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NEW YORK CITY AND ITS LANDS.

W. B. Scott.

Under the title, "Studies in History, Economics and Public Law," the political science faculty of Columbia College is issuing a series of monographs containing original researches in fields such as the title indicates. Number three of this series is a pamphlet, illustrated with maps, on "The History of Municipal Ownership of Land on Manhattan Island," by George Ashton Black, Ph.D. Dr Black has taken his facts from the original public records, and his interesting pamphlet is, I believe, the first attempt to treat of this subject at length.

After the Indians had been bought out for twenty-four dollars or so, the owner of Manhattan Island was the Dutch West India Company, who governed it through the famous director, General Peter Stuyvesant; and from him, in 1658, the burgomasters of the town of New Amsterdam acquired, after much trouble, title to all the vacant lots inside the wall, that is, on the end of the island below Wall street. The grant was made in order to give the town some means of raising a revenue, by disposing of the lands, as it had no power of taxation. The burgomaster's sales and disposal of these lots did not suit Peter Stuyvesant, for he complains of the "spaciousness and great size of the lots which some hold and occupy—the one more than the other." He, therefore, in 1660, caused a survey to be made of all vacant

W. B. Scott was born in 1865 in New York City. His father is Prof. David B. Scott, of Columbia College, New York. He graduated from the public schools and attended the City College for three years, leaving in 1882. While occupying clerical positions in banking and railway offices he became a convert to the teachings of Henry George, reading "Progress and Poverty" in 1883, and coming in touch with the earlier disciples, who by that time had begun to hold small public meetings and had formed the American Free Soil Society, the first single tax organization. Of this society, of which Mr. Louis F. Post was president, Mr. Scott was acting secretary in 1885. Mr. Scott was on the staff of THE STANDARD from its first issue, writing for all the departments. At present he is contributing political and general matter to the English newspaper press through a well-known news gathering association.

lots, and discovered several hundred on which no buildings had been erected. All such lots he ordered to be taxed the fifteenth penny, the proceeds to be applied to fortifications. By the "fifteenth penny," I presume, was meant one-fifteenth, or nearly 7 per cent. of their selling value. The option was given the owners of paying the tax on a valuation fixed by the burgomasters, or selling the lots to the burgomasters at the same valuation; or, if the owners fixed the valuation, the town was to have the option of taxing or buying at the owner's valuation. And this taxation (the only taxation at the time) was to continue "until the proprietors shall construct buildings, when the tax shall cease."

Wise old Peter Stuyvesant! What a city would this New York be to-day had your sagacious policy been developed and applied for the 230 years that have elapsed since then. I venture to say that this is one of the first instances in the history of the world where taxation was recognized and applied as an aid and stimulus to production (without in any way restricting it) instead of as a fine on labor and thrift. What a retrogression have we had, when to-day we levy an annual tax on the value of every beam and brick, every floor and roof of every house built, doing our best to discourage the growth of the city and its trade, and the comfort of its inhabitants; encouraging the owners of the typhus-breeding, dingy, crazy tenement barracks by low taxes, and actually bribing the owners of the "spacious and great lots" of vacant land to hold them unused by valuing them for taxation at from 50 per cent. down to as low as 10 per cent. of their true value—in general, we may say, taxing a lot with a house on it at three and a half or four times what an empty lot of the same value is taxed.

In 1665 the city was incorporated under English rule. The all-dominating Anglo-Saxon had overcome the less enterprising Dutchman. The corporation was composed of the inhabitants of New York and Harlem, and its territory virtually included the whole of Manhattan Island, some twelve or fourteen miles long, by from three-quarters of a mile to three miles broad.

Like the Dutch burgomasters, the mayor and aldermen of the city appealed to their governor for a donation of unappropriated lands, and as a result the Dongan charter of 1686 was secured from Governor Dongan. This charter gave to the city about one-seventh of the whole of Manhattan Island, including its choicest part. The island then contained about 10,000 acres, and the charter gave about 1,450 acres of indisputable title. Since then some 2,400 acres have been filled in and added to the island. Below the present Twenty-eighth street the charter gave "sixteen acres, certain swamps, and the old Dutch Common in the vicinity of the present City Hall." [This is the only general statement on this point given by Dr. Black, but I gather from various statements that there must have been about 100 acres in this down-town property. I do not know what land the "sixteen acres" refers to. The Dutch Common is spoken of below.] Above Twenty-eighth street it gave a plot of some 1,100 acres in the middle of the island, from Twenty-eighth to about One Hundredth street, indefinitely broad, but extending in one part from First to Seventh avenues, and including a large part of what is now the Central Park. It also gave some 240 acres on the Hudson River, between One Hundred and Seventh and one Hundred and Twenty-fifth streets.

