

EAST SIDE ESPLANADE GAP

by Scott Baker, New York, NY

This proposal to close the gap in the esplanade along New York City's waterfront by the United Nations, was first presented during my three minute opening presentation to the city, state, and federal representatives at the September 2011 Town Hall sponsored by community board 6. It has since been slightly updated and re- sent to my city council member Dan Garodnick, my Assembly member Brian Kavanagh, and my State Senator Liz Krueger, all original sponsors of the current U.N. Land swap proposal, which is much more complicated and which requires U.N. buy-in from the General Assembly that, to date, has not been forth-coming, despite repeated assurances from my representatives that this is mostly a "formality." The state and city have bought into the land swap deal, which includes the U.N. building on a popular neighborhood park in exchange for unsettled amounts of money being put into the esplanade, as well as the U.N. giving up two city-owned buildings which would then be resold to raise the rest of the funds. To date, none of these arrangements has, or can, come to pass, without U.N. approval.

I offered this Special Improvement District proposal, based on a special assessment of Land Value Taxation to the surrounding neighborhood (which includes my address too) over 10 years. It is enough to raise the \$200 million that was the estimated cost of the project in 2011, but may have to be recalculated to account for inflation since then. The gain in property values is projected to be more than enough to offset the cost of the temporary assessment.

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EAST SIDE ESPLANADE GAP CLOSURE PROPOSAL 09/20/2011

For a relatively small cost, East Midtown could have an enjoyable completed esplanade - a vital and safe passageway for bikers, park-goers, and other New Yorkers. This proposal does not depend on the UNDC, state or city funding.

Our proposal would raise \$200 million over 10 years, to fund the construction of a new Esplanade (aka Greenway) to run from the current north end of Glick Park on the East River at 38th street, to the south end of the Esplanade at approximately 61st Street. It takes into account current cost estimates to complete this "last mile."

A proven approach to collecting money for infrastructure projects is one that also fosters growth - the Land Value Tax. This is a tax on land, not on improvements. The tax incentivizes land-owners to build on underused land, or to sell to someone who can. Developers are rewarded for improving their sites by leaving those improvements untaxed.

A new Esplanade would directly improve the neighborhood from 38th - 61st, east of Second Avenue, so this area was used when calculating the Land Value Tax to be collected. Different borders would yield different results. Examples abound:

- Collecting \$2B in taxes from the Hudson Yards Project is funding the #7 train line extension, (http://www.crainsnewyork.com/article/20131014/REAL_ESTATE/131019954)

- A recent neighborhood tax proposal would have paid for maintaining the west side esplanade, <http://www.dnainfo.com/new-york/20110812/chelsea-hells-kitchen/udson-river-park-tax-plan-could-affect-more-properties>:

The plan - which has to be approved by the City Council before it can go forward - would have assessed a small fee of about five cents per square foot on property owners in order to raise up to \$10 million a year.

There is ample evidence for substantial ROI in similar projects. This story on the booming success of the Highline, <http://www.nytimes.com/2011/06/06/nyregion/with-next-phase-ready-area-around-high-line-is-flourishing.html> showed:

...the High Line as a public park revitalized a swath of the city and generated \$2 billion in private investment surrounding the park. Amanda Burden, the city's planning director, emphasized the boost to property values, saying that in one building that abuts the lower section of the High Line, the price of apartments had doubled since the park opened, to about \$2,000 a square foot.

At the Hudson Yards area, The NY Times (<http://www.nytimes.com/2012/04/04/realestate/commercial-developmentflourishes-in-manhattans-hudson-yards-district.html>) reports:

... that more than 5,000 apartments have been built and more than \$5 billion in private development has been invested in the area between 28th and 43rd Streets west of 8th Avenue since it was rezoned in 2005.

Clearly, property owners would benefit far more in the long run than they would pay out in the short run. Those who benefit from improvements should pay for them.

Currently, the average tax paid on both building and land values is 4.69% for this area. The proposal seeks to increase the total tax by .32% to 5.01% (a 14.6% increase) but since the tax would be on land only, the land value tax would go up by .93% and the building tax by 0%. This would add \$4.20/square foot to the total 4,765,802 square feet for all 38 taxable blocks in the designated area.

We used New York City's GIS mapping system (<http://gis.nyc.gov/doitt/nycitymap/>) and Common Ground-NYC's proprietary database, with data from NYC's Department of Finance, to calculate total square footage, total taxable building and land values, and the current tax bill and percentages paid.

Attachments to Proposal:
Esplanade Gap Zones NYCityMap
Close the East Side Esplanade Gap 9/16

(note: Scott Baker has uploaded the entire document to slideshare: <http://www.slideshare.net/ScottOnTheSpot/land-value-tax-gap-closure-proposal-29529037>)