

The Romance of New York Real Estate

By JOSEPH DANA MILLER

(Reprinted by request from SINGLE TAX REVIEW, NOV.-DEC., 1913)

OLD Peter Minuit was the first real estate dealer to do business in New York. It was less than three hundred years ago when he bought the Island of Manhattan from the then proprietors for some beads and trinkets amounting in Spanish guilders of that day to \$24.60 in American money. It was not a glittering speculative bargain as things were then. There have been many more promising purchases of New York real estate made since. For it was twenty years before there was any population to give value to the land, and even then—1646—there were only about one thousand whites. Real estate values grew slowly in those days.

Land is the most worthless of all things legally property. Continents are not cheap at \$24.60 without inhabitants. You have to throw in a few thousand men, women and children to make it really worth while. The Desert of Sahara would be dear at \$24.60. Peter Minuit has been condemned for persuading the Indians to sell at this figure, but the price was almost excessive. What was so much land to the Indians anyhow? They had thousands of acres. And then they got a lot of beads and trinkets and dress stuffs.

The red men did make a protest—a fact which history records—and they claimed that \$24.60 was too cheap for the Island. But that is human nature. And when Governor Kieft tried to levy a tax on them they objected, just as modern taxpayers do. Then the governor ordered an attack on them, in which several were killed, and this was the beginning of many savage incursions by the Indians upon the early settlers.

The city has lost much of its picturesqueness. Pearl street is very unlovely these days, but in the seventeenth century there was a nice beach on one side and later in the same century there were some very fine residences on the other. The low ground on Maiden Lane was known as "the swamps" and here the shoemakers of the city had their tan pits. Later the tanners moved eastward to what was known as the Beekman tract. Jacobus Roosevelt, ancestor of Theodore Roosevelt, bought four and one-half acres in this locality and prospered greatly in consequence. Nothing survives of the buildings of the seventeenth century, and only one or two of the eighteenth—Fraunce's Tavern, built in 1710 or thereabouts; St. Paul's Chapel, built in 1766, and the Jumel Mansion, built about 1758.

William street was the shopping district for the ladies a hundred and more years ago. Where the Mutual Life building now stands in Nassau street was an old Dutch church that was afterwards used as the post office. A few blocks away on Gold street was the First Baptist

Church. On Liberty street (then Crown), close to Nassau, Captain Kidd lived. Around the corner on Pine street (then King) was the French Church. The names of these streets were changed after the Revolution. They ran at the time of their construction through fields of clover.

It will be interesting to consider New York's most typical street—Broadway—certainly one of the most wonderful streets in the world. In 1643 it was laid out and certain lots were granted to individual proprietors. Some of these early landowners were in the employ of the Dutch Company and were given choice of locations—a few secured lots directly opposite Bowling Green. In the same year that Broadway was laid out the first private sale of land was recorded. In that year a lot on Bridge street, between Whitehall and Broad was sold for a little over nine dollars.

Lower Broadway was once the street of fashionable residences. Back in the days of Dutch New York the buildings on one side were of an inferior class, but on the other were many handsome houses surrounded by orchards. Lots on the east side of Broadway at this time brought \$250. One below Wall street sold early in 1726 to Thomas Elde, blacksmith, at that figure. About forty-five years later, or in 1770, these lots went up to nearly \$2,000. But even in 1785 a list of the residents on Broadway below Wall street included shopkeepers, tallow chandlers, painters and glaziers, linen drapers, and carpenters. Most of the tradesmen of today could not buy a single foot of this land. But if they were fortunate enough to have inherited any of it they need not follow any trade at all. So much depends upon selecting your ancestry wisely. Those who have done so with prevision and foresight have profited immensely in consequence. But this is a digression.

If we had strolled up Broadway in 1790 we would have started from the mansion on Broadway and Battery Place occupied by Mrs. Loring and worth, land and improvements, just \$10,000. On Broadway, fronting Bowling Green, was the home of Robert G. Livingston, worth the same amount. A few doors up was a humbler residence, valued at about \$7,000. Then, going a little further up, we come to the corner of Broadway and Pine street and the home of Mayor Varick, worth \$15,000. A little below Wall Street is a really palatial residence—worth, land and improvements, \$17,000. But this is the top figure, and these were the aristocracy of old New York! Not a home above \$17,000 and all for the most part below Wall street.

