

BOON DRY LAW PRESENTS ANOTHER GREAT PROBLEM FOR NEW YORK REAL ESTATE INTERESTS TO SOLVE

Lower Values on Many Properties Inevitable—Some Owners May Even Suffer Total Loss of Holdings—Situation in Brooklyn More Acute Than in Manhattan

NO single act of legislation in the memory of the present generation has caused as great commotion in the real estate world as has the bone dry law. With national prohibition looming nearer every day millions of dollars worth of real estate in all parts of the country is being dumped on the sales market, owners in many instances offering their properties at sacrifice prices. Until the signing of the armistice prohibition was not feared for the great establishments where spirituous liquors were made and for the stores where they are sold, but the end of the war came before this transition was accomplished. "What is going to become of the properties where intoxicants are made and sold?" is the great question of the day. "What will be the effect on real estate generally of the cancellation of thousands of leases and the offering for sale of all distillery and brewery properties?"

By FRANK BAILEY,
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One of the interesting problems confronting the real estate interests at the present time is the effect of the dry law upon real estate in the city. This question is interesting both from the point of view of the owner and from the standpoint of the mortgage lender. First, from the owners' standpoint, there can be no doubt in the mind of any one that the immediate effect of the new dry law upon the owners of corner properties, especially in Brooklyn, will be very injurious. I have in mind, for instance, a man who ran a reputable saloon and cafe in property situated only for that purpose. He had a long lease of the premises and died worth as he supposed about \$50,000. His wife must go to work, for the liability of the estate on the lease will destroy all his remaining assets.

Then, there are the owners who have their property in the city. They will be confronted by payments on account of their mortgages asked for by the prudent mortgagee. They must find new tenants for their buildings at reduced rentals. This means, of course, ruin for a great many corner owners and great losses for many others.

In Brooklyn, where there is not very much business, this situation will at once become quite acute, and probably lower values of small stores will become

permanently lower. Brooklyn will suffer more than Manhattan, where there is very much more business and where small stores pay larger rentals. The Manhattan store pays a large rental because the city is built up in the air more and the density of population is therefore greater.

Again, the peculiarity of construction in Brooklyn has produced many thousand buildings three stories in height, with stores on the first floor and two apartments above. Under the existing laws these buildings cannot be altered with any reasonable expense into three-family houses. The result is that these stores are renting for mere nominal rentals because there is an excess production of them. Very many were originally built with a small apartment in the rear of the store to be occupied by the storekeeper, who generally was a widow or a lame or infirm person with little capital and unable to do manual labor. The value of these properties has been destroyed absolutely by the Tenement House laws, for if by any chance a person is injured in one of these buildings occupied as an apartment in the rear of the store even without the consent of the owners and contrary to the lease, the owner has been held for extreme damages because of a fire which did not originate in the store floor.

These stores, therefore, as they cannot be occupied with a small apartment permanently lower. Brooklyn will suffer more than Manhattan, where there is very much more business and where small stores pay larger rentals. The Manhattan store pays a large rental because the city is built up in the air more and the density of population is therefore greater.

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Why Tax Laws Must Be Changed

NINETY-FIVE per cent. of the total tax levy is now placed upon real property in New York city. The actual market value of real property is probably so much less than the present total of assessments thereof that the constitutional debt limit of the city has been exceeded. Additional revenue is required by the city to cover loss of the excise taxes and the cost of city administration as now organized. Billions of dollars in New York are admittedly not bearing a proper share of the tax burden. They receive all the benefits of government.

More billions are earned in New York by non-residents, who pay nothing toward the expenses of the government under which they prosper.

Equity in taxation assumes in terms that those who receive the benefits of government will pay therefor in proportion to their prosperity. Taxable ability is known to be the only fair and adequate measure for the distribution of tax burdens.

