

NEW YORK PROPERTY TAXES COMMENT
BY SCOTT BAKER, NYC

If you live in NYC like I do, and pay attention to what's going on, there really is no question that low property taxes lead to higher property prices. We are ground zero for anti-Georgist policy, and by proving the anti-case, it proves the pro-case must be true as well: if property taxes go up, the price will come down. The examples wherein there are up to 95% tax abatements result in such extreme price appreciation - up to a 9-figure luxury apartment in one case in a building with just such an abatement, even more extreme than in Detroit - that it doesn't really matter that the tax is both on location AND improvements

I went to a local community board meeting recently where there were well over 100 people, 4 elected politicians or their representatives, and half a dozen formal neighborhood groups representing thousands of people, all united in their opposition to a "super tall" - as these skyscraping luxury condominium buildings have come to be known - in the Sutton Place neighborhood. This is a "contextual" neighborhood where buildings are typically 20-30 stories tall, not 700+ feet, as the proposed tower would be.

Interestingly, super tall buildings like this, subject to the notorious 421a tax abatement exchange for affordable housing, which really isn't very affordable, don't even house many residents. Their average apartment size is 2,000 sq. feet, in a neighborhood where apartments are typically half that size - 1,000 sq. feet - and even less. And these luxury apartments are not even lived in; wealthy foreigners park their excess cash in these "sky deposit boxes" as one neighbor put it. They aren't legal residents here, so they don't pay taxes. They live in the apartments maybe 1-2 months a year, so they don't even spend much in NYC. It's a lose-lose situation for the city, which only collects a meager one-time transfer tax and has to maintain services and utilities forever. The 421a program costs the city over a billion dollars per year, money which could have gone to directly house the 60,000 homeless, for example.

Fortunately, at the CB meeting, our neighbors near unanimously supported a new zoning law to retract as-of-right building of super-talls in favor of appropriate height and affordable housing buildings with apartments sized for actual middle class residents. These buildings would be restricted to no more than 260 feet in height, which by itself almost precludes low-density mega-buildings that use valuable space for non-residents.

It's not Georgist, but something must be done and even half measures are better than the status quo. <<