The first permanent taxing power was obtained by the city in 1691. It was to levy taxes "on houses," in proportion to the value they received, for making sewers and pavements. In 1693 the vestry of the established church (not the city) received power to tax the inhabitants for the minister's salary and for the maintenance of the poor, from which we see that land being already valuable a d appropriated, the landless poor, whom "we have always with us," had begun to make themselves noticeable. This church taxation di app ared with the Revolution; the poor, however, remained. For fifty years the improvement assessments were practically the only municipal taxation (except occasional special taxes), the revenue of the city being derived from sales and leases of its lands, and from the leasing of the Brooklyn ferry and the city's dock, near what is now South Ferry.

Sales of the lands at the southern end of the city commenced immediately after the charter was obtained, as the city had to pay £324 in fees to the governor for the charter itself. The first sale was of sixteen acres, equal to say 200 lots, including streets, on the Hudson River, near the present Gansevoort street, for £16. Fourteen lots fronting Dock street brought £470. Other sales at similar prices were made all along the East River front up as far as Beekman street. The English (Trinity) Church received the 310 feet on Broadway, opposite Wall street, it now occupies, and the Dutch Church bought a plot on Exchange place south of Wall street, between Broad and William. The 240 acres above mentioned were sold at auction in 1701 for about £1 an acre. Other lots on the East River below Wall street were sold, as was the first City Hall site at the lower end of the city.

The first leases were made in 1704. One was a twenty-one-year lease of Beekman's Swamp, the large district, four and one half acres in extent, still known as "the Swamp," where the leather business is centered, between Spruce, Frankfort, Gold and Cliff streets. This tract was sold to Mr. Roosevelt in 1728 and 1734 for £100. The other was of some of the lands near the Harlem line, which ended the uptown commons and extended diagonally from Seventy-fifth street and the East River to One Hundred and Thirtieth street and the Hudson River. I mention the specific sales and leases in the lower part of the city, partly in order to show where the city's lands were located, as Dr. Black has not made it clear.

The beginning of the municipal debt, that gigantic institution, the pride of the financier, which now amounts to some $100,000,000, was made in 1750-51, or say 140 years ago. The amount of the first permanent contribution to this debt was £860, the money being used to build a pier. From this time to the Revolution the city's revenues were partly from special annual taxes, partly from lotteries and partly from water rents, ferries and dock leases. The land sales and leases were few.

The old Dutch Common pasture included the present City Hall Park and the post office site, the triangular block occupied by the Potter and the Times buildings, and almost all the land east from Broadway to beyond Chatham street, or Park row, and south of Chambers street. This land was divided into lots and leased at rentals of from £2 to £4 annually per lot. Twenty-eight lots on Thomas, Duane, and adjoining streets were first leased and then sold outright for £1,000 to the Reformed Protestant Dutch Church; and the Potter and Times buildings triangle above mentioned was leased to the English Presbyterian Church at £40 a year. Thirty-seven years ago the church was allowed to sell this plot, and the city received one-quarter of the proceeds. The plot sold for $225,000.

In 1789, after the Revolution, one of the first acts of the free and politically (if not economically) enlightened commonwealth was to sell 190 acres of the upper lands, mostly between Thirty second and Forty-eighth streets, and Lexington avenue and Broadway, at an average of twenty-eight pounds, or $70, an acre. The pound was not a pound sterling, but a United States pound, worth about $2.50.

In 1792, fifty acres, between Fifty-seventh and Sixty-fifth streets, and Third and Fourth avenues, sold for $30 an acre. An acre will make at least twelve full lots, each 25 by 100 feet, and the adjoining streets, or sixteen lots without streets.

Regular municipal taxation seems to have begun with the new Government. About this time the city began to grow with great rapidity, the population being 30,000 in 1790, and 60,000 in 1800. Speculative values of lands had of course appeared. The growth attracted attention, and in 1796 the policy was adopted of selling every alternate lot of the remaining lands, and leasing the others. This policy was continued until 1844.

