

# Tax Legislation Gives Only Part of Relief Demanded

## Bill Aimed at "Land Sharks" May Stop Home Building

### Limits Rate on Real Estate and Creates Income Tax, but Makes No Provision Against Municipal Extravagance

Inspection of the tax bills as they finally passed the Legislature at Albany will afford but poor satisfaction to owners of real estate in this city. It had been expected that a personal income tax law would be enacted, because it was very generally conceded to be the only source of revenue available to make up the losses occasioned by prohibition and to provide for the greatly increased cost of state and municipal government. That such was accomplished without much opposition. But people interested in real property in this city and vicinity had hoped to obtain from the Legislature some sort of effective check upon municipal extravagance—had indeed made that the more prominent feature of their propaganda.

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### Result of Tax Legislation

- 1—Personal income tax on residents of 1 per cent up to \$10,000; 2 per cent up to \$10,000 up to \$50,000, and 3 per cent over \$50,000, of net income. Applies in 1920.
- 2—Similar tax on income of non-residents, if earned in this state, or received from investments in this state.
- 3—Exemptions: \$1,000 to single persons; \$1,000 to married persons living apart, or \$2,000 to married folk living together, with \$200 more for each dependent.
- 4—Increase of corporation income tax from 3 per cent to 4 1/2 per cent.
- 5—Limitation on real estate tax rate to 2 1/4 per cent. Applies not until 1922.

effect next year, was introduced by Senator Lockwood on April 2. It was supported by such real estate organizations as the Advisory Council of Real Estate Interests, the Real Estate Exchange and the Board of Title Underwriters. The bill was also given a hearing by the joint committee, was amended and ordered to third reading, where it died.

### Tax Instalment Bill

Following is the text of the Donohue bill, better known as the tax instalment bill, which is awaiting the Governor's signature:

The penal law is hereby amended by inserting therein, at the end of article one hundred and twenty-two, three new sections, to be sections thirteen hundred and eleven, thirteen hundred and twelve and thirteen hundred and thirteen, respectively, to read as follows:

1311. Chastity in trust funds for purchase of certain real property. Any person, firm or corporation, who, in the city of New York, takes, collects, receives, keeps or withholds any money, property, liberty bond, evidence of debt or contract, article of value of any nature or thing in action or possession, in amount or amounts of one hundred dollars or less in value, either in instalment or otherwise on account of promise or agreement, whether made, for the sale of any real property in a tract of land, wherever located, subdivided into lots, has and holds such moneys or other property, and any or all of it, in his or its possession, custody or control as bailee and or by foreclosure, by tax sale or by tax lien, or otherwise, of good title to pursuant to such promise or agreement.

1312. Misappropriation of funds held in trust for certain real property. The failure to make or cause to be made, when due, delivery of deed or title as set forth in the preceding section is presumptive evidence of misappropriation. Any alienation or any loss or impairment by mortgage or other lien or by foreclosure, by tax sale or by tax lien, or otherwise, of good title to such real property by the vendor, or those by whom the vendor claims, is presumptive evidence of knowledge and intent by such bailee and trustee.

1313. Any misappropriations of trust funds for certain real property sales. Any person who, as employe, agent, officer or director of a bailee and trustee, referred to in sections thirteen hundred and eleven and thirteen hundred and twelve of this act, or of any agent of such bailee and trustee, who directly or indirectly engages in any misappropriation by himself or by such bailee and trustee or assists such bailee and trustee to commit misappropriation, is guilty of a misdemeanor.

### Suburban Developers Greatly Concerned Over Provisions Intended to Prevent Fraud in Instalment Selling

Long Island Real Estate Exchange said of the proposed law it is "a pretty hard" one for those who expected to buy homes on instalment payments to do so, for there will be no homes to buy. Well known developers and builders who have been in business for many years and some of whom have built thousands of homes declared that they would retire if the bill became a law.

