

LAND REFORM IN REVERSE

SIR,—When the city of Canberra was built, the land which was owned by the Government, was let on the basis of a 99 year lease with rent reappraisals every twenty years. Some early leases had their rents increased but then World War II broke out and because everyone was involved in the war effort there were no staff available to reappraise rents and so they remained static.

When the war was over the capital underwent large scale expansion and rental values increased but recorded payable rentals remained fixed. The difference between these two became an unearned increment and a land price developed—in other words land became a saleable asset.

In 1949 Robert Menzies became Prime Minister but he refrained from bringing rentals nearer their true market value. Even when new areas were opened up the land was still leased at a low level rental plus a "premium."

Many of the people who live in Canberra are civil servants of long residence which means that they hold their houses on land at a very low leasehold rental. Thus if rents were moved up in line with the true market value of the land they, among others would suffer. But is this likely when some of these civil servants are officers in the Department of Interior which controls Canberra? Quite the opposite, in fact, for, with Prime Minister John Gorton's approval they have published an Ordinance which says firstly, that no more rents will be collected but a nominal leasehold will be retained—in effect a gift of freehold worth millions. Secondly, it says that local municipal charges are to be raised to pay for those services which rents used to pay for.

And so now it seems likely that Canberra, the shining example of how a city derived revenue from the economic rent of land is doomed to be tarnished, not through any shortcomings of the system but simply because certain "interests" must be protected.

Yours faithfully,

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Rents and Housing Costs

House prices up—

INCREASES over the past two years of 25 per cent in the average price of houses in London and the South-east are reported by the Nationwide Building Society. The "executive type" four-bedroomed house now costs an average of £11,180 in the London area as compared with the average of £8,866 two years ago.

The cheapest houses in the London area, two-bedroomed terraced properties, now average £4,749 as compared to £4,290 of two years ago or the £3,738 they were costing in 1955.

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Housing a poverty problem?—

TO BUILD A HOME worth only £4,000 meant letting it at £400 if there was to be any economic return, Mr. R. Gordon Dashwood, a director of the Metropolitan Estate and Property Corporation, told delegates at a Land Institute Conference in December.

He said that under laws as they stood at present the fair rent "would only be £350—a clear loss to the landlord" and he added that "as long as there is a scarcity of homes, new private housing to rent will never be economic."

Mr. Dashwood quoted the results of a survey of 200 flats owned by his company where 60 per cent of the tenants had refused improvements—including bathrooms—because it would have meant an extra 15s. or 20s. on the rent. He described the results as "incredible" because it would have cost £1,000 a unit of which £500 would have been paid by his firm after a 50 per cent government grant and taking the highest of the two figures, 20s., as the rent increase, this represents only 10 per cent gross on the £500 being invested by the Corporation. The only reason given for the refusal was that "the tenants could not afford it," although the government grant on these figures was directly benefiting the tenant.

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Land Costs in Cardiff—

RENTS OF £29 A WEEK would have to be asked for three-bedroomed houses if they were built in the centre of Cardiff, said Mr. Henry Mansfield, the city treasurer, when speaking at a public enquiry early in December (*Western Mail*, December 12).

Mr. Mansfield said that land in the City centre cost £300,000 an acre—100 times more than at Llanedeyrn, where the Council is building houses. He pointed out that both the social and financial aspects had been considered and added that it was very difficult to evaluate "the wide range of social costs and benefits" and to ascribe monetary values to them.

Mr. Mansfield claimed that the unsubsidised rent of a house in the central area would be £29 a week and a one-bedroomed flat in a ten-storey block £15 a week.

He maintained that even if houses were built on the top of shops and two thirds of the land costs allocated to the shops, rents would still be about £10 a week. If the rents were to be brought down to a "normal" level he said, subsidies of between £6 and £25 a week, probably evaluated by a means test, would have to be paid.