

LAND & LIBERTY

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TWO SHILLINGS

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Now a British Land Bank

NOW that the dust is beginning to settle following the granting of Royal Assent to the Land Commission Act, the first thoughts of the wise men of Kenton Bar (alias the Commissioners) are filtering through the emergent paperwork jungle to reach the ears of those most closely concerned—the land owners and developers. According to Sir Henry Wells, the Commission's newly appointed Chairman, the Commission is likely to spend most of its time considering the policy to be followed under Part II of the Act, which provides for the acquisition, management and disposal of land. The policy formulated by the Commission, following consultation with Regional Advisory Committees consisting of surveyors and land agents, will be implemented by the officials of the nine regional offices that cover the whole of England and Wales. Only in exceptional circumstances will the Commission itself be directly involved in the rigour of daily transactions.

What is expected to happen? The Chairman expects that the Commission's main concern will be to increase the supply of land for new building by "loosening-up" the market. Believing that the private development companies should be able to attract risk capital and operate competitively, the Commission will set out initially to help the small and medium companies in areas of high demand. Using its compulsory powers the Commission may step in where developers fear to tread and annex land at a price that discounts the betterment levy liability of 40 per cent of increase in value.

The attractions of the Commission dealing as land broker were eloquently described by Sir Henry. It appears that if two otherwise willing parties were to make



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a land transaction falling within the scope of Part III of the Act, the deal would be fraught with uncertainty. The vendor would not know until several months after the sale how much betterment levy he would have to pay. Neither would the developer always



be able to assess his own liability on commencement of the development. Under Part II of the Act, however, the vendor could offer the land to the Commission, which would assess the levy immediately and deduct it from the offer price. At the same time the developer could approach the Commission and offer to buy the land at the price paid by the Commission *plus* the amount of levy. The Commission could then undertake that no further levy would arise provided the land was developed within two years. Thus both parties would operate in certainty, the Commission would make its 40 per cent of betterment value and the price of land would be no cheaper to the ultimate house purchaser than it would have been without the Commission! Indeed, if land prices rise in real terms during those two years the developer will be able to make a windfall profit from his land transaction! At last the shroud is off!

In advocating this method of using the Commission as national land broker, Sir Henry Wells has emphasised that as far as the Commission is concerned, agreed sales under Part II of the Act are preferable to levies under Part III. The profits from the former go to boost the Commission's £45 million working capital, while the levies disappear into the general exchequer fund! Exit the evil land owner and his profits; enter the brave Commission and its bounties. Nor is this all. The Commission may forgo its profit and dispose of land at discretionary prices to favoured agencies such as Housing Associations. It can also "write down" values under urban renewal schemes when the cost of acquisition would normally be too high to deter profitable development, e.g., where there has to be a loss of density on redevelopment.

As yet, the Chairman has said little about these disposal terms and what he has said about disposal suggests that he intends to be short sighted. If there has to be a Land Commission to help manage the national estate, surely it would be more realistic to lease acquired land at reviewable ground rents! This is what is done in Hong Kong. Under the proposed system the houses built will in all probability become appreciating assets by

virtue of rising land prices. Thus the house purchasers will be able to reap unearned gains while the land owner has his reduced by 40 per cent!

These illustrations clearly show the complete failure of the Government to come to grips with the land problem. A straight annual tax on land, developed or undeveloped, would have the advantages of making land cheaper to buy but dearer to hold. It would bring together vendors and purchasers much more rapidly, and would secure for the nation some of the rewards gained by those who will neither sell land nor develop but whose land increases in value.

Sir Henry Wells has said that the Land Commission believes that it can help rather than hinder development; that the British have, over centuries, developed an instinct for finding the right balance between freedom of the individual and the benefit of the community; and that the Land Commission Act will be judged by future historians as a stroke of British genius. Alas, Sir Henry! Bad legislation is like a surfeit of whisky. It heightens the desire for well being but it takes away all chances of realising it.

LAND COMMISSION

BETTERMENT LEVY JUNGLE

THE INTRICACIES of the Betterment Levy under the Land Commission Act were explored in much detail at a two-day conference held under the auspices of the Department of Professional Studies of the School of Business Administration in London, May 17 and 18. To a large audience of valuers, lawyers, accountants, estate agents and others concerned with the Betterment Levy, this complex and almost brain-defeating aspect of the Land Commission was unravelled, schedule by schedule and clause by clause. The Department had taken on a formidable task, and but for the clarity, patience and first-rate exposition of the speakers, many members of the conference might well have left with the same feeling of despair and resignation as when they came.

It was not the task of the speakers to criticise the Act nor to point out the contradictions, anomalies, and absurdities—yet some criticism was inevitable, and the contradictions, anomalies, and absurdities were self-revealing.

The ground covered included the general "principles" of the levy; concepts and projects of material development; exemption from levy; procedure of notification, assessment and appeal; leases, estate duty and short term capital gains and the calculation of the levy. Worked specimen problems were circulated and discussed, special problems dealt with, and questions answered.

Each subject had its exceptions, provisos and ambiguities and its tortuous labyrinths of cross-references to other parts of the Act. Conditions were hedged in by