In 1805 and after, the old leases of downtown lots began to expire. They were renewed at rates fifteen to thirty times as great as those made twenty-one years before. Fifty-nine lots uptown were sold by the city, at this time, at the rate of about $2,000 an acre. They were surrounded by those mentioned above, which the city had sold sixteen years before for $70 an acre.

About this time a pond and swamp at what is now Broadway and Elm street, south of Canal street, the pond being the city's by the charter, and the swamp being purchased from the Rutgers family, were filled in, divided into lots, and as the city debt was increasing rapidly, some fifty or more were sold for about $1,000 a lot.

Some time before 1812 the city bought six and one-quarter acres at Bellevue, Twenty-fourth to Twenty-eighth streets and East River, to accommodate the almshouse and penitentiary, which had grown out of their old quarters.

In 1813 the city traded some land it had bought down at the Narrows, south of Brooklyn, to the United States, and received the whole square at the extreme south end of the city bounded by Bowling Green, Whitehall, Bridge and State streets. It was laid out in seventeen lots and immediately sold, with buildings, for $165,000, or nearly $10,000 a lot, some eighty or one hundred times what it was worth one hundred and twenty-five years before. The profit to the city on the transaction was $80,000. This is the identical block which the United States Government is now trying to re-purchase from the individual owners for a new custom house site. With the old, insignificant buildings on it, it was appraised a few days ago by seven experts at from $1,700,000 to $2,300,000, or twelve times what it was worth seventy-nine years ago. In this same year, 1813, the city debt of $225,000 was doubled in order to buy the ground for Fulton Market. An operation similar to that just mentioned was the city's purchase of the old State prison site of six acres along the Hudson River, at Barrow, Christopher, Amos and Charles streets, in 1828, for $32,500. This land was divided into one hundred lots and sold next year for $128,000, giving a profit to the city of some 300 per cent. in one year.

The opening of the Erie and Champlain canals in accordance with the farsighted policy of New York's great governor, DeWitt Clinton, gave the city a tremendous impetus, and in the decade previous to 1835 the assessed value of real estate almost trebled, while population increased 60 per cent. The further growth of population necessitated costly improvements, particularly the construction of the croton aqueduct for water supply and the building of those evidences of progress, the Tombs and a lunatic asylum. The debt incurred for the aqueduct amounted in 1843 to over $12,000,000, and was the direct occasion of the ordinance of the following year, which allowed the commissioners of the sinking fund "to sell and dispose of all real estate belonging to the corporation and not in use for public purposes," thus ending the leasing system. This they accordingly did, and to-day, of the city's vast estate, compared with which even the enormous Astor property is small, we have practically nothing left, for even the city's lots that are now in Central Park were all, or nearly all, sold before the park was formed.

In 1844, when the leasing stopped and the final auction sales commenced, there remained, as near as I can make it out, about 5,000 full city lots of the old commons, above Twenty-eighth street, in the heart of the city, mostly between Third and Seventh avenues; some 283 lots at Bellevue, and a sprinkling of lots downtown, including a few at Peck Slip, others at Chatham, Center, Chambers, and Duane (a little of the old Dutch Common), and a few at West and King streets, together with some market lands. Altogether, perhaps 400 acres remained.

The 1,450 acres, or more, given to the city by the Dongan charter and previous Dutch grants was as finely located property, on the average, as could be chosen. Uptown it was the choicest part of the uplands. Downtown it was well located; the Dutch Common, for instance, including the present City Hall square and the little Times-Potter building triangle. This triangle is but a stone's throw from that lot on the same street (Park row, corner of Ann) which Mr. Pulitzer bought the other day, paying at the rate of $160 per square foot, or almost $7,000,000 per acre. The 1,450 acres represent, as I estimate it, some 23,200 lots, each 20 by 100, and the adjoining streets. If to-day this property were owned and leased out by—say William Waldorf Astor or the Rhinelander family—it would bring to the owner probably $680 per lot at least, besides paying at least $120 a lot to the city in taxes on the ground alone, making a total of $800 a lot, or over $18,500,000 per annum. This is over one-half the total taxation of the city. I lay no particular stress on the absolute accuracy of this calculation; the principles to be considered in this connection are the same whether the figures are larger or smaller.

Our author devotes the last chapter of his pamphlet to comments and reflections on the administration of this common property, and arrives at the following conclusions:

First—It was, on the whole, honestly administered. Bad judgment there was, perhap , as in the case of the sale of 240 acres at less than sixty-five dollars an acre, soon after the Revolutionary war; but up to the time when the final sales began there had been no apparent dishonesty on the part of the officials.

