

The Landlord's Amendment

By Simon Fee Simple

One of the best illustrations of how the law is frequently designed to safeguard vested wrongs is to be found in the so-called Housing Amendment of the New York State Constitution. This amendment was but lately trumpeted up and down the streets of New York as a streamlined piece of advanced social legislation for which every public spirited citizen should cast an affirmative vote at the polls. Actually the amendment was but a sop to Ceberus; but in addition to the fact that it affords no real solution to the housing problem, it contains the neatest trick in a month of Sundays for safeguarding the interest of the very land monopolists whose privileges create our teeming slums. Left wing bright-eyes touted the proposal from Canarsie to the Bronx, however, and now it is hailed as a "liberal" addition to the organic law of the State. Meanwhile the landlord wears the look of the cat that swallowed the canary.

For, as no one knows better than the landed proprietor, the cause of the slum problem is inflated land values, and any solution predicated on slum clearance and rehabilitation must inevitably result in further enhancement of land values. Indeed it may safely be said that the measure of the success of each housing project is the direct measure of the further aggravation of the cause of our slums. This accounts for the suspicious alacrity of equity owners and mortgagees to support wholeheartedly the housing amendment—a fact which will be more understandable when we ascertain who pays the bill. Let's see who this public spirited Santa Claus really is.

Summarily, the act provides for periodic or capital subsidies, or public loans, either by the State or by the political subdivisions of the State, in aid of slum clearance and low cost housing.

Now, obviously, the subsidy must come from the pocket of the taxpayers. It is also the taxpayer who

guarantees the principal and interest of the bonds, issued by the State or municipalities, for the purpose of floating the housing loans. What is not so obvious is that there are taxpayers and taxpayers. It is just here that the catch is involved. It is very cute. And it goes like this:

The amendment declares that state subsidies shall be payable "only with moneys appropriated therefore from the general fund of the State." The general fund of the State is maintained by revenues obtained by taxation. Sounds very harmless. It is. But it is also the harmless fact that the State of New York has imposed no taxes on real estate for more than a decade, and, with the possible exception of Governor Lehman's proposed nominal tax of \$1 per \$1000 of real property values for relief purposes, it is not likely to impose any for another decade.

There is a similar provision with respect to the financing of subsidies by municipal authorities. While it is true that in cities taxes are raised in part by levies upon real estate, it takes no prophet to predict that the State and not the local authorities will assume the lion's share of slum financing. City landlords will not complain about this.

But that is not all.

Every city has a debt limit which it may not exceed without permission of the State legislature. This limit is fixed at approximately ten per cent of the total average assessed valuation of real estate over a period of five years. While in a city the size of New York this would seem to provide a comfortable margin, Comptroller McGoldrick's recent warning to the Board of Estimate and the City Council reminds us that the city's credit is usually pledged to the hilt and is in constant danger of being exhausted. Our constitutional delegates, realizing that such an eventuality might hamstring the whole housing move-

ment, decided to make an exception. They did. They provided that a city might, for housing purposes only, be permitted to exceed the debt limit on condition that the legislature "shall by law require the city to levy annually a tax or taxes other than the ad valorem tax on real estate for the payment of the principal of and interest on such indebtedness." (Emphasis mine.)

The bold effrontery of these provisions in the heralded housing amendment which permits the landlord to reap the benefits of inevitable increases in land value without obliging him to bear his proportionate share of the cost shows more than anything else who our lords and masters really are.

Victory for the ill-housed third and the Moribundant life.