

PICKING A CURE FOR THE LAND PROBLEM

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BOTH population and living standards in Britain are predicted to rise considerably by 1981. To fulfil an annual housing programme sufficient to provide the six and a half million new homes needed, about 40,000 farmland acres (average cost £220 for *existing use*) will have to be built on every year. If sold with planning permission today, this land fetches on average £3,850 an acre. Those 90,000 acres in the south-east to be sold on the open market may produce profits totalling £500 million. National increases in land value over seventeen years will top £2,000 million on development land alone.

This unearned increment — only part of the total rent of land — now swells private fortunes instead of serving the public good.

Just one acre of housing land in London costs the London County Council on average £61,800 — the average cost of land in an LCC home is £1,550. House prices are up fivefold since 1939; in the last twelve years the cost of a council house has risen 72 per cent; of a private house, 88 per cent, and planning delays add another fifty pounds to every unit. Reserves of land for building are now below two years' supply, and the cost of the average house is going beyond the means of the average wage-earner.

The dangers are obvious. Yet only eleven per cent of Britain is built on! While we squabble for city fringe sites, forty-five million acres of farmland surround us. What solutions do politicians offer to this conundrum?

Conservatives may extend the advance Compulsory Planning Order procedure of New Towns and offer from twenty-five to fifty per cent compensation to owners. They wish to preserve the "free market mechanism," but may increase the small three-year capital gains tax on sales of land. They want untapped public lands to be released for building; to recoup some betterment for the community; yet leave landlords "inducement to sell." Thus investment in a 240-acre holding could be regained by selling forty acres with planning permission. If half this profit were taxed, there might be £50,000 towards a housing subsidy. But do land and housing thereby cost less?

Labour propose a Crown Land Commission to buy development and redevelopment freeholds at existing use value, and then to lease land to developers. Land owners would be offered a "sweetener" as a lure to sell. Thus they might get £1,000 an acre for land later to be leased at the upset price of £10,000, instead of the former "free market" price of £20,000 an acre. Funds thus saved could subsidise cheaper mortgages. Builders would know what prices to bid and fix; developers would pay less for the right to develop. The Commission would select and

ration land, value it, negotiate a lease with a developer given priority, and control rents of the development.

Objectors suppose this method to be subject to appeal at every stage, to lead inevitably to administrative bottlenecks and widespread compulsory purchase, and result in two types of land: one regulated, the other enclosed. Resale and sub-letting might obviate cost control.

Neither scheme deals with land values created overall by the community. Both concern betterment after change of use; neither, the whole rent of land. Notwithstanding, why should the public "compensate" land owners for claims that were never theirs to make?

Site-value rating, as tested at Whitstable by the Rating and Valuation Association, has been chosen by the Liberals as a fair method not interfering with ownership but effectively recouping for the community land value created by the community. Sites are assessed for rates on what they fetch, under current zoning on the town map, as if let to the highest bidder in the open market.

This method falls equitably on everyone according to his use of land, secures development of vacant or under-used sites, and forms a rotating fund which rises as land value increases.

Builders above all should campaign for the correct solution to the land problem. Only the right technique permits the right priorities to be afforded in housing, education, industry, etc.

In this General Election we should concern ourselves with economic justice: the equal right of every man to enjoy free access to land; his obligation to make fullest use, under an agreed plan, of the plot he owns; and the duty to return all rent of land to the community that creates it. Alas, all we are offered is the heads of the profiteers!

Housing Subsidies

AMONG the last-minute "forthcoming attractions" advertised by the political parties in the week preceding the general election, was a plan by the Conservatives to help young married couples who were unable to afford high deposits sought by builders.

Giving an outline of the scheme to an election audience, Sir Keith Joseph said that under a Housing Corporation that would be set up, the deposit on a new house would be in the region of £150. For this purpose, £300 million had been earmarked. Housing Societies would also be set-up, and would build houses "without making any profit."

Such a scheme, taken at its face value, does not stand up to a moment's examination, either on economic or moral grounds.

It is in the nature of economics that whatever benefit is conferred upon one section of the community has to be paid for by another. Profits (largely interest upon capital), are presumably all right for private enterprise but not for tax supported public "enterprise."

Bribing electors with their own money has become an accepted gimmick among politicians today.