

# Housing, Employment and Land

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THREE of the main papers presented to this year's annual conference of the Royal Town Planning Institute contain interesting background information on trends in housing, production and employment. Taken together they highlight some of the main problems facing public policy makers. Looking at the facts it is easy to lament that we should have taken action long ago to integrate government safeguards and private initiative so as to produce different and more favourable results.

## *Failure of Housing Policies*

Public expenditure on housing rose between 1950 and 1974 from 6.9 per cent of the national income to 9.4 per cent. Over the same period the share of local authority housing has risen from 18 per cent to 31 per cent, owner occupation has increased from 21 per cent to 53 per cent and the private rented sector has declined from 53 per cent to 16 per cent. But according to the paper presented by Birmingham's Chief Executive, FRANCIS AMOS<sup>1</sup>, the large transfer of tenants from the private to the public rented sector of the housing market has "failed to accommodate a substantial proportion of the poorest group of households and yet provides subsidised accommodation for a similar proportion of households which should be able to purchase a home at current mortgage rates." Those who have been by-passed include immigrants, transients and single person households particularly in the younger and older age groups.

## *Harness Market Forces to Subsidies*

Mr. Amos proposes a dramatic shift in emphasis from subsidising housing to subsidising individuals though this could not be done rapidly if hardship is to be avoided. He suggests that the direct costs of housing to occupiers should be raised by lowering tax relief on mortgages to owner-occupiers, raising local authority rents, and letting private sector rents rise to the market level. This would

lower aspirations by bringing true costs to bear but would leave room for help to those in greatest need. His well-reasoned argument rests on the case that we simply cannot afford to pursue a housing programme that would require £35,000 million over five years to meet house building targets of 500,000 new homes a year and at the same time maintain and improve 600,000 existing houses. Programmes of this order would be required to maintain twenty million with an average life of eighty years, replace slums and provide new and separate toilet and other facilities for those now lacking them or sharing. There are, he believes, more critical areas for investment and points out that £60 of annual fixed capital investment per worker in British manufacturing industry compares with £5,700 per worker in Japan.

## *Small is Beautiful—and Efficient*

Dealing with social attitudes and work satisfaction, P. CHRISTIAN SCHUMACHER cites in his paper<sup>2</sup> a number of studies, one of which indicates that nearly half of the working population are employed in units of over 500 persons and that the number of working days lost through stoppages increases significantly with the larger plants. Other studies have highlighted the relative efficiency of small working groups in which planning and production are undertaken as a unified whole. Organisation of this kind engenders job satisfaction. We see, claims Schumacher, "a steady erosion of our freedom and an increase in social and psychological pressures of all kinds. . . . On the technical/economic/political side we are witnessing a growing centralisation of power as the scale of our industrial and urban structures becomes larger and the problems associated with them become more intractable. . . . People will not put up indefinitely with institutions and structures which repress them and prevent their self-development. A growth in civil disobedience, disregard for the law and violence cannot therefore be ruled out.

Nor, as the economic base becomes more inflexible, will we be able to prevent a growth in unemployment. I am afraid that unless we act to root out the fundamental causes of our present predicament, there is no other way than for the situation to get worse."

Unfortunately, this observer makes no attempt to take his analysis deeper by considering the basic economic structure of wealth distribution and the psychological and economic effects of the punitive taxation of labour and capital.

## *Barrier of High Land Costs*

GRAHAM LOMAS<sup>3</sup> as well as Francis Amos, recognises the relevance of land prices in the housing and industrial fields. In the case of London, Mr. Amos points to large tracts remaining unused because of high acquisition costs. Elsewhere, studies carried out at the height of the alleged land shortage, showed that substantial areas of land had been allocated and serviced for housing in most parts of the country. In dealing with industry, Mr. Lomas cites the many factors which have been at work in the inner city including high and rapidly increasing land values, high costs of construction, the difficulties of assembling sites, uncertainties over labour supply and its cost and the difficulties of reaching the national motorway network.

It must not be forgotten that historically the inner city provided opportunities in cheap converted floor space. This was used by both small scale innovators and marginal industries. The impact of development and clearance schemes plus *high rates of taxation* (ignored by Mr. Lomas) have displaced the smaller firms for whom no cheap alternative sites were available. In short, the monopoly influences at work in the property market and the taxation of enterprise and initiative have added to the burdens of the marginal operator and to unemployment. One can only wonder whether the situation has gone so far as to be irreversible. It would seem that the use of the Community Land Act's powers of compulsory purchase would be of no avail unless the values of acquired land are subsequently "written down" be-

fore disposal and tax incentives given to innovators. This would be expensive for the taxpayers in general. It is a pity that the alternative fiscal measure of taxing sites according to their potential values, a measure which would do much to ease the speculative elements in the property market, does not seem to be finding many advocates at the moment.

*Useless Act*

It is highly likely that events will prove that the Community Land Act is a poor weapon even for inner city planners. As Mr. Lomas points out, "The forces at work in the structure of employ-

ment suggest that their effects will often outweigh the devices of town planners." He might have forcefully added that the country is suffering from a surfeit of "disincentive taxation" and that in rejecting site-value rating the Layfield Committee has missed another chance of recommending "incentive taxation" — something highly relevant to pulling our cities out of the doldrums of the 70's.

1. "People and Housing" — Francis J. Amos.
2. "People and Jobs" — P. Christian Schumacher.
3. "Employment, Planning and the Problem of Deprived Areas" — Graham M. Lomas.

Papers delivered at Royal Town Planning Institute annual conference, Cardiff, June 1976.