

THE LAND VALUES RATING BILL

HOUSE OF COMMONS, 26th NOVEMBER

Second Reading Debate—Abridged Report

Mr A. MACLAREN (Burslem, Labour), moving the second reading, said :—

"In the year 1913-14 the total of local rates and national taxes was £5 10s. 3d. a head of the population. To-day it was £21 15s. Since 1913-14 loans to local authorities had risen from something less than 50 per cent of the rates to over 80 per cent. It was quite clear, apart from party politics, that here was a tendency that, if it went on in its present form, something was bound to crack and give way."

While the hon Member was speaking Mr Lloyd George entered the House, and Mr McLaren said : "I invite you to join with me again, and not leave me in this isolation. Come back into the fold. You inspired me when I was a youth. Let me inspire you now." He quoted Mr Lloyd George's speech at Middlesbrough, on 13th November, 1913, which pictured the assessor going down a street punishing improvement and rewarding neglect. He continued :

"The position is worse than when Mr Lloyd George spoke because now, owing to derating, land is not rated in and around the cities. Henry George, whose name I can ring through this House to-day, said 62 years ago men did not see the operation of this belt of land speculation which holds them in—the unseen belt which has been strengthened and buttressed by the derating part of the Local Government Act, 1929. Never was a more vicious Act passed through this House than that, because what we wanted was to weaken this belt of speculation in land so that our cities could expand. Think of the contradiction. With one hand this House pours out millions on subsidies for housing, while with the other it allows a law to be maintained in a rating system which penalises every person who builds a house."

"A Government with any concern for the masses of the people would first have derated the houses of the people, but no, they are still standing there with the full weight of the rates upon them. The rating system, hardening the value of the land, makes it almost impossible in some cases for the cities to clean up the slums by moving the people into the country owing to the fact that by derating agricultural land we have induced speculators to hold on tightly to it. From 1931 to 1936, 40,965 persons have been killed on the main roads of this country, and 1,306,039 have been injured. What is the cure? New roads, wider roads. A great scheme had been promoted by the London County Council to make a roadway through Trafalgar Square across the river and down to the Elephant and Castle. A Bill was brought before this House to deal with it, the Charing Cross Bridge Bill, which was dropped after inquiry into the propositions behind the Bill. The second largest steel span bridge in the world was built across Sydney Harbour. It cost £9,500,000 to build, and the Sydney Corporation, rating on land values as they do, put a rate on the value of the land on either side of the harbour to pay for the bridge. A bridge was opened the other day in Denmark, over 2½ miles long, the longest bridge in Europe. It cost less than £2,000,000."

"How much was asked for the bridge across the River Thames? £14,660,000. What are the details of this sum? Listen to this : How much do you think, out of £14,660,000, had to go to the landowners before we could do anything with the bridge or the roadway over the Thames? £11,126,000, or much more by way of compensation to the landowners than it took to build those large bridges elsewhere. Not merely that, but if the scheme had been carried through, the values of the adjacent land would have leapt enormously. So that, first of all, you had to give the landowners over £11,000,000 to get them out of the way to make the bridge possible. It is better to murder people by the congested traffic in London than to refuse to pay the landlords this fortune ; that is what it means."

"Everything you do to enhance the local services, either by hospitals, education, lighting, better streets or sanitation, enhances the value of the land. But we go to the working-man's house and rate him according to the rental value which he would get if he were letting the house. We look down the street and see a man who has enlarged his house ; We make his assessment larger, and the rating penalty goes up accordingly."

Mr H. G. McGHEE (Penistone, Labour) : "I beg to second the Motion."

"A great firm decided to take a chance on the Penistone works. They came in, opened the works, and opened up new prospects for the people of Penistone. They were then rated on £70 a year, the rates amounting to £17 10s. During the course of last year, they actually reduced unemployment in Penistone from 420 to 65. In consideration of their having done this great piece of work, their rates have been increased over 30 times, and to-day they are paying, not £17 10s., but over £500. That, in my view, is the one real way

to prevent industrial establishments from coming into distressed areas."

"Hon Members will recollect the famous slogan that we had all over the country : 'Give that man that job.' A friend of mine in the City of Sheffield took this too literally, and decided to give quite a number of men that job. He put in a new shop front and made various improvements. His reward for 'giving that man that job' was an increased burden of £120 a year in extra rates."