**Applies Only in City**

James Frank, former president of the exchange and now its legal adviser, declared that the bill represented special legislation, since it applies only to Greater New York. In Nassau, Suffolk and Westchester counties dishonest practices can be carried on as of old. "This bill practically makes a mortgage a crime of all owners, and bankrupts a crime of all owners," he continued. "For instance, we have a man who lends money to a man who is unable to finance his property when a mortgage falls due, he loses his property in foreclosure, and being unable to meet the terms of his contract and deliver deeds, he becomes guilty of a crime."

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business. This law discriminates against the poor man, who is the one doing business on the payments."

Some of the possibilities under this bill as expressed by the real estate men were of considerable interest. The man who makes a contract for \$1,000 worth of property. Perhaps \$300 or \$400 is paid in, when through the mortgage of an owner being unable to retire his mortgage the property is foreclosed. That is, the man who has made the contract, according to the bill, is guilty of a misdemeanor, even though he has retained a mortgage on every cent of the money paid in. It was pointed out also that at times instalment purchasers do not pay their instalments promptly. Some times they are so far behind on their mortgages, that they become liable for a jail sentence through the action of the very people he is supposed to protect.

At present there is practically no buying on the instalment plan in Greater New York, but there is extensive business done on that basis in the selling of homes, and it was declared by all the members of the exchange present at the meeting that the necessity of making a dishonest choice of those who have money will make no mortgages at all.

"We hold no brief in this association for the man who is unable to deliver good title at the proper time, but there is such a thing as misfortune. This bill makes the unfortunate one liable to blackmail. We should have a bill to prevent fraud and this association prepared one calling for the filing of maps, the names of all owners, and stating of all incumbrances and a definite announcement of all provisions for releases."

### Tax Limitation Good So Far as It Goes

### Clarence H. Kelsey Says It Is a Move in Right Direction, but Realty Will Be Entitled to More-Full Relief Would Help the Rent Situation

burden, if the real estate owner carries two-thirds, and if his income tax come down, say, to twenty per cent, or even fifteen. That would seem sufficiently high to impose upon one class of property owner.

**Rent Reductions Defeated**

Instead of adopting this proportionate distribution of the burden between the two interests, the Legislature passed the bill which is now before the Mayor for consideration, limiting the tax rate in 1921 to 2 1/4 per cent. This small relief should be thankless received, but it will not enable the landlord to reduce rents, as he would expect. He has been limited to 66 2/3 per cent of the levy, instead of remaining at 91 or 92 per cent, as it now is.

### Most Important Tax Measure in a Generation

### William E. Harmon Says It Will Stabilize Levies and Scatter Realty Discouragement

"The Boylan measure limiting taxes on real estate to 2 1/4 per cent of the assessed value I consider to be the most important measure for the protection of the taxpayer and rent payer that has come into existence in a generation," William E. Harmon, chairman of the Taxpayers and Tenants Protective League, said yesterday.

"It does not give all the relief to which real estate is entitled, but it is enough to show the world that real estate is no longer to be exploited by the city and state. No other cause has been as potent in forcing up rents as the ever increasing taxes, discouraging construction and driving capital into other fields of investment.

### Attend This Hearing

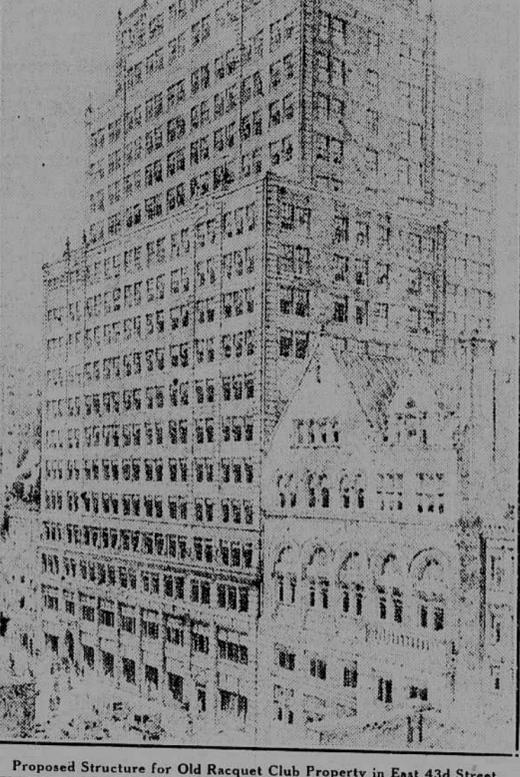
It is to the interest of every property owner, rent payer, business man and corporation to be represented at the public hearing which Mayor Hylan will hold on Bill No. 1987, known as the Boylan bill, at City Hall, next Tuesday morning at 10:30. The bill places a limitation on tax levies on real estate; taxes personal incomes from 1 to 3 per cent and increases corporation income tax 1 1/2 per cent.