Second—It was proved, he thinks, that municipal ownership of land with the leasehold system is unprofitable, and that it discourages improvements. The leases in the case of these municipal lands had to be at least twenty-one years long (this is the customary term of a New York ground lease), and before the twenty-one years expired the land so increased in value that the rent was not a fair percentage. "Neither were the structures put up creditably," says Dr. Black. "Nearly all were but two-story and attic brick buildings, the minimum required by the leases. In new communities, at least, private ownership in fee seems to be required to encourage improvement, and so far as it does encourage it benefits the community generally. Were we common owners again of the ground under the Potter and Times buildings, and it stood vacant, it would be better policy to give it to men who would put up those buildings than rent it to others who would improve it in the ordinary way."

This argument seems to me disingenuous. The leasing system was in vogue prior to 1844. To say that the city did not get a full percentage of the average value of its lands for the term of a lease, is simply to say that neither the city nor the leasor appreciated at the time the lease was made the enormous increase in land values that would accrue before it expired. But "half a loaf is better than no bread." Because the city did not get all the property was worth, shall it obj ct to getting anything? The crude machinery used at first enabled miners to extract only $200 worth of gold from ore that contained $300 worth; but as the $200 was almost all clear profit they did not cease to mine because they could not extract the other $100, even though they knew how much they were leaving behind them.

That Mr. Roosevelt, who in 1734 purchased the four and one-half acre "swamp" property from the city, did rather better by his children, it seems to me, than did our city fathers by their children in selling the property.

Now as to the argument that ground leases are unfavorable to improvement. In a community where a large proportion of the people are landowners this is to a certain extent true, but Dr. Black uses it as an argument against municipal ownership in a community where but the meret frac_ tion of the people are landowners. Moreover, even in the new communi y it has its compensating advantages. Where the community owns land, and leases it on reasonably long terms at competitive rates, land of any value will never be idle and vacant, nor will great tracts be found with ridiculously inadequate improvements, as in the case of much private property which the owner expects to sell, and therefore leases on very short terms. But in 1844, when the leasing system ended, and it was decided to sell out the remaining city property, New York had ceased to be a new community. It was already a large city, with a population of renters, and people knew what a gigantic city it was bound to become; it was predicted as early as 1806 that the city would contain three million inhabitants in 1890. To day New York is a city of tenements, and something like 95 per cent. of its people own no land. What shall we say of the discontinuance of municipal ownership at the very time when many of the objections to it had ceased to be of any account?

Dr. Black says the city could well afford to give away the ground on which the Potter and Times buildings stand, in order to have private owners erect those buildings. But it would not be necessary for the city to give or even sell the land to the improvers in order to have the very finest structures built on it; nor has it been necessary for many years. A few instances may be cited to prove this statement.

The building erected by the late A. T. Stewart, on the block bounded by Broadway, Fourth avenue, Ninth and Tenth streets, was erected twenty years ago on property leased from the trustees of the Sailors' Snug Harbor property for twenty-one years, with renewal privileges. It was, and, perhaps, is to-day, the finest retail store building in the city, if not in the country. Tiffany's large building on Fifteenth street and Union Square was erected and stands on leased property. Six years ago, Austin Corbin leased a lot on the corner of John street and Broadway for twenty-one years, at $18,000 a year, it being expressly stipulated in the lease that he should put up a building worth $200,000, which he has since done. The Evening Post building, a block above, corner of Fulton, was erected in 1874 on ground leased for three terms of twenty one years each, the ground rent for the second term to be $7,000 more than for the first, and for the third to be fixed by agreement or arbitration.

In Chicago, the famous Rookery building, said to be the largest and finest office building in the world, stands on leased ground (I understand the city owns the land), the ground rent being fixed by periodical re valuations. The Richelieu hotel building of that city is also on leased ground, as are likewise the fine First National Bank building and other similar structures. These are but a few cases of many that could be mentioned, and they prove that the city might far better have retained the title to the triangular plot occupied by the Potter and Times buildings. Of countries like England it is hardly necessary to speak. Almost the whole of the finest part of London has been built by leasors on the lands of the Dukes of Westminster, Bedford, and others, who gladly took the half loaf when they could not get the whole.