"Everyone in the House will agree that high land prices are one of the major barriers in the way of public improvement all over the country. The present Prime Minister himself saw that this was so, because, when he was Chancellor of the Exchequer, he said in Manchester on 18th October, 1927 : 'Everyone who has been concerned in the administration of a great town knows how, when you want to cut a little bit off the side of one of your busiest streets to give a little bit of ease to your congested traffic, you have to pour out money by the thousands of pounds for every yard you snatch for the need of the community.' In the City of Sheffield we have found that to be the case."

"Fifteen years ago a large estate was bought in the City of Sheffield at £80 an acre. It is to-day being let on lease for building purposes at a net rent of £153 an acre, or nearly twice as much in one year as was paid for the land 15 years ago. I have another case in the same district. Before the Northern extension was mooted, a professional friend of mine bought some land on the south side of the Totley main road for £75 an acre. The extension came about. He has sold for £400 an acre. This is the advertisement that appeared with regard to that land : 'Good building land, ripe for development. Near a bus service. Water, gas, electricity and main drainage. Healthy situation ; low Norton rates.' What was it that this gentleman was selling? It was good building land, ripe for development, near a bus service, with water, gas, electricity and main drainage, coupled with a healthy situation and low Norton rates. What of these advantages did the owner produce? Not a single one. But when the people of Sheffield want to extend, they have to pay for these advantages which they themselves created."

"In the Bill we propose that the amount that is taken off by derating must fall upon the site value, and, falling on both used and unused land, on the site value of unused land, it will drive land into the market and keep prices down, and the benefits of derating will not flow into the pockets of the ground landlords of the country. What we are trying to do is to stop the growing burden of high land prices and that we are not trying to make ground landlords disgorge past receipts, what they have already got out of local authorities and the public. But we say to them : 'You shall no longer be allowed to plunder the public as you have done in the past.'"

Mr H. V. A. M. RAIKES (Essex, S.E., Conservative), proposing the rejection, said : "This Bill is a permissive Bill. If the landlord system is so terrible and these inequities exist all over the country to-day surely it is for Parliament to make a compulsory Measure of this kind, and not to hide themselves behind the skirts of local authorities. The argument that site value has been created by the community has been proved to be false time after time. Where was the site value at Bournville before the Cadburys came there? It was not the action of the community that brought employment to Bournville, but the action of the Cadburys, the men who came there. One could quote many more instances. If land is a monopoly, the tax will be passed on by the owners, if not, there is no ground for special taxation. We have passed much legislation in the last 10 or 15 years to prevent the exploitation of local authorities in regard to these properties and, even so, when you bring the matter down to the question the effect of the price of the land in rent, the amount is small. It is very easy to be theoretical and to point out that there are cases in which unearned increment is obtained by those who have no real claim in theory to it. But it is quite another thing to produce measures which will have the effect, first of all, quite possibly of holding up building, and also have an effect upon agriculture."

Mr P. W. DONNER (Basingstoke, Conservative) : "Six years ago when the then Socialist Government's Land Taxes were the talk of the day, I remember a phrase which was much used at that time : 'God gave the land to the people.' If it is really to be argued that God gave the land to the people, it might as well be argued that God gave the land to the brontosauri. Where is the evidence that the land was ever robbed from the people? At what point in our history did this alleged robbery take place?"

Mr KINGSLEY GRIFFITH (Middlesbrough, W., Liberal) : "If Mr MacLaren and his supporters had brought in a compre-

hensive Measure, we should have been told that this was altogether an unsuitable Bill for a Friday afternoon, a private Members' day, and that only a Government Measure could deal with anything of the kind. Of course, we have had the usual refrain from the hon Members opposite who appear among the opponents of land reformers every time. They always say that they agree that some part of the unearned increment ought to be taxed, but it is always jam to-morrow and never jam to-day. We never see them bringing forward or supporting any remedy for the evil which they admit to exist.

"Doubt has been raised by an hon Member whether Measures of this kind really bring land into the market. He took the case of the second buyer, who has bought after the imposition of site value rating, and he said that he will no longer have any more motive, having bought under those circumstances, to bring his land into active use than anyone at the present time. I entirely deny that, because I think that a buyer who buys land under those circumstances has almost inevitably bought it for the purpose of development. He will not want to go on paying the site value rating on undeveloped property. That would defeat the whole object of his own speculation.