The measure has been passed by both houses at Albany and now awaits the signature of the Governor to make it operative.

### Interesting and Attractive Building Formations Result of Height Restrictions in Zoning Law

Details of the plan for the improvement of the Racquet Club property in West Forty-third and Forty-fourth Streets with an office building have been carried sufficiently far to permit the preparation of a perspective of the big structure. It is to be a giant building, and emphasizes the business development of the Fifth Avenue section. It is to be known as the National Association Building, and will be ready for occupancy next February.

The new building will have a frontage of 141 feet 10 inches on Forty-third street and 50 feet on Forty-fourth Street. The architects are Starrett & Van Vleck, and the building will be erected by Fred T. Ley & Co., Inc. The owner is James T. Lee, of 25 West Forty-fifth Street.



Proposed Structure for Old Racquet Club Property in East 43d Street.

### Pay Tribute to Mouquin's 7th Avenue Restaurant

### Oldtimers Take a Parting Look at Landmark Soon to Be Sold at Auction

Since the announcement that within the next few days Mouquin's Sixth Avenue restaurant will be sold at auction there has been a noticeable gathering at the place each night of oldtimers.

They relate many interesting happenings in the place in years gone by and how the old two story wooden structure built more than a century ago by Isaac Varian stood in the center of his farm, whose rambling fields and pastures stretched west to the river and as far east as Lexington Avenue. Through this pastoral landscape wound a couple of cowpaths, and these paths are Broadway and Sixth Avenue to-day.

### Mayor's Committee Suggested Real Estate Tax Relief

Much of the credit for the relief of real estate from full burden of taxation may be given to the sub-committee of the Mayor's committee on Taxation and investigation of mortgage loans. This sub-committee, of which Bryan L. Kousser is chairman, was appointed to find new sources of income that the charge on real estate might be lessened. The committee suggested the income tax feature incorporated in the Boylan bill, and which provides a tax of 1 per cent on incomes of persons up to \$10,000 a year, and 2 per cent on incomes amounting to \$20,000 and more a year.

### Webster Av. Apartments Bought by W. H. Melich

### Buildings Near 168th St. Built Six Years Ago—Sales of Notherly Borough Houses

William H. Melich has purchased the three five-story twenty-family flats at 1228 to 1236 Webster Avenue, near 168th Street, from the O. J. Schwarzer Company, which erected them about six years ago.

**House in Seneca Avenue Sold**

Samuel Cowen has sold to an investor 216 Seneca Avenue, near Hunt's Point Avenue, a five-story building, on a lot 48x145.

**Rabbi Buys 140th Street House**

Mrs. C. R. Meineke has sold the three-story brick dwelling, 17x100, at 194 East 140th Street to Rabbi A. Gallant.

### Real Estate Firm Plans Ten Story East 49th St. Home

The real estate firm of Douglas L. Elliman & Co. is to have a new home at 15 and 17 East Forty-ninth Street. It will be a ten-story building. This announcement was made yesterday with the purchase of the property. It will mark the third chapter in the history of this well-known organization since its inception in October, 1911.

The first location was at 421 Madison Avenue, comprising a store and basement. Before three years had elapsed the firm interested David Dows in the purchase of 414 Madison Avenue, almost directly opposite its former location, on which Mr. Dows erected for them from plans prepared by Cross & Cross a six-story building, two floors of which were arranged for their business, the four remaining floors being devoted to apartments.

