

TAKING IT TO THE PEOPLE – OR TO THE POLITICIANS?

By Scott Baker, New York, NY

I, along with our Common Ground members and other Georgists, have had several opportunities to deliver our Single Tax message to both the public and to local politicians over the last couple of months.

There were two September town hall meetings on closing the gap in the east side esplanade, sponsored by a city council member, a State Senator, a State Assembly member, and my Congress member. While I only talked about the safety and traffic issues of closing the bike Greenway gap at the first meeting, I took the opportunity at the last meeting to propose a funding alternative to the complicated United Nations Land Swap deal currently on the table, one based on a local improvement district east of Second Avenue, between 38th and 61st Streets - 38 blocks. Analyzing this area with Common Ground's (really, Lindy Davies') database, I came up with the following proposal, which I talked about for the 3 minutes allotted to each speaker, and in my handout to the politicians:

For a relatively small cost the East Midtown neighborhood could have an enjoyable amenity, a vital and safe passage-way for bikers, park-goers and other New Yorkers, for decades to come.

This proposal would raise \$200 million over 10 years, to fund the construction of a new Esplanade (aka Greenway) to run from the current end of Glick Park on the East River at 38th street, to the beginning of the uptown portion of the Esplanade at approximately 61st Street. It takes into account rough current estimates to complete this "last mile" of the Esplanade, but not any other plans or monies that might come forth for various parts (e.g. the rebuilding of the Con Ed pier or Andrew Haswell Green Park).

A proven approach to collecting money for infrastructure projects that also fosters growth is the Land Value Tax. This is a tax on Land, not on improvements. Landowners are incentivized to build on underused land, or to sell to someone who can. Developers are rewarded for improving their sites.

Since the new Esplanade would directly benefit the neighborhood from 38th - 61st, east of Second Avenue, that is what was used when calculating the Land Value Tax to be collected. Collecting a tax from the Local Improvement District (LID) has been done and proposed before, recently on the west side to pay for upkeep on the west esplanade:

Hudson River Park Tax Bid Could Affect More Properties. (<http://www.dnainfo.com/20110812/chelsea-hells-kitchen/hudson-river-park-tax-plan-could-affect-more-properties>):

The plan - which has to be approved by the City Council before it can go forward - had previously only included a two block-wide strip located directly next to the park, which runs from Battery Park City to 59th Street. It 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.

In the plan proposed here, some \$20 million would be raised, but it is for a larger area, and only a tax on land, not on developments, for reasons cited above. Since the money would be collected over time, I propose issuing a low-yield 10-year bond to pay for the immediate costs, which will be covered in the normal manner of most such bonds through ROI over time.

There is ample evidence for substantial ROI in similar projects. See this story on the booming success of the Highline:

The High Line Isn't Just a Sight to See; It's also an Economic Dynamo,

(<http://www.nytimes.com/2011/06/06/nyregion/with-next-phase-ready-area-around-high-line-is-flourishing.html?scp=5&sq=highline%20park&st=cse>)

which shows 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.

Clearly, property owners would benefit far more in the long run, than they would pay out in the short run.

I used New York City's GIS mapping system (<http://gis.nyc.gov/doit/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.

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% 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.

However, just yesterday I learned that the Memorandum of Understanding had been signed with the United Nations, so it looks like this Plan B will not be needed - maybe. This will be a long-term project, with many more meetings, proposals for actual construction and possibly funding short-falls. Since the current plan is to raise the \$200 million by using \$65 million from the U.N. directly, and the rest from the sale of 2 nearby city-owned buildings currently used by the U.N., in exchange for the building they would build on the alienated park east of First Avenue, between 41 and 42 streets, there may be other "opportunities" to supplement the funding down the road. The Assembly member sponsoring the event, and in my district, wrote a thesis on Henry George for his Master's, and we had talked about Georgism before. But, he asked for a direct example of where this kind of LVT has worked before in other cities, and the closest I could come up with was Altoona and the afore-mentioned proposal for Manhattan's west side esplanade (see above). Politicians are notoriously conservative and loathe to take chances on what they perceive as unproven theories. Still, I may have other chances later on to show our theory is actually one of the most proven out there, and I did leave them with enough material to begin to demonstrate that.

Stay tuned.

I recently also had a more direct opportunity to meet with a newly elected (in a special election) Assembly member, Micah Kellner, to discuss LVT in general (cont'd on page 5)