"Then we had the story of the valuation cost. The hon Member was wise not to dwell on it very long, because, whatever kind of proposal you are going to have with regard to taxation or rating, a correct valuation, for valuation and rating purposes, of the land of the people is an absolute necessity in order to arrive at any just system whatever. Here is a monopoly value, something which, if you took it to the *reductio ad absurdum*, if you had all the land of the country controlled by one great trust, that trust would be all-powerful in the country and could dictate the whole life of the nation. The land appears to me to be different from all other forms of property, not on the ground of any historical disquisition about it, but owing to its overmastering position as the ultimate source, with labour, of all the wealth that can be produced in the country. It is that that gives it a peculiar position, so that the community simply cannot tolerate any system under which it may be more advantageous to a private individual to keep the land from being fully developed than to put it to its greatest possible use."

LIEUT COL HENEAGE (Louth, Conservative) continued the debate.

REV JAMES BARR (Lanark, Coatbridge, Labour): "It seems at first sight, and *a priori*, as if a tax on all land, rural and urban, might be hard on the tillers of the soil. It is forgotten that agricultural land is of very low site value. The more remote it is from the towns, the more infinitesimal becomes the unimproved value. I take the case of Denmark, a country largely made up of peasant farmers and small holders. They have had national taxation of the unimproved value of land since 1923, on all land, urban and rural, apart from the improvements. They imposed a national tax of one-third of a penny upon it in 1923. On 31st March, 1926, they passed a Land Values Rating Act, putting a local tax on land values with a view to reducing local income tax. That scheme of taxation has had a prominent place in the programmes of the small tenants and smallholders of Denmark, particularly the 'Housemen,' who number 80,000 in their associations.

"I would give one quotation from Henry George, who has already been referred to, and in which he said: 'Every blow of the hammer, every stroke of the pick, every thrust of the shuttle, every throb of the steam-engine pays its tribute to this monopoly.'

"We see this process going on in regard to our primary necessities. Loch Katrine, which was referred to here last night, is the principal source of the water supply of Glasgow, which paid £79,000 to begin with to the Duke of Montrose for the lake. With consequential charges that figure became £108,000 for Loch Katrine itself. One might suppose that having bought a lake one had bought something of the shores of it, but the day came when it was announced to the Corporation that the landowners wanted to feu or build on the shore of the lake. We could never have buildings round the shores of a lake which was to give us our water supply; so, at that time—it was a species of blackmail—we paid £8,000 to the Duke of Montrose, £8,000 to the Earl of Ancaster and £1,000 to the Laird of Glengyle. It might be supposed that, having bought a lake, we had bought the water in it. By no means. We had to pay £10,000 for the water rights of Loch Katrine, for the gentle rain from Heaven falling upon the place beneath.

"At one of the busiest places in Glasgow, at the corner of Union Street and Argyle Street, it was desired to widen the pavement just a little, and a strip of land was bought from Boots, the Cash Chemists. We bought 94 square yards at a cost of £25,000, which works out at £1,300,000 an acre. The Royal Commission of which I was a member, found cases in the City of Glasgow where, in single-apartment houses, the charge for the land itself, apart from all other things, was at the rate of £3 15s. per single-apartment house, and in one case it was as much as £5 16s. In the case of one large housing scheme in the

City of Glasgow—the Langlands Road scheme—the Corporation paid at the rate of £968 per acre for the land, which was 579 years' purchase of the 33s. 9d. at which that land was entered on the valuation roll."

Mr G. C. HUTCHINSON (Ilford, Conservative): "I cannot anywhere in the Bill find any provision in the case of an occupied hereditament which transfers the burden of rates away from the occupier. Take the case of the shopkeeper who is occupying leasehold shop premises in a developing urban area. He cannot move from those premises and go elsewhere, although it often happens that the site value of the shop is much greater than the value of the improvements. If the landlord could get possession of the shop he would redevelop the site to-morrow, and he will redevelop it when the lease drops out. Consider the position of the shopkeeper during the remainder of his lease. He is going to find his assessment put up beyond the point at which it stands at present."