At this time Broadway stopped at Chambers street, at which the Lispenard Farm began. The street was then extended through this farm, and John Harvey bought a lot near the corner of Duane street. This was a trifle smaller than the ordinary sized city lot. He paid \$250 for it, and built a small wooden house which stood for over a century. Ten years after he bought it

he sold it for \$1,975 to Peter Bruce. In 1818 it was mortgaged for \$7,000 in gold and was sold on foreclosure for \$8,600. In 1825 it was again sold for \$9,000. In 1898 it took a mighty leap and was sold for \$200,000, and was swept into the Astor's maw.

The land brought a small price in those early days of New York. In 1794 the land on which the World Building now stands was sold to Caspar Smaler for \$1,800. Caspar was a farmer of Dutch extraction and an indefatigable purchaser of land. Much of it filtrated down the years and became the inheritance of the Greer family some of it passing to the present J. Edward Simmons.

In 1703 the burial ground on Broadway was given, not sold, to the corporation of Trinity Church, "forever," the only condition being that they charge no more than 1s. 6d. for the burial of a child under 12 years, and no more than 3s. for the burial of an adult. This was the beginning of the mighty Trinity Church corporation.

Values grew slowly because population grew slowly. Note how very slowly it grew. In 1674, when the English took possession, there were about 3,000 persons here; in three years the city added only about 400; in twenty-five years it had increased to only about 1,000 more. In 1771 it had become a city of only 21,683. Nearly a hundred years!

From this date however, New York began to add to its numbers in real earnest. From the year 1790 to 1800 it jumped from a little above 30,000 to 60,000, and from 1800 to 1810 to 95,000. The greatest increase was for the five years from 1845 to 1850, during which time population increased from 371,223 to 515,394.

And with this increased population came increased land values. A thousand building lots up-town, between Fourth and Seventh avenues, were sold in 1820 for \$4,000. In 1852 they were sold for \$780 a lot. This comprised for the most part a residential district. The *Tribune* called attention at the time to this increase of six hundred per cent per annum in thirty years. It is interesting to compare some recent sales in the same vicinity. A lot on 802 Fifth avenue, comprising 2,210 square feet, sold in 1908 for \$250,000, or \$108.66 per square foot. Another lot on the corner of Fifth avenue and 56th street sold for \$725,000 or \$145 per square foot.

A short time ago the land on Broadway and Fifth avenue, between 23rd and 24th streets, a little over an acre in extent, was sold for \$7,250,000. This was practically for the land alone, as the old Fifth Avenue Hotel was destined for demolition and a colossal office building took its place. Sixty years ago this property was valued at \$2,000!

One does not have to go very far for instances of great increase. Sometimes enormous jumps are made in a few years. Thus, a corner at the junction of Broadway and Seventh avenue sold in 1895 for \$135,000 and was sold again in 1902 for \$200,000. Lots on Fifth avenue

have often increased one to four hundred per cent in three or four years.

In 1906 the lot on the corner of Broadway and Dey street sold for \$1,000,000 which in 1745 had brought less than \$200. In 1721 the lots on which the Equitable Building now stands sold for a little less than \$300. This land is now worth \$8,000,000.

Number 20 Wall street and Number 1 Nassau street brought the highest price ever paid in New York, perhaps in the world, for a plot of land of this size, for it was sold for \$1,200,000, or \$655 per square foot, though this price was for the land and buildings. It was bought by the Manhattan Trust Company. The property on the southeast corner of Broadway and Wall street held the record price before this, being sold in 1905 for \$700,000, or \$558.65 per square foot. The record price is, therefore, that paid for the property at 20 Wall street. Yet sixty years before this piece of property sold for \$30 a square foot, or \$55,000. In the period of a short lifetime it grew from that sum to \$1,200,000.