Dr. Black further says: "Exclusive private ownership of land has this advantage, that under the stress of its (?) competition those who are in general best able to improve the land, get it." But he proceeds to say:

> It is also true that some of these, thanks to the practice of assessing vacant lots for purposes of taxation lower than improved property of the same value, find it more congenial not to use thei power, and buy merely to sell again, or for various causes do not half utilize their holdings. This is the vice of the system, but it is a curable one.
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> Already there is in New York city, for example, perceptibly less favoring of vacant lots in making up the tax list; and it is to be expected that such favoritism—inherited from a time when municipal taxes and expenditure were comparatively insignificant, will not last much longer. To tax them an extra fifteenth, as Stuyvesant once did, would no doubt be crude treatment, but certainly not worse adapted to present conditions than the bounty now in effect extended to them as compared with improved property. It is a familiar conception that nothing economic is so beneficial to a community as to have every one at work and utilization everywhere. When this idea dominates so that utilities are not discouraged and non utilization encouraged, the real merits of private ownership of land will be much more apparent; and they are poor defenders of it who, in the case of city land, still stand by the old notion (harmless enough when local taxes were low, land cheap, and every one had already more work than he could do), that because valuable land is held idle, for that very reason it should be exempt or taxed at a minimum valuation, but that the minute it is improved, and so begins to do some good, both it and the improvements may be assessed at the maximum valuation, from 60 to 100 per cent. of selling value, according to local custom.
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> If the view be correct that highest practical utilization carries with it greatest general ben fit, and if the observation can be relied on that ownership by one and utilization by another do not conduce to a high grade of the latter, then both the leasehold and the speculative policy which were prevalent prior to 1844 must be considered less rational than the policy then inaugurated of getting the land into the hands of individuals, and recouping through the increase of taxable property.

Now, while I do not for a moment admit the accuracy of the statement that ownership by one and utilization by another do not conduce to a high grade of improvement, provided long leases, equitably adjusted and readjusted by arbitration, are given, I can say that all of us who believe in the teachings of "Progress and Poverty" most emphatically endorse the above of the conception which should dominate taxation, namely, that industry should not be discouraged nor non-utilization encouraged. Only we believe that when this idea does dominate taxation, the demerits of private ownership of land values, as well as the merits of private possession of land, will be apparent. And, likewise, that just as fast as people see and recognize the evil and manifest injustice of private ownership of land values, just so soon will the idea of encouraging industry and discouraging the dogin-the-manger attitude of those who "do not find congenial" to utilize it the natural resources they hold dominate taxation. The growth of this idea of taxation is synchronous with the growth of the single tax movement.

To have "every one at work and utilization everywhere?" Can we have that and at the same time have the land passing year by year into the hands of a relatively smaller and smaller proportion of idle rent drawers? No! When these ideas dominate taxation living on ground rents will be a thing of the past, and with that "hoary-headed wrong made sacred by age" will disappear the curse of progressive civilization—land speculation and monopoly; not merely the speculation which throttles the life out of many a growing city by surrounding it with a chain of idle vacant lots, but the monopoly that holds ninety-nine acres of coal land, unused, that it may dole out to the people at maximum prices the coal extracted from the hundredth acre, and all other forms of the same evil.

We do not believe in having the State or the city take land and lease it out. We believe in leaving it in the hands of individuals, with title in fee simple, to transfer and devise as they see fit. We believe in making easy for any one to secure absolute and secure possession of land. And we hold that all that is necessary to accomplish this can be done by means of an adjustment of taxes and assessments, which, compared with the system of government leasing of land, is, to use a phrase of Dr. Black, "like the clearing house system in banking compared with the old-time operations of non-clearing house finance."

What Dr. Black really argues for is private and exclusive possession of land. This we, the single tax men, not only believe in, but would like to make as nearly universal as possible. What we do not believe in is private ownership of the rental value of land; this, the creation of the whole community, we would take in taxation, and this only, thus doing away with all taxes on improvements and industry, making real free trade and free production.

But it is not so much because we want the whole people to share in the benefits of ground rent. As Mr. George has said, we would have the Government take this rent even if we had to throw it into the sea. It is mainly because, when taxes on all land, according to its value, totally irrespective of the improvements, or lack of improvements, no one will hold one foot of land more than he actually needs or can cause to be used. When this is the case industry will be free, for then opportunity for work will be unlimited, and then, I think, the first taxation of a new city will not be for the purpose of providing for the poor.