,000 deduction.) <<