The mere annual increase in the land value of New York is nearly as great as the entire assessed value of all the real estate—land and improvements—of New Orleans or Milwaukee. The assessed value of the land of New York City is greater than the assessed value of all the real estate—land and improvements—of the State of Pennsylvania. And about one thousand persons own the major part of this value. Less than five hundred individuals and corporations own more than one-half the value of Bronx real estate. Of the owners of this immense value of more than \$500,000,000, the Astor estate is one of the largest.

Sometimes the charitable impulse of some early land-owner preserves a part of this great value for purposes of education or social help. Years ago there was a man by the name of Randall who had saved enough from his profitable business of privateersman to buy some land in the city for a farm. This he left to a son, Robert Richard Randall, who in 1801 made a will. He called in Alexander Hamilton who, it is said, suggested that a fortune made on the sea might well be devoted to providing a home for sailors. This suggestion Randall carried out, and it was the beginning of Sailor's Snug Harbor, opened in 1833, which began in that year with 33 inmates.

The Randall Farm covered 21 acres. It was situated at Broadway and Astor Place. The income from this estate in 1814 was about \$6,000. In 1870 this had increased to \$127,000, in 1875 to \$262,808, and in 1886 to \$302,643.* (See foot note on page 56.)

In 1814 the Legislature of New York gave to Columbia College Dr. Hosack's Botanic Gardens, acquired by the State some years before. This was situated at Fifth avenue from 47th to 51st streets, westward to within one hundred feet of Sixth avenue. In 1857 eight lots

were sold on the corner of 48th street and Fifth avenue for one dollar and a mortgage of \$80,000. A single lot was sold in 1887 for \$70,000. The college owns about three-quarters of the original property. In 1825 \$18,000 was offered for it. In 1854 it was estimated as worth \$350,000. It is now worth over \$30,000,000.

The New York family that profited most largely from the original sale of Manhattan Island to Peter Minuit were the Astors, whose ancestry dates from an immigrant who on his arrival in this city worked as a delivery boy for a German baker. The Astors are fond of tracing their ancestry back to a Spanish grandee, Jacques D'Astorga by name, but they have to go far back to find a gentleman of that consequence—back as far as the twelfth century. Of course, a like industrious investigation would reveal as distinguished a lineage for almost anybody who wanted to try it. But no later than one hundred and twenty-five years ago the family were bartering beads and rum and firearms for Indian furs. And one of them, Henry Astor, who had preceded his brother here, was pushing his sheep and calves in a wheelbarrow through the Bowery from Bull's Head. He used to refer to his wife, who was a very pretty woman, as "De pink of de Bowery," just as some of the latter inhabitants of that land might refer in their own *patois* to their consorts. Henry, no more than Jacob, looked to make his real money by trade. When he had got a little together he made a shrewd purchase for \$8,000 of the land occupied later by the old Bowery Theater.

John Jacob Astor sailed for America in 1783. Washington Irving tells us in his "Astoria" all about his ambitions, his fertile genius, and his quick sagacity as exemplified in his trade for peltries. He has even told us of how his hero and patron attempted by methods with which modern ways of finance have made us rather more familiar than Irving was, to drive out his competitors and establish a fur monopoly, an achievement which, by the aid of government, he was able partially to effect. He tells us that "Mr. Astor was not actuated by motives of individual profit. He was already rich beyond the ordinary desires of man." It seemed a shame to Mr. Irving that Mr. Astor should have encountered "opposition" from competitive fur companies which were seeking the trade for themselves. We find him "impeded" everywhere by

rival companies which were as anxious to get ahead of him as he was to get ahead of them. We are told by Mr. Irving that it was a part of Mr. Astor's plan to furnish the Russian fur establishments on the northwest coast with regular supplies so as to render them independent of those casual vessels which "cut up the trade and supplied the natives with arms." With a view to effecting arrangements with the Russian government, our own government accomodatingly furnished passage in one of its armed vessels to Mr. Astor's accredited agent. The Russian government then agreed to act in concert against all "interlopers." Mr. Irving tells us that this "gave a formidable blow to the irregular trade along the coast." No doubt.

James Parton has told us that not more than two millions of the twenty millions that John Jacob Astor died possessed of was the fruit of his dealings in the fur trade. The tariff helped John amazingly, for one thing. The tariff on tea was twice the price of the tea in those days, so Astor went heavily into this. He would dispose of his furs in Canton and return with cargoes of tea to New York. As the government allowed credit at this time for twelve or eighteen months, Mr. Parton calculates that in this way Mr. Astor had the free-of-interest loan from the government of over five million dollars in eighteen or twenty years.