Real holdings are not a measure of the taxable ability of any citizen. Therefore the tax burden must be measured not only by real holdings but by personal holdings and real estate interests.

tion—where the school buildings are new, modern and cheerful, where shops and stores abound and where church accommodations are provided for every denomination or creed; and where in there a section so well adapted to the needs of the masses, where rock formation as it is found in the northern reaches of the city is unknown—where land values are low and where the cost of the site and excavation is less than the cost of the excavation alone in most sections of Manhattan and the Bronx. This last is of paramount importance to the loaning institutions, as the high cost of labor and material must be largely offset by the low cost of the land and its preparation in order to insure a fair degree of competition with buildings erected under more favorable conditions of labor and material, which condition prevailed previous to the war.

"Our problem then as to building loans is largely the problem of the loaning institutions of the city with the wonderful and paramount advantages offered by Queens over any other section throughout the entire city, and also that the resistance to the flow of population into these wards is exemplified in the fact that the cost of the street just south of Grand street is to be found in any other section of the metropolitan area.

With these facts widely known and appreciated, reasonable funds will flow into our section in such volume that the greatest building movement in the history of the city will be inaugurated.

Steps Being Taken Now to Replace Lost Revenue—Necessity for Finding New Sources May Turn Prohibition Into Blessing for Real Estate

Chandler and L. D. Woodworth for the Advisory Council of real estate interests, Stewart Brown and Adolph Bloch for the United Real Estate Owners Association, Assistant Corporation Counsel William H. King, Bryan L. Kennelly and Henry Bloch of the Mayor's Committee, J. P. Lohman, secretary of the committee, and Joseph Hoffmann, statistician of the committee.

Discussion centered upon the advisability of the State income tax and a business tax, as advocated by the Advisory Council; the tax limitation plan fixing the rate on real estate at 2 and the rate of personality at one-fourth of 1 per cent, eliminating taxation on debt, sponsored by the Real Estate Board, and the plan of the United Real Estate Owners Association, providing for the deferment of a fixed rate on real estate until one year after the adoption of the personal tax law, which would increase the rate to 2 per cent. Much could be collected from personal taxes before the tax limitation on real estate would become operative.

Advocates of each of these three plans presented them for consideration, with the result that the salient features of each plan, its advantages and disadvantages, became clearly established. Out of the great mass of discussion emerged the principles which may form the basis of a new tax bill embodying the best elements in each of the three plans and eliminating the objectionable features.

"The splendid spirit of cordiality and willingness to cooperate which actuated every one at the conference was unusually gratifying," said Mr. Hirsch in a statement issued after the conference. "I feel confident that in spite of the prevailing differences of opinion we shall encounter no insurmountable difficulties in getting everything together."

Another conference will be held to-morrow night, December 30, to which the Mayor, the Mayor's Committee, the Director of the Tax Board will be invited, and an opportunity will be afforded to these city officials who are charged with the duty of administering the tax laws to get in closer touch with the representatives of the real estate interests.

Wall Street, Nation's Business Signpost, Signals Prosperity

Anticipating Big After War Business, Institutions Are Providing Larger Premises

Wall Street is the pulse of financial America. Every throbbing vibration through the nation and plans are made in accordance with the reports that are heard from "The Street." In other words, Wall Street is the business sign post of the country. It reflects prosperity or depression, whatever may be the case. Wall Street is flying the flag of prosperity. Trade expansion is so great that institutions in the Street are increasing the size of their establishments and working forces to meet current requirements as well as in anticipation of the future.

The purchase of three large and valuable properties there in the last few weeks should not be overlooked by real estate men. It is an omen of prosperity which will result in the leasing of real estate as well, because if banking institutions are in need of large space there is every reason to assume that commercial enterprises will require larger premises than are now occupied. Wall Street is the first to feel depression and the first to feel prosperity. It is the same with the leasing of real estate. It is the same with the leasing of real estate. It is the same with the leasing of real estate.

The demand made on brokers specializing in commercial real estate is so great and since the acceptance of the armistice by the Germans, has been for large space. Concerns have bought premises when they thought that leasing would not be considered or if considered, their control would be for a short period. The large space held by the Government for contractors engaged in Government work is being snapped up as fast as allowed by the Washington authorities.

