

## PUBLIC MONEY MAKES LAND VALUES

ALTHOUGH NO TRAIN has yet been built and financing difficulties have arisen, the Bay Area Rapid Transit System (BART) now in the advanced planning stage has already had a considerable impact on the urban scene. Although it is still three years before the first train is likely to run, a wave of new development is changing the face of the central area of Frisco, Oakland and Berkeley.

Within walking distance of the planned BART turnstiles, already 400 storeys of office floor space are nearing completion close to San Francisco's Market Street.

In one bank building alone nearly 1.5 million square feet of offices will be provided. The 43 storey Wells Fargo Building close by will provide an underground link for thousands of white collar workers walking between trains and the Montgomery Street financial district.

In Oakland, by siting two BART stations close together, the planners hope to encourage the concentration of central city junctions into a compact area. To encourage the developers, a 300-bedroomed hotel, a conference centre and other amenities are being provided by the Oakland Redevelopment Agency.

In Berkeley, 50 per cent of present total office floor space will be added by the erection of three buildings alone. The Mayor has declared that BART has started a new era in the city's history and the Council has paid \$1 million to purchase development rights over two stations.

But the central area rebuilding is not the only firecracker sparked off by rapid transit plans. In the suburbs many new housing developments are under way and the new system will broaden and create choices in employment, housing recreation and education. As *California Homeowner* reports, the attractions of the line are clear: "No car to park, no traffic to buck, no fumes to breathe in stop-and-go traffic." All this sounds fine and promises a better life for the growing Californian population. But what of the opportunities lost?

In the first place, all the new building activity has been precipitated by astounding increases in land values. The tax base consists of land, buildings and personal property, but it is land value which is rising while the bulk of tax levies fall on the efforts of productive enterprise.

*California Homeowner* has stated the case unequivocally: "Too much thought has been given to ability to pay and not enough to benefits received. The

values created by BART are in the land and the values diminished are also in the land. BART must be saved by its own potential. A tax to support the system must be on land values alone."

In the second place, the light tax load on vacant land will make it more profitable for many site owners to sit tight for a few more years particularly where the land is near the suburban stations. Those who develop early will certainly gain as the first wave of people move out from the inner city areas. But those who choose to wait until the line has been operating for some years will stand to gain even more as the population rises and an ever increasing number of families bid higher prices for homes near the rail lines.

History provides many examples of how sound opportunities have been lost where land taxation policies have been rejected as public transport has been improved. BART looks like being the best example yet. The lack of available finance and the unwillingness to tax land values steeply could bring about a major economic crisis. Instead of turning to the state and Federal Governments for help, the transit authority should look at the land values it is creating by its efforts.

## EXPLOSIVE LAND BOOM

COMMUTERS to Manhattan are at present witnessing the biggest commercial real estate boom in the island's history. A desperate need for office space has sent land and construction costs rocketing to all-time high levels. Land prices have doubled over the last eighteen months and land is now selling, on average, at \$500 a square foot (approximately £9 million an acre). Cranes and scaffolding are everywhere to be seen. What is the reason for all this?

*The Christian Science Monitor*, reporting the situation on April 25, quotes Julien J. Studley, president of a real estate firm, as saying that companies now want to locate and expand operations in New York more than ever before. Explaining why firms want to congregate in an already overcrowded area, Mr. Studley sums up in a statement that would make our Location of Offices Bureau wince: ". . . business wants to be with business and people want to rub shoulders with other people, no matter how crowded for both. That's what makes New York, and people and business can't have enough of it."

In twenty-two years two hundred major office buildings have been constructed in Manhattan, totaling seventy-eight million square feet, or over twice as much space as in the next nine largest American cities combined, and Donald H. Elliott, chairman of New York's Planning Commission expects this rate to double in the next decade.

Seventeen new skyscrapers are scheduled for occupancy this year, mainly by banking concerns. The largest is of fifty storeys, situated in the Wall Street district, and half its area, of 2,100,000 square feet will be occupied by the Chase Manhattan Bank. Ten more buildings are planned for next year and twenty-three for 1971, including the World Trade Center, two 110-storey towers comprising ten million square feet of space, most of which has already been leased.

Typical of this boom is the forty-four storey Gulf and Western Industries Building. A rectangular structure on a triangular plot in the middle of a traffic circle, it has been erected well away from the skyscraper zone, where nothing had been built for fifty years and has confounded the critics who had maintained that no firm would consider renting it. Now, ninety per cent has been taken at fifty per cent higher rents than were anticipated two years ago.

What the land value of the whole of Manhattan is today is anyone's guess. It provides an interesting chain of thought when one considers that the island of Manhattan was originally bought three hundred years ago for a purseful of dollars.

## PROTECTIONISTS "SMEAR CAMPAIGN"

"A VICIOUS SMEAR attack has been made on Hong Kong toys by the British newspaper *The People*," states *The Hong Kong Telegraph*, April 9. The article in *The People* complained of, related an incident involving a plastic wickerwork chair with thin metal legs—allegedly made in the Colony—and a five-year-old boy. The boy was injured when he fell on the upturned chair, one of the legs of which had lost its rubber tip. *The People* said: "The significance of this lies far deeper than this distressing accident—it is part of an alarmingly recurring story." The article (says the *Hong Kong Telegraph*) then mentions

four toys considered dangerous in Britain ending each accompanying anecdote with "this was made in Hong Kong," printed in bold type, and alleging that Hong Kong produced "cheap goods outwardly attractive, but made with less than scrupulous regard for the standards of safety and reliability insisted on by British manufacturers."

An Assistant Director of the Department of Commerce and Industry said it was quite unfair to castigate the entire Colony's industry on the strength of a few isolated incidents. Foreign buyers submitted most of the designs to Hong Kong's manufacturers, who then followed their specifications.

Also answering the charge, the Senior Manager of the Trade Development Council of Hong Kong said that Hong Kong could expect more of this kind of smear as the Colony's share of the international market grew. He added, "I say without any hesitation that line for line, our toys are as good as, if not better than, most other toys in the world—including Britain's . . . I strongly suggest that the article was inspired by vested interests in Britain and was designed to coincide with the beginning of the Christmas buying season."