The Astors were among the first to foresee the future growth of the city. Some of them bought lots on lower Broadway where skyscrapers now stand for two and three hundred dollars apiece. They were shrewd and self-denying; they seldom sold. One of the members of the family said: "I will not sell my land; I will not put buildings on it. I will do only one thing." That one thing was to lease it. In making their purchases, farms were their specialty; there were not so many perishable improvements to pay for. There was the Thompson Farm east and west of Fifth avenue from Thirty-second to Thirty-fifth streets; this was bought as late as 1826 for \$25,000. Five years ago a single lot on this tract brought \$400,000. They bought, too, in times of panics and industrial depressions and failing markets. They have perhaps obtained too much credit for shrewdness, for the lesson once learned was easy enough, and became a tradition and a habit of the members of the family from generation to generation. It was the policy borrowed from Isaiah and accompanied in this case with his anathema. Merciless foreclosures helped the growth of the estate, and the family thrived mightily.

They were never loved, though now and then one of them tried to do something useful; one invented things and another wrote a book, not half bad, but now forgotten. For the most part they attended strictly to business, which in this case was the profits of other people's business.

No wealthy family ever gave less to the city. Even the Astor Library had to be extorted from John Jacob

*From Mr. William T. Croasdale's History of Sailor's Snug Harbor and the Randall Farm, written in 1887, we cite as follows:

Population of City.		Income from Estate.	
1805.....	75,770	1806.....	\$4,243.00
1816.....	93,364	1817.....	6,659.00
1855.....	515,547	1855.....	75,000.00
1870.....	942,292	1870.....	127,000.00
1875.....	1,046,037	1875.....	262,808.00
1880.....	1,206,590	1880	No report discoverable.
1886, estimated	1,500,000	1886.....	302,643.24

Mr. Croasdale noted that while the population of the city was twenty times as great as in 1805, the income of the Randall Farm was seventy times as great.

To a man, who, if hardly one of the glories of contemporary letters, was at least a conspicuous literary figure in New York, Fitz Green Halleck, who had served him faithfully for nearly twenty years, John Jacob Astor left an annuity of \$200, which tremendous sum another member of the family afterward had the decency to increase.

Unpopular the family always were—though in justice to them it should be said that they never did anything not expressly permitted to any landlord and which was simply practiced more persistently and systematically by these members of their class. The suggestion of the *New York Herald* on the death of the then head of the family, William B. Astor, that it was not the Astor genius or energy that had made that fortune, but the city's commerce and the progress and enlightenment of its citizens, and that therefore his property ought to be divided into two parts, one going to the heirs and the other to the city, is a suggestion which has a "socialistic" or "communistic" or "anarchistic" look—the reader can choose his own epithet out of this choice lot. But is is significant of the little regard in which the city has always held its greatest landlord family. But, as we say in the slang phrase of the day, this never "phased" them. Immutable as fate, silent, secretive, dogged, merciless, they continued the policy accursed of Isaiah and the people did the rest.

Something of the working of the system by which the Astors have chiefly benefited may be observed in the business that goes on behind a two-story red brick building on Twenty-sixth street, west of Broadway. Its windows are heavily barred; behind them are a force of clerks. The work of this office is the receiving of checks from the busy people of the city—those who do the work. It is calculated that many millions annually are sent from this office to a gentleman uptown at 840 Fifth avenue. The amount increases every year; every immigrant ship that lands its human freight at our doors and empties it on the East Side adds to the revenue of the family. The greater part of it is the inheritance from that first sale made to Peter Minuit.

Think what an investment in New York land means. Population increases about 100,000 every year. In consequence land values increase fifty to one hundred per cent each year. Population does it. Whether by the immigration or stork route makes little difference. Somewhere some landowners takes a little more by reason of the presence or the coming of the stranger. This is the sole reason why John Jacob Astor's investment of about \$2,000,000 has now become worth \$400,000,000.

