

**S**ITE-VALUE RATING is often regarded as having a harmful effect on the environment and as being generally anti-ecological. This, however, is a misconception and the opposite is more nearly the case. Most of our environmental problems are due, not to overuse of land, but to misuse and under-use of much land.

Every acre of idle land in a city centre means that, for a given population, a) that city will be larger in area than it need otherwise be or b) the density of development in the rest of it is higher than desirable, or c) part of the population is overcrowded or unhoused (or all three).

Every acre of developable land held out of use puts up the price of all other land. This makes houses more expensive, increases the rents of commercial and industrial properties, and increases the cost of providing schools, hospitals, roads and public buildings.

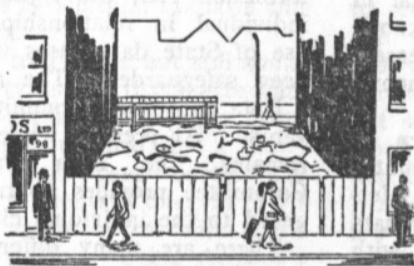
Every piece of potential building land on the edge of town, acquired at high price in the hope of later obtaining planning permission, and left idle in the meantime, pushes up the price of agricultural land, increases the cost of transport to the city and raises the price of home-produced food.

What can be done about it?

Site-value rating would put pressure on the owners of undeveloped sites with development potential to put those sites to use.

An immediate effect of the introduction, or even the announcement of the impending introduction, of site-value rating, would be to reduce the price of land. This would come about in two ways. In the first place, the site-value rate would fall on the owner of the site, and could not be shifted on to the tenant. (There is a simple economic proof of this.) Anyone buying land will therefore discount this new liability in the price he is prepared to pay.

Secondly, the fact that the rate has to be paid, whether the land is used or not, means that there will be a considerable move to make use of hitherto idle sites in order to gain an income out of which



to pay the rate. The effect of thousands of new sites coming on to the market will considerably reduce the price of land.

The effect of lower land prices will be to lower the cost of housing, public and private, and all public works, and to greatly stimulate employment and activity in the building industry.

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## Site-value the Env

RICHARD G

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countryside covered in council houses and Wimpey estates! In the first place, only so many houses will be built as there is a demand for. Demand will always limit the amount of development, whether residential, commercial or whatever.

Secondly, the greatest pressure will fall on those sites of greatest value, and the greatest values are to be found in city centres.

Site-value rating is not a rate on land but on the *value* of land. The assessment is the annual market rent of the bare site. The rent of land ranges from a few pounds an acre to tens of thousands of pounds an acre. The site-value rating liability will vary correspondingly. The heavy burdens will fall on land within existing urban boundaries. It is those sites that will be developed first. 'Greenfield' sites will not be developed for years, if ever, for there is far more vacant and underused land within urban areas than is needed for development in the foreseeable future.

So far, so good, but what about urban open space? Shall we see our towns and villages built upon from one end to the other, with nothing to relieve the rows upon rows of packed dwellings?

No, this would not happen. One can build only where planning consent is obtainable. The effects of an SVR-induced development boom is no different from any other building boom, except in breadth and extent, in that no development can take place unless planning permission has been given.

There will be no 'uncontrolled' development. The planning system could remain exactly as now and all controls would remain in force. Land would still be zoned commercial, industrial, residential, etc. and there would be maximum permitted densities applying to any area. Open space would not be affected. If it was designated as public or private open space, no development could take place.

When land is valued for site-value rating purposes, the valuer takes all these considerations—zoning, designation, permitted densities etc.—into account. No plot would be assessed at a value that could not be realised. The assessment is on the *annual market value* of the bare site, and the market value, of course, reflects precisely what can be done with the site.

# Rating and Environment

RINHAM

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It is sometimes argued that such a valuation could not be done until every single site had received detailed planning permission. It must be pointed out that Hector Wilks, the professional valuer who twice valued all the land of Whitstable as a pilot study for site-value rating, did so very quickly and with hardly any difficulty—and nobody has challenged his valuation. Of course, some changes could be made, and Mr Wilks suggests some in his report but the lack of detailed planning permission for every single site in no way inhibits an accurate valuation.

The likelihood is that if we had always had site-value rating in this country, our towns and cities would have far more open space than they do now. Open space increases the value of land fronting on to it, and the natural optimum 'mix' of developed land and open space is that which would maximise overall land value. This might conceivably be as much as one third open space.

Following the introduction of site-value rating and the consequent fall in land prices, it will be much easier for local authorities to purchase land for 're-development' as open space. A virtual transformation of our cities could be expected in time.

The important point is that under site-value rating the planning authorities are just as much in control of development as they are now. Land can be developed only with planning consent. Land use can be controlled. Open spaces can be created. Historic buildings can be listed and preserved. None of that will change. Site-value rating will stimulate development *where development is already considered to be desirable* and the pressure will be taken right off 'white' land on the urban fringes.

What about agriculture and the countryside in general? Under site-value rating agricultural land would be rated in the same way as all other land. Agricultural land value is low compared with urban land value, and the rate burden falling on the farmer would not be heavy. The tenant farmer would not pay the rate anyway; it would fall on the owner, and all farmers would be relieved of the rates on their dwelling houses.

The price of farm land would fall substantially, which would make it much easier for new farmers to get established, and money that is now being put

into land would be free for investment in capital instead.

SVR would encourage the more intensive use of agricultural land, which would be no bad thing as very poor use is made of much land at present.

