Some Thoughts about the Artwork
"A Case Study of the Exchange of Real Property at the Intersection of Broadway and Ann Street, New York City"

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> "[D]uring the last fifty years of the life of John Jacob Astor, his property had been augmented and increased in value by the aggregate intelligence, industry, enterprise, and commerce of New York, fully to the amount of one-half its value. The farms and lots of ground which he bought forty, twenty, and ten and five years ago, have all increased in value entirely by the industry of the citizens of New York. Of course, it is plain as that two and two make four, that the half of his immense estate, in its actual value, has accrued to him by the industry of the community."
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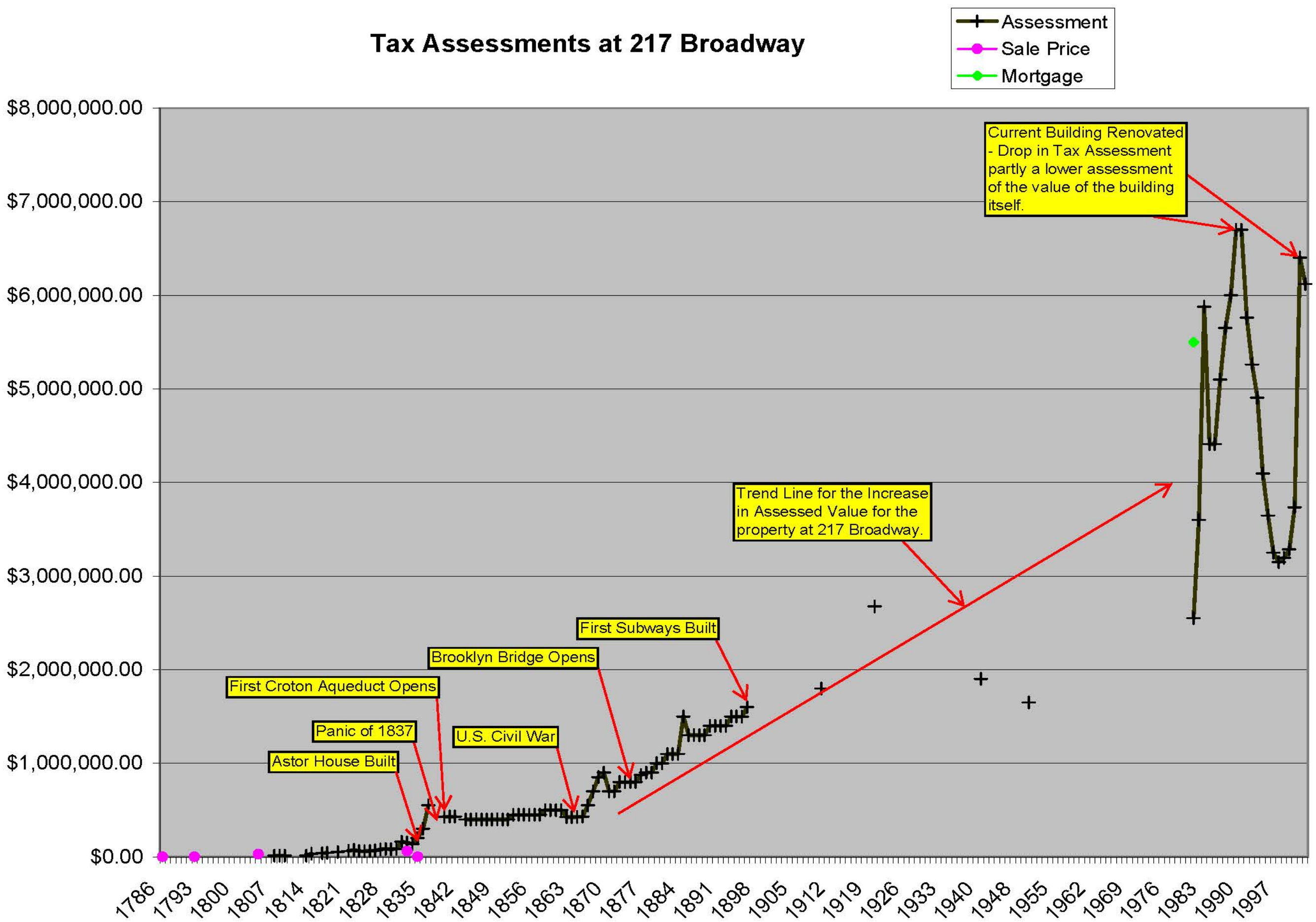
> **New York Herald**, 1849
> Quoted from *John Jacob Astor: Landlord of New York*, Smith, Arthur D. Howden (Philadelphia: J.B. Lippincott, 1929) pp.90-91.