The true consideration is not stated in the deed which secures the ownership of a piece of land. Let it therefore be "nominated in the bond" that such deed conveys to the owner of said property so many hours of labor of banker, seamstress, railroad projector and motorman, manufacturer and clerk, lawyer and typewriter and office boy—so many hours a year of all those engaged in

the myriad forms of industrial activity. The right to certain hours of labor of those who troop to factories at six o'clock in the morning, the army of clerks, bookkeepers and salesmen, *et. al.*, are all conveyed in the title deed. Edison works so many hours in the year for the owner of that little bit of paper; contractors, builders, architects, contribute each his mite, a swelling sum.*

Nor can they escape doing so. If the inventor or producer strives to make things cheap, to save labor, to increase the store of wealth, he but helps to make one thing—and one thing only more valuable—that innocent bit of paper which carries with it the ownership in the values of land. Government does its share to add to its miracle-working properties. When government lights and paves the streets, or builds schools, or does things to make life happier and fuller, it works for the owner of that title deed. This is all clear enough to the discerning. Writers on political economy call it "rent"—"economic rent." Sometimes they call it "prairie value," but it is only so in a sense, for it is "prairie value" plus population value.

Here in this city where all men seem active in the work of production are many who are active in other ways. All, or nearly all, such men, "work"—but the economists have only one meaning for the word. "Work" to them means production; work in the popular sense is just being busy at something.

Perhaps twenty per cent of the population are busy without working. The other eighty per cent do the real work, and the twenty per cent are collecting toll or devising schemes for collecting toll. Less than five per cent own the land of the city, and the other ninety-five per cent pay for the privilege of living here. But certainly fifteen per cent live in subtle ways on the five per cent who in their own turn live upon the eighty per cent.

A great deal of the increase in the value that has come to the land of Manhattan is due to the shape of the island. It is curious to reflect that because Manhattan Island runs down to a point the revenues of the Astors are greater than they would otherwise have been. With little eye to the future, in the first cosmic whirl of worlds, a little part of the earth was fashioned for the greater luxury and indulgence of a favored family—and the configuration of a little point of earth fronting a harbor was fated to bear a real magic of riches under the prosaic title of "New York real estate." The tremendous volume of the business of the city pressed down upon this point and would have overflowed the harbor if such a thing could be conceived.

Nature at the very beginning had worked in other ways for these families. For the end of the island is a point in which is concentrated the stream of commerce from the west through the Appalachian range to the coast; it is the heart for the arteries of half the trade of a continent.

The immense revenues of the landowners of New York—and of every other city, indeed—do not come from the

improvements, the stately buildings, the rows on rows of tenements. As permanent investments these would not be worth a penny. They are as "insubstantial as the pageant of a dream." They vanish in a generation. Every septuagenarian has seen New York change three times in the years he has lived. Little of the work of each generation survives. The granite sub-treasury building, begun in 1834 and completed in 1841, is almost the oldest substantial structure in New York, and is thus less than seventy-five years old. The Astor House recently destroyed goes only a little more than fifty years back. Going back further when New York was Dutch what relics of this period survive? But the island remains, the earth and rocks, the geologic formation, plus population—and the revenues of the great landowners remain as long as these remain. Houses, mercantile palaces, and stately office buildings come and go—but a little earth and rock and sand fronting the harbor remain as a very permanent investment, which increases constantly in value as the human tides flow in.*

Miscellany

ALL TAXES PASSED ON

It seems to me that there is a splendid opening in this country for a man who knows how to talk to the people, to be a new kind of demagogue by exploiting the simple truth that there is almost no kind of tax on the rich that the rich cannot pass along to the poor. It is the poor wage earner—who has nothing to sell but labor that is not greatly in demand, and who spends every cent he earns—who pays nearly the whole cost of government. Some learned economists have said that the income taxes of the rich are not passed on to the consumer, but in many situations this doctrine is obviously unsound. The corporation pays its executives big salaries because their income taxes are high. It pays their taxes for them, in short, and then gets them back by keeping down wages, by replacing labor with machines, by speeding up or by raising prices to the consumer.

HEPTISAX in *Herald Tribune*.

