

HOW RUDY GIULIANA HELPED LANDLORDS...

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<https://www.propublica.org/article/how-rudy-giuliani-helped-landlords-get-a-tax-break-with-no-strings-attached>

Comment in response by Scott Baker, NY, NY

The entire story of this article is based on false assumptions, just like the 421 program (whatever letter is appended to the end of it: 'a', 'g' etc.). If the city wants to have affordable housing AND new building AND condos people can afford to buy AND a reliable and large revenue stream to replace many if not most taxes, there is only one proven way to do this: The Land Value Tax.

It works like this: over a period of time, phase out taxes on buildings and replace them with taxes on location. This discourages hoarding and inefficient use of location because there is an increasing tax on that, while it encourages building because there is no tax on that (eventually). Every location is to be taxed at its full rental value. This means more apartments, which means lower rents and costs due to competition. It also means no more vacant lots. There are literally vacant lots paying one tenth the property tax of buildings right next door, a clear disincentive to build anything!

Prices will go down as the tax goes up. The city will collect the currently privatized Land Rent to which it is entitled for all the amenities it provides that have nothing to do with what the land owner is doing. With the extra money it can just build or renovate additional affordable housing on its own. The 421a program cost the city \$1.1b a year, EVERY year, until it was abolished! Think of how much housing that could provide.

Instead of bribing developers to build, charge them the site value for the most productive land in the country (NYC has an average of \$1b/per square mile in GDP per year).

Instead of 8-figure condos that no one lives in (in one case even 9-figures), have moderately priced apartments while having the city collect the full site value of these apartments. The profits from the actual building are the developer's to keep. This will encourage proper maintenance and put an end to repeated depreciation allowances which rob the city over decades. We don't need rent stabilization, we need a stable of affordable housing for people who will actually live in them, and not, as New York magazine put it "stash pads" for international billionaires.

This has already been proven to work. In the 1920s-early 1930 NY Governor Al Smith untaxed more of the value of buildings while leave the tax on locations, Even this modest change caused a building rate that was 4X the national average, and up to 12X the local area's rate. It's why we still have so much pre-war housing today. We can do even better today.