

CONTRASTS IN METHODS OF REBUILDING CITIES

STEPNEY AND POPLAR SCHEME

THE LONDON COUNTY COUNCIL on May 28 passed a resolution declaring an area of 1,945 acres in Stepney and Poplar to be one of extensive war damage requiring replanning and redevelopment and applying to the Ministry of Town and Country Planning for an order under Section 1 (1) of the Town and Country Planning Act, 1944, that the land in the area be subject to compulsory purchase for dealing with war damage.

The particulars given in the reports of the Town Planning and Finance Committees of the Council enable one to form some judgment of the economic results of this operation. It is considered that the complete redevelopment will take not less than 30 years. Part of the land will be used for new roads, open spaces, schools, hospitals and other public purposes. The cost of this land will be transferred from the redevelopment account to other accounts of the Council. The remainder of the land will be let on building leases to individuals. When the development is complete it is estimated that the annual outgoings and revenue will be as follows:

Outgoings

Loan charges at 3½ per cent. on compensation for acquisition and clearance of land and incidentals	£1,714,000
Establishment charges for management, etc.	21,000
	£1,735,000

Revenue

Ground rents and rack rents	£719,000
Annual equivalent at 3½ per cent. of land transferred for other services	340,000
	£1,059,000

The annual deficit will therefore be £676,000.

The charges include provision for amortization of the debt, and after the 81st year it is estimated that there will be an annual surplus of £698,000.

It is evident that the loan charges are based upon a total capital expenditure of £52,740,000. This money will, for the most part, be contributed by the ratepayers of London, except for some Government grants during the first 10 or 15 years of the operation. It appears, therefore, that the ultimate result to the ratepayers will be that they will get a little over 1 per cent. on their capital; or in other words, that about two-thirds of the capital expenditure will be unremunerative and effectively lost.

In addition it must be borne in mind that the rates will also bear the debt charges of the acquisition and layout of parks and open spaces, and of land and works for roads, estimated respectively at £75,000 and £140,000 a year. Further, the annual rate contribution in respect of housing deficiencies is estimated at £155,000 a year, and the Government's contribution to housing, borne by the taxpayers, may be assumed to be double the latter figure. This gives us another £680,000 a year payable for periods ranging up to 60 years.

The net result appears, therefore, to be very nearly a total loss of the capital expenditure embarked upon this enterprise.

Although the whole area is to be subject to compulsory purchase, it does not follow that all of it will be acquired, for some portions may already be in public ownership and some may be suitably developed already. The figures indicate, however, that the average cost of acquisition and clearance will not be less than about £30,000 an acre, to which the landowners, as such, contribute nothing whatever.

One of the main difficulties in carrying out the replanning of an old city lies in the fact that the existing subdivision of land does not provide plots of suitable size or shape for modern development. This difficulty becomes accentuated where land is taken for the formation of roads and open spaces, leaving fractions of plots in private ownership.

Town planning legislation in this country has not provided a general effective and economical solution of this problem. The sections dealing with war damaged areas in the Town and Country Planning Act, 1944, contemplate that the local authority will buy the whole of the land so affected. The stupendous cost and the great practical difficulties of this are illustrated by the foregoing account of the Stepney-Poplar reconstruction area.

PROPOSALS FOR BERLIN

The same difficulties arise in other countries. We have been favoured by the draft of a law dealing with this matter which has been submitted to the authorities in Berlin by Mr. Johannes Schmoll of the newly founded League for Land and Liberty.

The essential feature of this proposal is that the owners of a sufficient number of adjoining plots should be associated together in a co-operative society or company. The ownership of all the plots would be transferred to this society and each member would receive shares in the society equivalent to the value of his interest in the land.

The city is thus relieved of the obligation of buying land except such as it needs for public services. It does not become financially responsible for the development of the site or for preparing the plans or securing the contracts for the rebuilding. Nevertheless the rebuilding must conform to the general plan for the city and will be subject to the supervision of the city building and town planning officers.

Each society dealing with a certain area would have a constitution which would legally determine the method of management of its affairs and the rights of the members. This would follow a standard pattern, but would also in every particular case identify the land affected and so far as was reasonable and practicable would include a specification of the way in which it was to be dealt with.

The societies could be formed voluntarily, subject to compliance with the general conditions and with the town plan as affecting the particular area. But if the owners failed to agree and it appeared to the town planning authority necessary to effect such an amalgamation of ownership, they could be formed compulsorily. In either case the city itself could be a participator in the society either as an owner of land or as providing finance for the redevelopment, such finance being secured by mortgage on the land, repayable by instalments over a term of years.

It would be open to such a society to dispose of the whole of the land, in which case it could be wound up and the assets distributed to the members, or it could dispose of part, subject to the part being of such dimensions as to be capable of development in accordance with the town-planning scheme.

If a portion of any land owned by such a society was required, for example, for a new road or a road widening, it could be bought by the city from the society. The city would not need to investigate numerous individual titles. There would be a compulsory vesting of the individual titles in the society, and such investigation as was needed would be a matter between the owners and the society. The city would

automatically get a good title by the mere fact of purchase from the society.

In operating the proposal the requirements for public purchase of land for roads and other purposes would be taken into account when the formation of the society was first sanctioned, so that the land left to it after transfer of any required for such purposes would be adequate for private development.

Provision is made in the draft for obliging owners of land needed to make an effective scheme to participate in it. There are also provisions for regulating and safeguarding the rights of members as against one another and in regard to the public generally and for limiting their liability so as not to exceed the value of their interest in the land.