Mr S. S. SILVERMAN (Nelson and Colne, Labour): "I would suggest to the hon Member who has just addressed the House two things. One is that if he reads the Bill a little more carefully, and reads it on its own merits, divorced from any preconceived notions, a great many of his difficulties will disappear. The second thing is that those difficulties which do not disappear are eminently fitted to be debated on the Committee stage, to which I hope this Bill will attain, rather than in a Second Reading debate. It came as a shock to me that he should represent the constituency of Ilford, because I have in my hands particulars of a case taken from his own constituency. *The Evening Standard* of 19th August. 'The Tube Brings Land Boom to Essex.' '£900 Bungalow Built in 1923 sold for £10,500.' 'Demand for shops sets prices soaring.' Is there any escape from the inference that that increase in value is purely and entirely a communal value which ought to be a communal asset?"

Mr HUTCHINSON: "Will the hon Member show me any passage in this Bill that deals with that problem?"

Mr SILVERMAN: "I understood that the hon Member was not agreeing that the difference between the £900 and the £10,500 was a communally created value which the community ought to own. If we agree that it is a communally-created value and the hon Member's only difficulty is that the Bill does not take it for the community, then we can put our heads together and devise a better Bill that will do what he and I apparently want to be done.

"On the outskirts of Liverpool we find a developing community developing land, most of it in the possession of some of the biggest landed proprietors in this country. Every now and again those landowners make a proposal to the estate committee. They say: 'We will make you a present. We will give you a bit of our land. We do not want any money for it. We impose no conditions. All that we desire is that you shall build a road there. In return for building the road there we will convey to you free the land required to build the road.' Build a road in an undeveloped area on those conditions. One does not need to look that gift-horse in the mouth. The teeth are veritably dropping from it. They say, in effect: 'Build the road and we will give you the land gladly, and then we shall reap the benefit of the enormously increased value of the land that we still retain on either side of the land we gave to you in order to build the road.' In conclusion let me read some words. 'Why is not something done? As long ago as 1885 the taxation of land values was in Mr Joseph Chamberlain's unauthorised programme. It was in the Newcastle programme of 1891. Time and again the electors have voted for this form of taxation, and time and again they have been thwarted. On no fewer than six occasions the Bill to tax land value passed a Second Reading in this House. Six hundred municipalities have petitioned in favour of it, and I suggest that the Government have no right to drop this tax.'* [Official Report, 5th June, 1934, Col. 873, Vol. 290.] I see that the Parliamentary Secretary recognises the quotation. He proposes to indicate the views of the Government on this Measure and he it was who used the words which I have quoted from the *Official Report* of the proceedings of this House."

THE PARLIAMENTARY SECRETARY TO THE MINISTRY OF HEALTH (MR BERNAYS): "I agree with the hon Member for Burslem (Mr MacLaren) as to the importance of the issue he has raised. In the circumstances of the present day our system of local taxation clearly merits careful consideration, and no one will complain of the time which has been spent on the subject this afternoon. I was very glad to hear the hon Member for Nelson and Colne quote my remarks again. I stand by every word in that speech. I have nothing to apologise for, and nothing to withdraw. The provisions of Clause 7, I understand, would not apply universally, but would be adopted at the discretion of a rating authority. Surely such a proposal would put all property owning and building development into a great state of uncertainty, with serious effects on the building industry and thence on the unemploy-

* The land value tax of Mr Snowden's 1931 Finance Act.

ment problem. It may be that the feature of adoption was essential to a private Member introducing a Bill of this kind—I quite understand that—but that only reinforces the Government's case that this subject is far too vast to be dealt with by private Members' legislation, and in any case local option in the matter of rates is surely a very difficult principle to defend. I hope the House will deny a Second Reading to this Bill in its present shape."

