

## A "Gold Mine" in the Slums

**"GO INTO** a big American city, buy some grimy tenement in the slums, leave it grimy, don't spend a nickel on it, pack it with tenants, and then relax, because the local and federal tax laws will guarantee a tremendous profit," said David Brinkley in his NBC broadcast on November 22nd last year. "The city and the taxpayers will take a tremendous loss," he said, "but you can think about that on your way to the bank."

In "David Brinkley's Journal," he illustrated this point with facts and figures on a building at 311 East 100th Street in New York. In 1904 a permit was granted to two men to build the six story building at a cost of \$40,000—it was to be one of the finest in New York. Today, 57 years and "25 landlords later," this is in the middle of Spanish Harlem. It has 139 tenants, mostly Puerto Ricans. The rent on an apartment is only \$44.83 a month but even that rental makes the building as "profitable as a small gold mine."

During the intervening years, 25 owners made money out of the building and few spent any. The present owner bought it for \$36,000 and collects \$12,000 in rent, or one-third of his investment. The taxes are only \$1,973 a year so his return is 27 per cent, out of which he buys nothing but a little coal. The city, however, takes a tremendous loss and pays out in cash probably ten times what it collects in taxes.

A police officer speaking on the program called this one of the worst buildings in the precinct, with com-

plaints of narcotic violations, burglaries, police arrests and deaths by accident.

The captain of an Engine Company said they had 80 fire alarms in that block in 1960 and 69 for the first half of 1961. They always find barred gates on windows that should be fire escapes, substandard wiring, and holes in plaster throughout the building.

Mr. Brinkley pointed out that there are thousand of tenements like this in New York and other big cities over the country. "You can buy it, get 30 per cent a year on your investment, and then get even more help from the federal government." A slum landlord gets about 5 per cent for a so-called depreciation allowance, supposed to go for repairs and replacement, but when these are not made he simply collects another 5 per cent profit from the government. Even if he is occasionally convicted of a building code violation the fines are so small—\$5 or \$10—that it is cheaper to pay the fine than make the repairs. "The federal government allows credit for repairs that are not made so the law guarantees a profit and gives the slum owner a free ride on the public's back."

As far back as 1902, said Mr. Brinkley, Jacob Riis said, "The way to get rid of slums is to take the profit out of them."

What better way to take the profit out of slums than by a high rate of taxation on land values? What better way to put profit into better housing than by untaxing improvements?

"What we have received from society we must willingly and voluntarily share with it," said Vinoba, the disciple of Gandhi.