

field of dispute on hypothetical tenancies, and the valuer can start to see straight. He can also expect to work with a quite distinct raw material — land values — and to use his capabilities in recognising and reflecting in his valuations all the factors that influence those values, how these can and do change, how areas become enriched, while others deteriorate. The sheer pleasure in dealing with living values rather than gamely trying to fight a battle about physical factors and hypotheses, guesswork and gimmickry! Some of us have spent a lifetime playing our parts in this atmosphere of second best. And we have paid the penalty, in lost government grants, for trying to achieve good valuation lists. The Inland Revenue inherited a strangely varied pattern of local valuation policies, and most of us yearned for a fresh start and a firmer central policy. Much has been done. Perhaps a kind of higher mathematical progression is assured. But I still assert that a valuer who can hope to value is likely to produce a better article than one who is computing.

There is a section in this Land Institute's report which goes to the heart of true valuation. It deals with the definition of value for site ratings. It is here that one can see quite vividly the action and interaction of land value influences. There is an even more penetrating section on planning influences with a final sentence, simple in terms but far reaching in its implications; "The line between hard facts and high hopes is faintly drawn, but it is the valuer's duty to value on the facts as he sees them, *not* to prognosticate as a town planner".

There are considerable obstacles to be overcome but these only concern the valuer in the sense that his way must be cleared of obstacles if site-value rating is to be used. There will be land tenure problems, a need for comprehensive land registration and improvements in planning achievements. But then we are not discussing a new system to be introduced at short notice. Fortunately we can potter along for a few years with

what we have, fortunately, that is, in that it will give time for a searching appraisal of something perhaps far better and, even more significantly, which will produce land values evidence of great value for purposes far beyond local taxation. Truly a splendid prospect for valuers, to whom I address my plea that they take a good look at the future which could open up if this land value basis of rating could be given the scrutiny it deserves. And the scrutiny of valuers is essential. Most of us will have to try very hard to be objective. What we are

used to gives a sort of reassurance — the test of time and all that. How *can* we abandon a centuries' old occupation rate? Well, we are not, at any rate not before a competitor proves its prospectus on the way.

There are many questions, many problems, about site-value rating. They should be examined thoroughly. More needs to be done in practical valuation terms, too. When the frenzy of reorganisation recedes, I hope valuers will start poking and prying into it.

## *Does Land-Value Taxation Cause Overbuilding?*

PROF. STEVEN B. CORD

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**R**ALPH NADER'S Tax Reform Research Group endorses the heavier taxation of land values "as an instrument both of tax equity and of desirable patterns of land use."

But the Nader Group in a *Property Tax Newsletter*, expresses a concern to many ecology-minded people that "an unmodified site-value tax might force into dense, even high-rise development, those areas perhaps better left in another state - as farmland, open space, or unique urban neighbourhood. We are also concerned that noise, crime, pollution and the cost of providing public services may well increase with density of population."

This is a plausible concern and one very frequently heard these days. But in fact, rather than creating these problems, land-value taxation would alleviate them, for these reasons:

1. It would tend to put land into its most optimum use as determined by the market, but it would not favour more intensive use than that. Land taxation encourages not huge buildings but buildings which could obtain enough revenue to at least pay the land tax (plus a

reasonable profit on the building investment itself).

2. If some land is used too inefficiently, as in urban sprawl, then other land must be used too intensively. But by making urban sprawl unprofitable, land-value taxation would thereby tend to eliminate this cause of excessive crowding.

3. The higher the cost of land, the bigger the building needed to start making a profit. You simply cannot build a modest building on expensive land. But by reducing the cost of land, land-value taxation reduces this cause of overcrowding.

4. The present under-taxation of land is obviously not encouraging farm uses, open space or unique neighbourhood preservation. Rather it is encouraging such anti-social uses as empty lots and underused land (urban sprawl). Of course, as the Nader Group correctly points out, we can always use zoning and land-use planning in conjunction with land-value taxation to protect the social interest.

If land-value taxation is as equitable as the Nader Group says it is, it is likely to be practical too.