Rt Hon J. C. WEDGWOOD (Newcastle-under-Lyme, Labour): "This Bill is an old-stager, well understood and appreciated from every point of view, even from the point of view of the landlord. I would like to call the attention of the House to an earlier occasion. The Bill of 1905 was seconded by a Conservative Member for Liverpool, and that one of the tellers for it was also a Conservative Member for Liverpool. The second reading was carried then by 202 votes to 112 in a Conservative House. It should be apparent to every hon Member that by hampering the production of wealth the present rating system hampers employment. Therefore if we can make a change and raise the same amount of money by a system which does not penalise wealth, so much the better, and that is what is proposed in the Bill. If you levy a rate on the site value, not only will it relieve the hereditaments which are improved above the average, but it will fall very severely indeed on the owner of unimproved land and land that is improved far below the average. You cannot get the benefit of free development unless you raise the money in another way.

"The tenant of a house on an annual lease pays the rates at the present time. Where that house is worth a considerable amount and the land value is small he will benefit by the remission of the rates from the house and by the placing of the rates on the land value.

"Under this scheme you are making it unprofitable and unseasonable to hold up land for building, and you are taxing land and making less land idle; and, as the number of houses increases, owing to taxing them and stopping the holding up that goes on at present, you will have more houses on the market, and the landlords will not be able to get such high rents for the houses which are in the market at the present time. At present, every piece of idle building land which is ripe for use, every piece of under-used land, agricultural as well as urban, every piece of land which is not being used for the purpose it is best suited for, is creating unemployment. Every time hon Members see a notice 'Building land for sale' I wish they could see not the land lying idle, but the men in the building trade standing idle. Behind this Bill is not only expediency and justice, but a profound moral principle that we have no right to protect the privilege which creates poverty."

The House divided (tellers Mr MacLaren and Mr McGhee): Ayes, 118; Noes, 141. Following is the list of supporters; all Labour except where otherwise shown:—

R. T. D. Acland (*Liberal*), D. Adams (Consett), W. M. Adamson, Rt Hon A. V. Alexander (H'lsbr.), C. G. Ammon, F. Anderson (Whitehaven), Rt Hon C. R. Attlee, J. W. Banfield, A. J. Barnes, J. Barr, J. Batey, F. J. Bellenger, Rt Hon W. W. Benn, F. A. Broad, C. Brown (Mansfield), W. A. Burke, H. C. Charleton, D. Chater, W. S. Cluse, Rt Hon J. R. Clynes, W. G. Cove, G. Daggar, H. Dalton, J. J. Davidson (Maryhill), S. O. Davies (Merthyr), H. Day, W. Dobbie, E. Dunn (Rother Valley), J. C. Ede, A. Edwards (Middlesbrough E.), Sir C. Edwards (Bedwellty), Lt-Comdr R. T. H. Fletcher, D. M. Foot (*Liberal*), D. Frankel, W. Gallacher (*Communist*), B. W. Gardner, G. M. Garro Jones, Rt Hon D. Lloyd George (*Liberal*), Rt Hon A. Greenwood, F. Kingsley Griffith (*Liberal*), J. Griffiths (Llanelli), T. E. Groves, Dr L. H. Guest (Islington, N.), G. H. Hall (Aberdare), J. H. Hall (Whitechapel), Sir P. A. Harris (*Liberal*), T. E. Harvey (*Independent*), A. Hayday, A. Henderson (Kingswinford), T. Henderson (Tradeston), A. Hills (Pontefract), D. Hopkin, J. Jagger, A. Jenkins (Pontypool), Sir W. Jenkins (Neath), W. John, A. C. Jones (Shipley), J. J. Jones (Silvertown), W. T. Kelly, B. V. Kirby, Rt Hon G. Lansbury, G. Lathan, W. Leach, J. R. Leslie, G. Macdonald (Ince), V. La T. McEntee, L. MacNeill Weir, F. Marshall, G. Mathers, J. Maxton, F. Messer, F. Montague, Rt Hon H. Morrison (Hackney, S.), R. C. Morrison (Tottenham, N.), G. Muff, Colonel H. L. Nathan, T. E. Naylor, P. J. Noel-Baker, G. H. Oliver, W. Paling, J. Parker, Rt Hon F. W. Pethick-Lawrence, M. P. Price, D. J. K. Quibell, G. Ridley, B. Riley, Rt Hon F. O. Roberts (W. Brom.), W. A. Robinson (St Helens), Dr A. Salter (Bermondsey), W. S. Sanders, Sir H. M. Seely (*Liberal*), A. Short, L. Silkin, S. S. Silverman, F. B. Simpson, Rt Hon Sir A. Sinclair (*Liberal*), Ben Smith (Rotherhithe), E. Smith (Stoke), Rt Hon H. B. Lees-Smith (K'ly), T. Smith (Normanton), R. W. Sorensen, C. Stephen, G. R. Strauss (Lambeth, N.), W. Thorne, E. Thurtle, J. J. Tinker, S. P. Viant, A. G. Walkden, J. Walker, F. C. Watkins, Rt Hon J. C. Wedgwood, W. Whiteley (Blaydon), E. J. Williams (Ogmore), T. Williams (Don Valley), C. H. Wilson (Attercliffe), W. Windsor (Hull, C.), Sir J. J. Withers (*Conservative*), G. S. Woods (Finsbury).