DICTIONARIES ADDING TO THE CONFUSION

It is a very unfortunate thing that the dictionaries, through their otherwise excellent custom of taking notice of slowly changing meanings of words, have added to the confusion in terminology. Dr. Nicholas Murray Butler has said most rightly that non-believers in collectivism give away their whole case to the Marxists the moment they accept the use of the term "Capitalism"—a state of society which economically exists nowhere except in the minds of Marxists. Yet Webster's long ago yielded. It gives first the real meaning—"the state of having capital" as a capitalist; second, the meaning of "the concentration of capital in the hands of a few"—for which state the word Privilege would be far better and more lucid; and finally the Marxist definition of the present order—an order which existed

*And the poorest of the workers of the great city must part with a portion of their earnings to swell this tribute. Mr. John Martin in a pamphlet published several years ago, pointed out that among decent self-supporting families with an income of less than \$600 a year throughout Manhattan, an average of 26 to 27 per cent of the family expenditure is for rent. In the more wretched and poorer quarters the proportionate levy is higher. In a block bounded by Allen, Stanton, Orchard and Rivington streets families pay put thirty per cent of their income, and some nearly half of all they earn.

in ancient times, which existed in feudal times, which exists now in what are called "industrial" times, and which always must exist even in the most ideal times, with such modifications of human greed as may be needed, together with a deeper understanding of equity and justice, to make *those* times greater and better than any ever known.

—*Herald News*, Passaic, N. J.

WHERE WILL IT END?

Of course, any scheme that is fundamentally unsound will have unexpected repercussions, all of them disastrous. The question to ask ourselves in connection with this housing scheme is: Where is it going to end? When the State has built a sufficiency of houses will it be able to go out of business? Exactly the same question arises in connection with the public works that are now going on. At the time the scheme is finished will the tradesmen employed by the State be absorbed in other industries, or will the State have to continue building for the sake of making work? Again, when we embarked on the purchase of land for settlement over forty years ago we laid the foundations of a political party, Crown leaseholders who demanded the freehold, and when their friends came into power they got it. We know that everybody who has a piece of land wants to mortgage it because mortgaging nowadays appears to have become a regular industry, as it were, though such a great thinker as Gladstone regarded mortgaging as he regarded bankruptcy—something in the nature of a last resort. Well, if we get enough State houses built, what assurance have we that the State tenants will not demand the freehold? Does anyone seriously believe that the present Opposition will refuse them when it comes into power?

I have hinted merely at one or two of the reflections induced by the scheme. It requires no prophet, however, to say that the scheme, no matter how good the intentions of the Minister in charge—and I do not question them—is doomed to failure, because it is fundamentally unsound and therefore cannot solve the question of housing. May I say in conclusion that the essential equity and social benefit of land value taxation are fairly demonstrated by the flourishing state of the building industry at the present time in the city. Wellington is the largest centre that has adopted rating on the unimproved value in its entirety. And the critics notwithstanding, the system has come to stay because it deserves to stay. Extend that principle in the direction I have indicated, and we shall soon have no housing question, no unemployed question, no labour question.

HON. P. J. O'REGAN, in Wellington, New Zealand, *Post*.

FEDERAL-LOCAL HOUSING COOPERATION

Every effort by governmental agencies or private enterprise to provide low-cost housing in our chief cities has met the obstacle of exaggerated land prices. It has been necessary, therefore, to increase the number of families within a given area in order to decrease rent. The obvious result has been a further increase in land value and overcrowding with all its attendant social evils. While British local authorities have usually permitted no more than twelve families to live in one acre in publicly owned housing, most of our urban development for low-income families is far more dense. The concentration of families of small means into multiple-story tenements has many undesirable effects. It is tolerable for adults alone, but exceedingly bad for families with children, because of the lack of privacy, quiet and play space.

Our methods of assessing land values and our system of taxation have much to do with this problem. Speculative land values, arising from a hope for high returns from intensive future development, overcrowd the land and burden housing. Only the enforcement of careful city planning can restrain such speculative values, by making it clear that land in residential districts will be worth only its site value for dwelling purposes. Such planning would also lessen the burden which taxation imposes on housing, by discouraging the assessment of property at a value depending on conversion to a non-