

copy to Mr. Down

April 22, 1935

Mr. William Stanley Miller, President
Department of Taxes and Assessments
Municipal Building
New York City

Dear Mr. Miller:

I am enclosing herewith an analysis of the list of 296 buildings which your Department published last fall, which comprises the most improved buildings on Manhattan. We have made a study of the 1935 assessed values for land and improvements for these properties for the purpose of determining to what extent these buildings underpay or overpay taxes.

We have taken the ratio of one to one as the average ratio for land and improvements for commercial buildings. It happens that this is also the average ratio of land value to building value throughout all properties in Greater New York.

You will notice that we have added three columns to the figures as shown on the tax records: a column headed Improvements, which is the difference between land value and total value; an Under column, and an Over column, which show the difference between improvement value and land value.

Where the improvement value is less than the ratio of one to one, that is, less than the land value, the difference goes in the Under column; where the improvement value exceeds the land value, we have put the difference in the Over column.

The addition of the Under column for these 296 buildings gives a total of \$188,855,000, which at 2.70 indicates an annual loss of \$5,099,085.

Of the 296 buildings, which are the most highly improved in the city, 149 buildings are in the Under column, and 147 are in the Over column.

We have made similar surveys for 118 parcels where the buildings were demolished by the New York City Housing Authority. This shows that 102 parcels were in the Under column, with a total under-assessment of \$1,561,500; and 16 parcels were in the Over column, with a total of \$28,000. We enclose a summary sheet of this survey.

We have also made a similar study of 12 blocks in the Hell's Kitchen area. This covered blocks 1057 - 1062 and blocks 1076 - 1081, extending from 47th Street to 53rd Street between Ninth and Eleventh Avenues. This showed that out of 688 taxable parcels with a total land value of \$15,099,610 (1934), 672 parcels were in the Under column, with an under-assessment of \$8,764,110, and that 14 parcels only were in the Over column, with a total over-assessment of \$3,688,500, of which \$2,990,000 was represented by one

building. We would be glad to furnish you our detailed working sheets making up these computations.

At the head of the sheets enclosed herewith is a comment on the average ratio which building value should bear to land value for an adequate improvement of site, which we find is five to one for residence property and one to one for commercial property.

We think it would be profitable for your Department to complete this survey for the entire city, in order that your Finance Department may know the amount that the City loses annually because of the under-assessment of properties. Inasmuch as your Department has the figures for each parcel on its tax books, this task can be accomplished with comparatively little expense.

Yours very truly,

American Association for Scientific Taxation

Walter Fairchild, Secretary

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