However this would not lead to 'raping' the land for short term profits. Under SVR all agricultural land, whether rendered good, bad or indifferent as a result of the method of farming, would be valued as if it was in average good condition. In other words it would be valued according to its natural fertility and not according to its man-made state. If a farmer over many years improved the quality of his soil by heavy manuring etc, his land would not be valued any higher than that of his neighbour who had not done so. Improvements to the fertility of the soil would not be penalised by the land incurring a higher rating assessment.

Similarly, the farmer who exhausted his soil by over-cropping or other bad practices and whose yields declined as a consequence, could not get a lower assessment on his land because of that. It would still be valued as if in good condition. The bad farmer would be induced either to mend his ways, or



perhaps to give up his farm.

The other major environmental effect of site-value rating would be on the extractive industries. At present large areas of land are laid waste by open cast mining, sand and gravel extraction etc., and little effort is made to restore the land after the operations are completed. There are thousands of acres of such eyesore land in this country.

Under site-value rating such land would be assessed as if it was in its original unspoiled condition. Thus as extraction was finished the land would have to be restored to near enough its original condition and put to use, for a site-value rate would continue to be paid on it. The cost of land restoration would thus have to be added to the cost of the material extracted to give a true economic cost. This would encourage conservation and discourage waste of natural mineral resources, as well as prevent the desertion of large areas of the countryside.

Similar considerations would apply to deep mining. The land on which waste was deposited would be rated as though in its previous use, thus discouraging large-scale tipping. The proper place for waste is back down the mine. This would again increase the cost of the mined product to what it always

ought to have been, and encourage economical use of it.

Amenity land, like urban open space, need not be rated. Such land should still be valued, and preferably valued as if in an appropriate alternative use, so that the community can see the revenue forgone. But designated rural land, like its urban counterpart,

would be excluded from development and would be unaffected by SVR.

In summary, site-value rating would have only beneficial effects on the environment, and would work entirely within the framework of the present (or any other) planning system.

## USA

### Producers versus Non-producers

OSCAR B. JOHANNSEN

UNLESS the people's general philosophical outlook changes, there is grave danger that our relatively high standard of living will drop to the level of most other so-called civilized nations in the not-too-distant future.

The people appear to listen with approbation to the tirades of the non-producers against the producers. One would suppose that those who produce the wealth and services which we enjoy would be looked upon with admiration and respect. But, sadly, such is not the case. Instead it is the non-producers who are listened to so eagerly—the professional do-gooders and the bureaucrats and politicians who denounce the producers.

In a large measure, this is probably because so much of what is produced comes from corporations, some of them of enormous size. And yet it is precisely because production is carried on by large units that so much is produced at relatively low costs, for what is known as economies of scale are practised. This simply means that by producing in large quantities great economies are possible. Were it not for this fact, those marvellous machines we call automobiles could never be produced for the ordinary man.

Because these companies are so huge they are open targets for the non-producers. For example, the petroleum and natural gas companies have come under excessively violent attack. Yet it is these companies which discovered the oil and gas and delivered it to the people. They were the ones which went abroad and discovered oil in the Middle East and brought it back to America at such a low price that for years Americans had the cheapest gasoline of any

large nation. These companies were not the cause of the increased prices today, but the governments of the Middle East countries. But to listen to the assorted non-producers, you would think the only thing the companies had on their minds was to rip-off the people.

If anyone is ripping off the people, it is the politicians and bureaucrats, and their natural allies, the professional do-gooders. Our wonderful Congressmen ever so thoughtful of the public's good have just increased their salaries by \$13,000 to \$57,000 a whopping 30 per cent. But let the oil companies raise the price of gasoline a penny or two to compensate them for increased costs, and the cries of these self-serving politicians denouncing the companies are enough to wake up the dead.

The non-producers are handsomely paid. Not only that but they drape over themselves the mantle of saintly virtue. But it is a virtue which costs them nothing, for almost inevitably whatever reforms they advocate come down to interferences by government. They claim whatever credit is due, but the taxpayers foot the bill. And, of course, all of the reforms are worse than the disease for nothing fundamental is ever advocated, such as the communal collection of the economic rent of land.

It is nothing new, of course, for governmental parasites to feed on the people. That has been going on for eons. However, our society is a highly complex one. It utilizes extremely sophisticated electronic and mechanical devices which require huge amounts of energy in one form or another as a substitute for brute human labour. But to keep our society progressing materially, the greatest possible degree of freedom must be accorded to the producers. If such is not done, our society is so interdependent that it can regress much more rapidly than it progressed. For example, energy

is absolutely necessary. One would think that such being the case, the government would do all in its power to aid the energy producers to supply our energy needs. But precisely the opposite occurs. The government interferes not only with price controls, but absurd environmental restrictions. On the eastern coast, a huge reservoir of oil exists which the oil companies have been trying to tap for years. Only as a result of the Arab oil boycott did the federal government finally open bids, but now local and state governments have brought any activity to a halt. And yet it is these same eastern states which are the loudest in demanding cheap oil and gas.

Sooner or later, the people must regain some of the philosophical insight that the pioneers had, which is that for civilization to progress, the highest degree of freedom possible must be maintained. This means not merely freedom of press and assembly but more importantly freedom to produce. If economic freedom is denied, want and poverty reaches such depths that the people do not care whether they have the freedom to speak or not. They willingly sell their right to free speech for a loaf of bread.

Today, a new aristocracy is arising. It is the non-producers who feed at the public trough, all the while ascribing to themselves the virtues of Sir Galahad.

But our society cannot long tolerate such an aristocracy. It must be curbed. Unless it is, our civilization will go down the same path of all the other great civilizations before us, but probably our decline will be much more precipitous and bloody.

But to curb this parasitical class, the people's philosophy must change so that they look with scorn upon these parasites and afford the respect and admiration which the producers deserve.

Reprinted from *The Gargoyle*, New Jersey, USA.