### Buy Droyer's Point Tract For \$3,000,000 Steel Plant

The W. W. Kellogg company, steel manufacturers, has bought forty acres of land on Droyer's Point, owned by Jersey City, at public auction in City Hall, Jersey City, yesterday, for \$102,000.

F. E. Johnson, vice-president of the company, who made the bid, said that construction of a \$3,000,000 plant to employ between 3,000 and 5,000 men would be started as soon as it was possible to get rails into the tract. Eighteen acres of the land are under water, and for this the company paid the rate of \$2,000 an acre, while upland was bought for \$3,000 an acre.

### Buyers House in Which Rents Have Not Been Changed

The Lebertan Corporation has bought 17 East Twelfth Street, a five-story apartment building, on lot 20x106, for all cash. The broker in the transaction was F. M. Welles.

The Lebertan Corporation also bought from a client of the Equitable Trust Company, 518-518 West 143d Street, a six-story apartment building, housing thirty-eight families paying a rental of \$23,000, which had never been changed during the seven years that the house had been owned by the seller, Joseph Ostroff negotiated the sale.

### Broadway Corner Flat Bought by Lawyer

Knowlton Court, a six-story apartment at the southeast corner of Broadway and 169th Street, on a plot 100x215, has been bought by Hugh Gordon Miller.

The property has been purchased from the Hudson Trust Company and has been held at \$850,000.

### Hirsch Defends Bill As Worthy Measure

### Chairman of Mayor's Committee Says It Has Been Framed for the Protection of Investors and That Honest Dealers Need Not Fear It

Nathan Hirsch, chairman of the Mayor's Committee on Taxation and the Investigation of Mortgage Loans, is sponsor for the Donohue bill, or rather his committee is back of the legislation. He says it is a good measure and will work good for the real estate man as well as the lot investor, for whose protection it was framed. The measure, which has passed both houses of the state Legislature and is now awaiting Governor Snodgrass' signature, he says, is going to drive the dishonest suburban real estate trader out of the market.

"The Donohue bill will be criminal for a land company not to complete the contract which it entered into. It will be a felony to violate a civil contract and punishable by a term in prison from ten to fifteen years. The measure reaches out to the salesman. He is just as liable for the acts of his company as his company is for its acts. In other words, when a salesman makes a contract with a lot buyer on an instalment plan and the contract is not fulfilled by the company the salesman is guilty and will go to jail."

### Dinsmore Building, on 5th Ave., Bought by Investor

The Dinsmore Building, at the north-west corner of Fifth Avenue and Thirty-first Street, which rents for about \$80,000 a year, has been purchased by an investor through A. N. Gitterman. The deal was closed yesterday. Herman Woog is the seller. The building is twelve stories high and covers a lot fronting about 30 feet on Fifth Avenue and 125 feet on Thirty-first Street, with an "L" 95 1/2 feet deep. Mr. Woog had owned the property since 1906, when he bought it subject to a mortgage of \$651,000. The structure replaced the art galleries of Duveen Brothers, who had vacated the corner for new premises further north on Fifth Avenue. The Duveen Brothers had been on the corner for many years, and it was said at the time the old building was removed that it was known in every corner of the world where fine art was appreciated.

### Buyer for 75th Street Home

The Wood-Dolson Company has sold for Mrs. Sophie De Frece 159 West Seventy-fifth Street, a four story brownstone modern dwelling, on a lot 19x102, to a client for occupancy. The property was held at \$30,000.

**East 62d Street House Sold**

Pease & Elliman have sold for M. E. Goodrich a three story basement dwelling at 129 East Sixty-second Street, on a lot 16x75, to a client for occupancy.

### Suite for William Thaw

Pease & Elliman have leased an apartment at 525 Park Avenue to William Thaw, 8d, and at 930 Park Avenue to Warren G. Horton, at 1000 Park Avenue to George M. Landres and at 161 East Seventy-ninth Street to S. Seligman.