This proposal is not a general solution of the land question, but it is a solution of the problem of excessive subdivision of ownership. It is in line with the growth of legislation in this country which prevented title to land from being burdened with undivided shares and other incidents preventing it from being readily dealt with and adequately developed.

It relieves the State or the local authority of the burden of extensive purchases of land and the risk of loss arising therefrom in the uncertainties of post-war replanning. On the other hand it leaves the State or the local authority free, if the necessary legislation in that behalf is passed, to raise revenue from land values to meet the expenses of government generally or in particular to meet the costs of roads, open spaces and other necessary incidents of planning. By reducing the number of sites in separate ownership and therefore the number of direct contributors, it would indeed facilitate the valuation and taxation of land values. We commend the idea to the careful consideration of town-planners.

RATING REFORM IN VICTORIA

Progress, Melbourne, for April, reports that polls of rate-payers are to take place next month in six of the municipalities within the Greater Melbourne area to decide whether the local rates for municipal purposes shall be levied on site values. These six municipalities are Box Hill, Footscray, Moorabbin, Northcote, Nunawading and Preston. Combined, they cover an area of 68 square miles and have a total population of 192,862.

If they adopt the land value rating system they will fall into line with the 14 municipalities (and shires) which have already adopted it. The change will mean the abandonment of the "old" system of assessing the annual composite-value of land and buildings taken together and without discriminating between the one and the other. But the change will affect only the municipal rates, the water and sewerage rates being under a different dispensation and continuing to be levied on the old system, not only in these places but everywhere in Victoria. Latest news, however, as stated below, is of an option to levy water rates on land values.

Progress adds some interesting information about the municipalities where the rating polls are now being held. In summary, the total number of houses is 48,488 and the total number of vacant lots is 41,700. Absentee or "speculative" ownership of these lots is disclosed by these facts: In Box Hill, of the vacant-lot holders 73 per cent. are absentees; in Footscray, 50 per cent.; in Moorabbin, 85 per cent.; in Northcote, 64 per cent.; in Nunawading, 72 per cent.; in Preston, 76 per cent. Of the vacant-lot holders in Footscray, one "multi-millionaire" (Sir Wm. Angliss) is named as holding a greater unimproved value than all the other vacant holders upon the voters' rolls put together.

As to other statistics, for the sake of studying and following the events, it would be of advantage to know for each of these places what is the aggregate land value, the aggregate

annual composite value and the amount of municipal revenue which (under either system) it is necessary to raise; but these figures are not given.

In regard to the matter of water rates, it is reported that the *Australian Municipal Journal* for January, 1946, records legislation by the Victorian Parliament which permits rating for water purposes to be levied on land values where the municipality in which the water authority is situated levies its rates under that system. It would be interesting to have the Statute and see how the option is made operative.

A further encouraging item in the *Progress* report is that in Frankston and Hastings Shire a move to adopt land value rating seems likely following a special meeting of the Council where the valuer, Mr. E. Kerr, produced many arguments against the existing system and strongly urged a change.

CANADA

Our Ottawa correspondent, Mr. H. T. Owens, writes: "Prior to the war, a Royal Commission on Dominion-Provincial Relations was set up and it spent some three years receiving briefs, holding public hearings and drawing up a report. It cost the country over \$500,000. Last August the Federal authority submitted certain proposals to the Provinces and in so doing referred to the report of the Commission which observed that before the war we had 'a combined tax system which, as a whole, was highly regressive and to an unusual degree consisted of taxes on costs'; it was a tax system which 'hampered enterprise and restricted income and employment.' The Commission's formal recommendations, however, dealt with such matters of public finance as that the Provinces should yield to the Federal Authority exclusively the tax fields which had previously been shared between it and the Provinces, namely personal income tax, corporation taxes and succession duties. The levy and collection of these taxes had, as a fact, been left wholly to the Federal Authority as a war measure. And the Federal Authority's proposals, as made last August, were that this transfer should be made permanent, the Provinces being compensated by subventions from Federal resources.

"After several conferences of the Provincial premiers and the Federal ministers in the interval since August, a breakdown has taken place. Ontario and Quebec, the two richest Provinces, would not yield on the terms proposed although seven of the Provinces were prepared to make a deal. The proposals are stalemated for the present, but in my opinion the true reason for the breakdown lies in the defectiveness of the system, taxing on the wrong basis. The remedy is for the three levels of taxation, Federal, Provincial and Municipal, to be based in the main upon land values. If the parties to the Conference had been sound on the basic principles of taxation they would not have gone sour on its aims. The Provinces wanted the Federal Authority to pledge itself not to invade their fields of real and personal property; that is, not to think of imposing a land value tax for Federal purposes. Although the B.N.A. Act provides that the Federal Authority may tax in any manner it sees fit, the Federal Authority expressed its willingness to keep away from real property taxation for the duration of the proposed agreement, which was to be for three years. In so agreeing, the Prime Minister and his advisers, as it seems to this writer, 'lost the war.' It all ended in a squabble over jurisdictions, and we are still floundering in the morass of our tax muddle, both provincially and federally."

Towards the end of the 13th century, a seigneur owned broad acres at Wagnies-le-Grand, near Avesnes, in what is now the department of the Nord and about 16 miles from Lille. During a visitation of plague all the inhabitants of the commune fled except the seigneur's servants, who were kept from flight by generous wages. To reward them still further, he eventually let his lands and decreed that the rents received should be distributed among all the inhabitants of the commune. Not long ago, arrears for three years (payments were impossible during that period of the German occupation) were paid out and the amounts due for this year have just been received by the happy, taxless community. Thus what has always been called "The Great Alms-Giving" still continues after seven centuries.—*The Scotsman*, April 24.