The recent purchases in Wall Street bring home the signal, according to some real estate men, that the post-war business is approaching and to prepare; find premises to accommodate the demands that will be placed on every class of industry in the city.

The purchase of the Mortimer Building, at the southeast corner of Wall and Broadway, by the Stock Exchange, is a sign of things to come. The Mortimer Building has a large building. When completed a dozen years ago it was the largest building in the city. It is now being sold for many years to come. Some men held the view that there never would be need of a larger structure. But these who thought that way did not take into consideration such an important factor as time.

Stock Exchange needs larger premises. It needs it now and expects to have a greater need of it before very long. The board of governors paid Robert E. Tilling a nice profit for the contract he held on the Mortimer property, which he sold to the Stock Exchange from the Mortimer family.

EQUITABLE BUILDING SITE ONCE A GARDEN

Assessed To-day for \$13,000, 000, Sold Then for \$1,200, 000—Increment Began Early.

More than a century has elapsed since a portion of the Equitable Building site was distinguished by the name of a garden, according to the Equitable City. Joseph Delacroix, who came to this country soon after the revolution and was for many years the most popular caterer and confectioner in the city, established his Vauxhall Garden here in 1797, and until he removed further uptown, several years later, it was one of the best patronized resorts for light refreshments and simple entertainments in New York. The general Frenchman had his little shop at 120 Broadway, right in the middle of the block between Pine and Cedar streets, and in the rear he had a typical summer garden where ice—a great delicacy at the time—were dispensed to the residents of the neighborhood during the warm summer nights.

Delacroix's little garden covered a very limited area of what a century before his time had been Peter Stoutenberg's tulip garden. For more than a hundred years the present Equitable block had been one of the charming gardens of the city, but the growth of business soon after 1800 usurped so much of Delacroix's garden privileges that he was forced to move to the more open fields uptown, but he did not relinquish his confectionery shop at 120 Broadway as his downtown quarters until 1836.

The Equitable plot was a portion of the large farm owned by Jan Jansen Darnet, being one of the earliest Dutch grants. This Darnet farmhouse stood on the Nassau street side of the block, near the Cedar street corner. Later the house was occupied by Peter Stoutenberg when he got the block for his tulip garden and it was one of the best buildings in the city when the plot on the Cedar street corner was sold by the heirs of Peter Stoutenberg to Dr. John Bard for about \$1,200, just prior to the revolution.

Felencroix sold his shop at 120 Broadway in 1838 for \$100,000, a big advance over its former transfers, for the Dutch Church paid Peter Stoutenberg \$200 for the plot, and when Delacroix bought it in 1796 he paid a little less than \$10,000. In 1837 the building on the site was enlarged and became the National Hotel. To-day the site is covered by the Equitable Building and the land alone is assessed by the city of New York for \$13,000,000.

BUSINESS SPACE LEASED.
Duroc Company has leased to Styles & Cash the 10th floor at 314 West Fourth street for a term of years; the third floor at 129 Sixth avenue to Frank H. Holton and Tony Solvo, and the store and basement at 16 East Eleventh street to the Benjamin Company, Inc., for a term of years.

James Kyle & Sons have rented for a term of years to the United Cigar Stores the store at the southeast corner of Fifty-ninth street and Lexington avenue, which immediately adjoins the Lexington Theatre; also the store at the northeast corner of Fifty-ninth street and Lexington avenue to Louise, Inc., for a term of years.

TO HAVE OWN SEARCHERS.

Register Installs Department—Title Company Has Had the Job.

Register Webster of Kings county announced yesterday the installation of a Department which will make all the official searches without outside assistance starting January 2.

BIG FUTURE FOR QUEENS BUILDERS

Capital Will Favor Borough Because of Natural Building Advantages.

