

How *Not* to Run A City

by LANCASTER M. GREENE

TAXING architectural beauty and excellence reached a new low through the ruling of the New York Appellate Division which approved a special tax on the beautiful copper Seagram Building at 375 Park Avenue. Instead of taxing this land and improvement in the usual way, at approximately four per cent of the assessed value, the city found a way to make good building more difficult than ever. This is considered by many critics to be one of the city's finest structures since World War I, and a prestigious ornament to Park Avenue. It has been hailed as one of the six buildings in the world, which, by sacrificing commercial space, enhanced the architectural beauty of the community. Precisely because it is a "prestige" building, it is being assessed much higher than neighboring structures—not on the market value but on the cost value, which was \$36,000,000.

The Seagram Building has provided a plaza a hundred feet deep on Park Avenue, where fountains play and New Yorkers may stroll at their leisure. For this the city and court say they should be taxed or fined severely, not merely once as the court punishes criminals, but year after year. A cheaper building with maximum coverage of the plot and minimum standard construction, could have been built for 15 to 17 million and would have provided more rentable space, with a lower assessment.

If this tax penalty is allowed to stand it will fine any corporation which builds superbly, as Seagrams did, or as the Chase Manhattan Bank has done downtown, giving plazas to the city and buildings of architectural significance to this and future generations. A number of editorial writers

in New York responded critically to this ruling and might well have drawn attention to communities in Australia and New Zealand which raised the taxes on land values and exempted improvements. All owners started improving right away. No one had to wait for "urban renewal." By the deplorable action of the New York court, architects, builders and investors are warned they will be fined for excellence—with demolition the obvious way to reduce taxes the most.

Henry George, 84 years ago, wrote, "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."

Opponents of George's theory have argued that if land value taxation were applied fully it would compel builders to use every square foot of property instead of making use of open spaces, and that in effect the city has simply imposed an extra tax on the Seagrams for the unbuilt portion of their property. This however is not the case. In the first place, the city arbitrarily imposed an extra tax after the building was completed, and thus changed the rules in the middle of the game. Under land value taxation builders would know exactly where they stood. Furthermore, one of the main reasons for applying land value taxation is to bring down the prohibitive price of land. Once this was done, land would be more cheaply obtained and builders would not have to "cram" a structure into every square foot of space. The general effect would undoubtedly be a more spacious city than we have now. Architects, builders, managers, investors—note well!