What is remarkable about the details unearthed in *Case Study* is that it appears that the objective cash value of property is the product of the labor of entire communities over time, mixed with the contributions of individuals, measured subjectively and then transformed by a wholly social process. The very nature of this process makes it impossible to tease out, in a single art project like this one, the exact contributions of different sources to the valuation of a particular property. However, *Case Study* hints at several propositions, the first of which is the following: real estate is, in part, community created value, owned privately.

Take for example, the northwest corner of Broadway and Ann Street, 217 Broadway. Conservatively speaking, the value of this piece of land is, in part, the size and quality of the land itself (a rather small lot of dry hill located near a deep harbor in a temperate zone) plus the investment in improvements on the part of the property's owner (for example, the building of the Astor House luxury hotel in the early 1830s on that lot). Yet clearly part of its value also comes from the labor of individuals who built the roads, the subways, the sewers and other infrastructure (for example, the government-funded Croton Aqueduct that provided safe drinking water to New York City starting in 1842). Arguably, part of the value of the property also comes from the investments and hard work of neighboring individuals and businesses that bring services and quality of life to the neighborhood. During the time that real estate mogul John Jacob Astor and his family owned the lot, it was surrounded by not only a variety of small businesses and shops, but also a park, a church, the city hall, information businesses (Park Row was once known as Newspaper Row), theaters, museums (such as Barnum's across the Street), art galleries (showing the work of artists such as Thomas Cole and Samuel Morse), photo studios (Matthew Brady's daguerreotype studio was one block away) and historical, science and lecture societies (the New York Institution of Learned and Scientific Establishments on Chambers Street, located on the far side of the park). The value of a luxury hotel as property, and the rates it could charge for rooms, would be enhanced by proximity to such services - and vice versa. Having the Astor Hotel across the street would increase the value of a business such as Barnum's.



Tax assessments going back two hundred years show that owner-funded improvements were clearly part of the property's value. The building of Astor House shows up as a dramatic increase in tax valuation. Yet the value of the property continues to rise, faster than inflation, through decades when no improvements were made. [See the "Chart of Tax Assessments for 217 Broadway" above.] Some of Astor's contemporaries clearly felt that he was nothing but a squatter capitalizing on community value and then shirking his community responsibilities. This is the argument put in 1849 by the **New York Herald** at the top of this section of this webpage. Labor organizer Mike Walsh put it this way around the same time:

> "[I]t would take thirty-five hundred men, working twenty years . . . three hundred days in each year, without being sick or out of employment an hour during the whole time, and getting a dollar a day without spending a cent, but living with their families on air like chameleons, sleeping in the parks and going naked: yes! 3,500 men working that length of

time, living in that manner and receiving that much wages, it would take to earn what Mr. John Jacob Astor has saved from what the world calls 'his industry.'"

> Quoted from *Chants Democratic: New York City and the Rise of the American Working Class, 1788-1850*, Wilentz, Sean (New York: Oxford University Press, 1984), p. 233.

Clearly sentiments like these led later to movements for both progressive taxation on the part of government and philanthropy on the part of the very wealthy. For further reading on the Broadway and Ann Street neighborhood in the early nineteenth century, and some refutations of this and other arguments, see pages 452-472 in *Gotham: A History of New York City to 1898*, Burrows, Edwin G. and Mike Wallace, New York: Oxford University Press, 1999.

Art is often described as an intangible asset. Yet the historical and legal records pertaining to property ownership at a single city intersection, Broadway and Ann Street in Lower Manhattan, appear to show that real estate captures a tangible cash value from a community's productivity – including, in part, its cultural productivity. Anecdotally speaking, if artists transform a neighborhood – such as Soho or Williamsburg in New York City – and property values go up as they frequently do, that value created by community members (property owners and non-owners alike) is shifted into private hands. This is a clear argument for taxing real estate to fund community endeavors, including the arts. Rather than being a handout, the documents of *Case Study* suggest this is good business. The only real questions are what level is the optimum tax and how to best divide the receipts. On a broader philosophical level, these documents also suggest that at least part of art's value in not intangible at all.