Building loans will be obtainable again. They are essential to the life of the city, and the force of necessity will break down the objections which capital has at present to the financing of construction. John W. Paris, who has long been associated with the development of suburban Long Island and is a close student of the residential needs of the community, discusses the Queens building loan situation in the December issue of *Queensboro*, the official publication of the Queensboro Chamber of Commerce. He says that the future will be one of greatest activity for builders in the history of that borough. Mr. Paris writes:

"The provision of housing accommodations both for residential and commercial purposes is equally as distinct a business as the building of furniture, clothing or the numerous other temporary necessities of a great cosmopolitan population.

"When this branch of industry is active the capital investment is so large that the builder must procure a portion of it by the sale of the credit which the acquiring of the land and the erection of the buildings thereon furnish him. The desirability and stability of that credit depends entirely on the following features, namely: accessibility, desirability and adaptability.

"Adaptability: Where the topographical condition of the land is such as to make the least expenditure of time and money necessary to fit it for the structures to be erected.

ORGANIZING TAX RELIEF IDEAS

Leading Minds on Taxation Discuss Plans—Progress Is Reported.

The first of a series of informal conferences which the Mayor's Committee on Taxation will hold for the purpose of organizing the ideas of every faction and every interest on the subject of relieving real estate of the long borne unjust proportion of municipal taxes was held last week with the result that a big step toward the aims of all parties was taken. Other conferences will be held until the best ideas are secured and matched up with others in a bill or bills, which will be presented to the Legislature for enactment. At the meeting held last week were Nathan Hirsch, chairman of the Mayor's Committee on Taxation, who presided; Stephen H. Tyng and Robert E. Dowling for the Real Estate Board of New York, Professor H. A. E.

Green Street Resale Proves Opportunities of Old District

Small Loft Bought in June Resold at Nice Profit—Scene of Many Profitable Deals

Speculative value of property in the old mercantile district was again illustrated yesterday when a small lot on Green street was resold at a profit. The lot was bought in June for \$10,000 and resold for \$12,000. The lot is situated on the corner of Green street and Broadway, and is one of the many lots in the old district which are being resold at a profit.

QUICK RESALE IN BRONX.

Joseph G. Abramson has purchased from Paul M. Herzog 875, 882, 813 and 817 Longwood avenue, near the Prospect avenue subway station, four five-story new law apartments, each on plot 28x100, assessed at \$150,000, which was the selling price. The property was bought at the adjoining house at 89 East Sixty-eighth street by his residence.

BRONX FLAT IN TRADE.

August Lauler has sold for R. J. Morehead, 177 Willis avenue, a five-story flat, to H. W. Breda, who gave in exchange a residence at Woodside, L. I.

ESTATE SELL IN 78TH STREET.

William B. Ware has sold for the estate of Charles Edward Smith, 305 West Seventy-eighth street, a three and a half story dwelling on lot 14x62 to a client for occupancy.

MEEHAN GIST ST. HOUSE BUYER.

Thomas J. Meehan is the purchaser of the four-story residence of Dr. Bruce H. Cronin at 42 East Sixty-seventh street, which was sold for \$125,000. The property is on lot 28x100, near the corner of Meehan and Gist streets. The new owner will alter the house into small flats, the ground floor apartment having been arranged for by Dr. Cronin for his office. Lougans L. E. Egan and Co. were the brokers.

HARLEM FLAT BUYER.

The five-story flat at 7 East 112th street has been sold to an investor by Michael Kaufman, president of the United Concrete Realty company. It was sold at \$30,000.

OPERATORS BUY AND SELL.

Ernst & Smetz have sold 230 West 119th street, a five-story flat, on lot 20x100, adjoining the southeast corner of Eighth avenue to Althea Feste, Porter & Co. were the brokers.

CONTRACTOR BUYS ON 9TH AVE.

The H. M. Weil Company has sold for the estate of Samuel T. Reynolds the four-story building at 236 Ninth avenue, between Twenty-ninth and Thirtieth streets, on lot 18x70. The purchaser will alter for his business.

