

Another Land Conference

TO BRING CLOSER TOGETHER those studying the theoretical problems of land values, land development and land management, etc., and surveyors and valuers in private practise, The Royal Institution of Chartered Surveyors recently held a one day conference in London on Land and Property Values.

A controversial note was sounded by Dr. D. R. Denman who challenged the view held by John Stuart Mill and his successors that, apart from considerations of taxation expediency, the state had the moral right to appropriate land value. Attacking the view that land values following from town planning decisions or public improvements are created specifically "by the community," Dr. Denman did not believe that it was the community's concern to take special action as a right against these land values any more than it was the concern of a land owner to look over his boundary wall to find out how his own actions had affected his neighbour's property, with a view to seeking part of any gains that might have arisen. While Dr. Denman agreed with the notion that land yields rent and capital yields interest, he was of the opinion that the total income from a site could not be divided into the two categories, since neither would arise without the other. He agreed that communal demand for a commodity in fixed supply, such as land, gives rise to increasing rewards, but unless the community was prepared to levy special charges on all "other commodities" which are rent yielding, he said, it was not possible to justify measures for dealing with land "in the name of the community."

Fortunately, Dr. Denman's views did not go unchallenged by other speakers and by the people in the audience.

Land rent, of course, is an economic phenomenon. The moral justification for taxing rents rests on the moral principle that all men have equal rights to what is not a product of labour. Land-value taxation puts everyone on the same footing as regards their relationship with land—the free gift of nature.

A paper given by Dr. P. A. Stone on the techniques for valuing social assets caused less sensation. Dr. Stone is concerned with developing techniques for the evaluation in social terms of alternative development solutions to given urban problems.

In the following paper Dr. Nathaniel Lichfield dealt with cost benefit analysis, which is concerned with the use of alternative methods and solutions to obtain best value for money in the public interest.

It was Professor Colin Clark who drew attention to the lack of collated information relating to land prices, and the effect of taxation policies on land use. He pointed out how guaranteed prices for milk and wheat in

the 1930s led to rises in the rent of farm land and how the 1940 heavy death duties, with remission on agricultural land, tended to raise land prices. Although valuable information was believed to be held by the Inland Revenue, they had to date declined to make it available for research workers.

Professor Clark considers that spending on curing "urban blight" should be reduced. "The attempts to remedy blight often arise from a dislike of the idea of falling land values which is shared by government, city authorities and big property owners. To use taxpayers money to hold up values which would normally fall is a prime example of mistaken policy," he said. The high price of land for new development, enhanced by planning restrictions, provided, in Professor Clark's view, a prime reason for introducing a general land tax.

Mr. A. L. Strachan, FRICS, speaking for the practising valuers, dealt with economies of renewal and town expansion. Pointing out that by 1964 nine of the fifteen new towns were making financial surpluses varying from £11,500 at Corby to £529,000 at Harlow, he noted how the Corporations had evolved the system of ground rents reviewable at suitable intervals. In this way the new towns were beginning to enjoy the rewards of increasing rent returns, particularly from commercial and industrial sites. In addition, many towns were now reaping rewards from ground rents rising from town centre redevelopment undertaken in partnership with private enterprise.

Mr. G. C. Grover, FRICS, drew attention to difficulties valuers were faced with when dealing with contemporary legislation. The "fair rent" levels to be established under the 1965 Rent Act were to have no regard to scarcity and there was the real danger that "feel of the market" would be completely lost in a few years. Without adequate return, he emphasised, private capital will not be attracted and the responsibility for the future supply of flats to rent must rest on the shoulders of those responsible for the Act. Turning to the Land Commission proposals he said that the drafted Bill "must surely reach a new high in terms of unproductive administrative effort by the Civil Service and the professional advisers." Looking, however, for some rational approach to land matters, he stated: "Idealistically, if we knew with some degree of informed authority the effect of various forms of taxation on property values and development, then taxation could surely be harnessed to provide incentives to undertake essential development rather than hope it will continue in spite of it."

Clearly land-value taxation is just the sort of medicine Mr. Grover is looking for.