

## Some Effects of High Land Values On Planning and Building

THE effects of high land prices on town planning and building were discussed extensively in a most interesting paper presented at a recent meeting of the B.Sc. (Estate Management) Club. It was written by Mr. M. A. Carter, B.Sc. (Est. Man.) A.R.I.C.S., A.M.T.P.I., and published in full in the *Estates Gazette*, March 12 and 19. Most notable of Mr. Carter's six conclusions was the following:

"The most important adverse effects of the present high values are the increased costs of land acquisition for public social purposes and danger of a brake on the rate of the building of dwellings through inability of private enterprise developers to obtain land at values which permit of economic development. There is no apparent solution consistent with proper land use planning within its present financial framework. *Unless planning is to fail, means must be found of diverting part of the values created to the community, and of discouraging the holding back of ripe building land.*"

Mr. Carter noted that in 1958, the building and civil engineering industry, employing on the average a labour force of just over a million, produced work to the value of £2,168 million, of which £1,405 million was new work. Of this, £518 million was in new housing, 278,633 new dwellings being produced in Great Britain in the year. Just under one half were built by private enterprise, probably mostly on speculation, and it was safe to assume that almost all these were built on virgin land.

There was virtually no private estate development until 1954. The ending of development charges and the virtual removal of licensing control started a boom that year in private building with a consequent rush to secure land. "There was an increase in the number of building firms, particularly small firms of general builders who held no stocks of land . . . Having built up their organisations and labour forces, these firms are dependent for their continued existence on obtaining land and I believe constitute an important element in the present intense demand in many places."

Mr. Carter cited a number of instances of "the apparently dizzy heights" to which land values have climbed in different parts of the country. Many of these have already been noted in our columns. They represent increases of 10, 15 and more times than those obtaining before the war. "Even taking into account the alteration of the value of money they appear at first sight to be fantastic, and it is interesting to speculate whether in fact they could go still higher." Mr. Carter believes that in many places, such as in the Home Counties, they may do so.

High land prices are affecting planning in three main ways. The first and most obvious effect is the greatly increased cost of land to public authorities. Mr. Carter "thoroughly agrees" with the object of the 1959 Town and Country Planning Act. "Nevertheless, to make public authorities to pay high monopoly values which

they themselves in many cases have had no small part in creating, is a serious thing. Not only is the public purse likely to be badly hit but it must militate against proper planning." Standards of public buildings of various types and open spaces are bound to fall rapidly.

"Secondly, high land values are likely to encourage the speculative developer to try to get more development on less land, or in other words they are tending to force a more intensive development of land." Unfortunately the speculative developer is trying to achieve this by reducing frontages, depth of plots, road widths and omitting all incidental open spaces and features which can do so much to create a pleasant environment.

"Thirdly, the trend of apparently continually increasing values appears on the one hand to be tempting some land owners to hold back land, ripe and badly needed for development, in the hope of obtaining even higher figures than those now ruling, and on the other to encourage some builders and developers to buy more land than they can possibly require, to ensure continuity for a considerable period to come. I believe it is also encouraging speculation in building land which is being withheld from development. In some areas I have no doubt this is creating difficult conditions especially for the small builders and developers, particularly those who have set up since the war and have never possessed any substantial area of land as stock in trade, and it could well lead eventually to a brake on the rate of housing development."

The greatest effect of high land values, however, is that they are creating very considerable pressure for local planning authorities to release for development vastly increased areas of land. If this pressure succeeds, "the post-war planning system will collapse and we shall extend suburban sprawl with all its disadvantages over vast new areas. High land values are also resulting in speculation in unallocated land, particularly in white areas between residential allocations and the inner edges of Green Belts, which in the light of the values involved some planners have aptly suggested should be called 'gold' land. It is obvious that the speculators will add their voices to the demands for increased allocations and will also put forward the argument that in equity compensation for planning refusals should be paid at market value."

In present circumstances, the only solution Mr. Carter can see "is that increased funds must be made available to public authorities to meet increased costs resulting from high land values, and the obvious sources are those who are benefiting from rises in value which they have had no part in creating." He echoed the view expressed in the Minority Report on the Rating of Site Values (the "Simes Committee") that "it is not unreasonable that site values should bear at least a share of the public expenditure which does so much to create and maintain them."