\$400,000 DEAL IN W. 57TH ST.

The two four-story residences at 27 and 29 West Fifty-seventh street, valued at \$400,000, have been sold. The properties occupy a lot 48x100. They are held by C. S. Rogers and Mrs. M. C. Dodge, respectively.

TONSELES SELL DWELLING.

Frederick Brown, operator, has bought from the estate of John L. Tonselle, represented by Harry H. Herche as attorney, the four-story and basement dwelling at 48 East Sixty-eighth street, on a lot 28x100. The property is assessed for \$25,000.

WEST OPPOSED TO SINGLE TAX.

California and Missouri Reject It by Large Vote.

Information from the West is that the Henry George idea of taxation has been rejected by the voters of both Missouri and California in the recent elections, when the acceptance of the plan was made a subject of referendum for the voters of the State of Missouri. Missouri has not received the State's known to have rejected the proposition by a greater majority than in California, where the vote was 260,224 to 118,055. The 1916 vote on the same question in a less revolutionary form stood 576,233 to 269,532.

KORTRIGHT DWELLING IS SOLD.

Albert D. Ashforth and Tucker-Stevens & Co. have sold for Mrs. Gouverneur Kortright the four-story and basement dwelling on lot 25x100 feet at 16 East Fifty-sixth street to Burton S. Charles. The buyer will occupy after extensive alterations. This was an all cash transaction. The Kortright property has been removed and several times in the last few months.

135 YEAR OLD ESTATE IN DEAL.

Palmer Property at \$200,000. Sold Again—Held at \$200,000. The Palmer estate in the Kings Point section of Great Neck, L. I., recently

BUYER FOR RIDGEWOOD HOUSE.

S. S. Waterman-Gordon & Forman have sold to Hugo A. Bondy of Manhattan the country residence of Charles H. Smith on Phelps road, upper Ridgewood, N. Y. The property fronts 200 feet on Phelps road.

PINCHOT RENTS IN 12TH ST.

Douglas L. Ehlman & Co. and Horace S. Ely & Co. have leased the three-story and basement dwelling at 82 West Twenty-first street to the estate of Henry A. Pinchot to Amos R. L. Pinchot.

BUYING IN NUTLEY.

Louis Schreiber has sold to a client, for H. G. Gordon, the property on the north side of Centre street, 100 feet west of Broadway, Nutley, N. J., plot 20x100 and also a plot 30x100 on the west side of Franklin avenue, near the Blue Island line, in Nutley.

LOFT ON THE BLOCK.

To close the estate of George F. Hawley Joseph P. Day will sell at public auction Friday, January 10, at the Exchange Building, the northeast corner of Church and Thomas streets, known as 212 Church street and 49 Thomas street, a five-story and basement brick building, with a plot 28x100. The property is in the mercantile section of the city and enjoys excellent transit facilities.

LOCKPORT FACTORY ACTION.

The Holly Wagon Manufacturing Plant of the Worthington Pump and Machinery Corporation, located at Lockport, N. Y., will be sold at auction tomorrow at 10 o'clock P. M. at one of a number of four-story and various factory buildings. The plant is in a splendid district for lease and where electric and water power can be had at very reasonable prices. The sale is to be held on the property at 42 o'clock.

RENTS 50TH STREET HOUSE.

Royal Scott Galloway has leased the building at 1545 Broadway street for a long term of years for William Hill Williams of "McVey's" millinery and dressmakers. As this is one of the first alterations since the building construction was lifted, it is probably the first of a new class of alterations for this type of alteration in the 50th ave. area section.

JOIN MANAGERS ASSOCIATION.

L. M. Burr of Frederick P. Fox & Co. and P. T. H. Bacon, Vice-President of the Great & British Company, have been elected members of the New York Building Managers Association. Theodore L. Waugh, Assistant District Attorney, has been made associate member.

INSURANCE COMPANY BUYS IN NEWARK.

The Newark Fire Insurance Company has sold 133 Park street to a client who will occupy.