

NEWS AND COMMENT



STOP KIDDING MR. O'NEILL

IF PRESENT housing programmes to house the poor won't work, we've got to find programmes that will." So concluded Richard W. O'Neill in an editorial in *House & Home*—a sentiment that few people would disagree with. However, the tentative suggestion put forward by Mr. O'Neill as to how this should be done falls far short of the revolutionary approach that the problem demands.

Accepting that in the United States there are probably ten million poor families, half of whom are "virtually trapped in cramped and often stinking quarters in the urban cores," Mr. O'Neill strongly criticises the failure of public housing to make any real advances. The number of sub-standard homes in New York is estimated to have increased by 100,000 since 1960, to an appalling total of 520,000.

Public housing in America is very costly and is rarely provided for the really poor. Personal housing subsidies are discouraged in the belief that to subsidise people is not only morally wrong but actually does them harm. Mr. O'Neill considers that the newly introduced federal rent supplement programme will fail because of the accompanying controls and the distrust of developers. Developers will also not risk their own capital on large scale rehabilitation schemes that are difficult to cost in advance and expensive in the use of labour.

What does Mr. O'Neill suggest? Drawing attention to the fact that building costs per square foot are very low (\$12,000 buys 1,600 square feet of living area, two bathrooms and air conditioning) and are expected to be reduced progressively, he points to the price of land as the high cost factor in home prices. "Don't subsidise the people," he says, "subsidise the land!" Elaborating his argument, Mr. O'Neill suggests that land could be municipally owned in perpetuity with a "once for all" cash value. "Let's stop kidding ourselves we are subsidising the poor in our slums," he says. "A slum exacts a city subsidy in the taxes it does not pay and the extra protection it requires."

The municipalisation of land may be one solution to the problem of high land prices, but it is not the best solution. The disadvantages are that

- *Vast sums in compensation to existing land owners must be paid from tax receipts.
- *Clearance costs are carried by municipalities.
- *Initial land costs must often be "written down" when initial leases are granted, especially if densities are lowered.
- *The competition among developers for sites can lead to favouritism and log-rolling.

*The price of the end product has to be controlled if the benefit is to be passed forward to consumers.

*Municipal leasing sets up a "double standard" land market.

*A selective code for potential occupiers must be drawn up if such a scheme is to provide for the most needy.

*The price of land would remain high, and indeed might rise if the scheme was introduced on a large scale.

*Property taxes on improvements would still have a regressive effect on the provision of better facilities.

The answer to Mr. O'Neill's dilemma is a simple one: tax site values and lift the taxes from improvements. In this way land prices would tend to fall, or at worst remain static. Reluctant vendors would be prompted into swift action as the tax burden bites harder. Developers and hold-outs would be brought smoothly together. The construction business would boom and consumers would be quick to react to the new opportunities.

In the meantime, stop kidding yourself Mr. O'Neill; land municipalisation is a very poor substitute for full blooded reform. If you care to wait long enough Britain's Land Commission's assured failure will point out the error of your thoughts.

WILL THEY NEVER SEE THE LIGHT?

NOW THAT the Land Commission has become a reality, with its problems of administration, assessment, charges, appeals, tribunals, acquisitions, notifiable acts and chargeable events, the voices of those who opposed the Act during its passage through Parliament can still be heard.

Among the recently published views are those of Mr. Robert W. Nelson, president of the Valuers Institution, who has chosen to criticise the new Act on moral grounds. "It seems that under this legislation," he said, "one further bastion of freedom, namely the sanctity of the ownership of land, is to go by the board. . . . It would appear that the wholesale seizure of land by the state will be legalised, and the powers to be vested in the Land Commission would seem to be little less than dictatorial."

Mr. Nelson's attack on the seizure of land by the state has some point if the state is appropriating land for purposes that should not really come within the scope of government, such as the provision of houses, but the unfortunate phrase, "the sanctity of the ownership of land" misses completely the fine distinction between private possession and private ownership, the latter providing private financial benefits derived from land rent. It is the latter consideration which led to the desire for the