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LAND VALUES (RATING) BILL

Presented by Mr MacLaren; supported by

Mr Wedgwood, Mr Barr, Mr McGhee, Mr Grenfell, Mr Silverman, Mr Arthur Henderson, Mr Viant, Sir Robert Young, and Mrs Hardie.

MEMORANDUM

This Bill proposes, where the Act is put in force by adoption, to make three changes in the law of rating and valuation. First, it will require the addition of a new column in the valuation list, in which there will be shown the annual site value of every hereditament in the list. Secondly, agricultural land will be restored to the list, but without thereby incurring any liability to rating (or being deemed to have any value for purposes of rating) except in respect of annual site value. Thirdly, rating authorities will be empowered to transfer the burden of rates progressively from buildings and improvements to site values.

The Act is to be adoptive by local rating authorities outside London, and in London by the London County Council. It is to be construed with the existing law, so that the power of the Minister of Health to prescribe the form of valuation lists, demand notes, notices, and other documents, will be available.

Annual site value is taken to be the value of a perpetual annuity into which the value of the land could be converted, if ascertained in accordance with the rules which received the endorsement of Parliament in section 11 of the Finance Act, 1931.

A BILL TO

ENABLE LOCAL AUTHORITIES TO LEVY RATES UPON LAND VALUES AND TO EXEMPT BUILDINGS FROM RATES.

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1. In every rating area in which this Act is for the time being in force any general or special rate made for the area or any part thereof shall as respects the proportion of the rate poundage determined under this Act, instead of being levied according to the rateable values of the several hereditaments chargeable, be levied at a uniform rate per pound on the annual site value of each hereditament entered in the valuation list:

Provided that the proportion aforesaid shall not exceed—

- during the currency of the first quinquennial valuation list becoming operative in the rating area after this Act comes into force, one fourth;
- during the currency of the next succeeding quinquennial valuation list, one half.

2.—(1) For the purpose of enabling rates to be levied according to the annual site values of hereditaments there shall be inserted in the valuation list a column in which shall be shown the annual site values of the several hereditaments entered in the list, and of such hereditaments as would have been entered in the list if they had been occupied.

(2) In respect of annual site value the owner of a hereditament shall be entitled to receive such notices and to exercise all such rights of making objections, proposals, or requisitions relating to the list as if he were the occupier.

3.—(1) Notwithstanding anything in section sixty-seven of the Local Government Act, 1929, agricultural holdings shall be entered as separate hereditaments in the valuation list, so however that all agricultural land and agricultural buildings comprised in any such holding shall be treated as being of no gross, net annual, or rateable value, but only as possessing annual site value.

(2) For the purposes of this Act "agricultural holding" includes any dwelling-house held under the same title as agricultural land and occupied for the purpose of cultivating that land.

4.—(1) A rate leviable according to the annual site value of any hereditament shall be chargeable thereon notwithstanding that the hereditament for the time being is unoccupied, and in such a case the owner of the hereditament shall for all purposes of recovery of the rate be treated as the occupier.

(2) Such a rate shall in any other case be chargeable and recoverable in the same manner as rates leviable according to the rateable value:

Provided that—

- where upon complaint by a rating authority a summons has been issued directed to the occupier of a hereditament on the ground that he has not paid any rate leviable according to the annual site value, that authority shall forthwith serve notice on the owner informing him of the date on which the summons is returnable, and thereupon the said owner shall be entitled to appear upon the hearing of the summons and shall upon the said hearing and upon any subsequent proceedings in any court or otherwise arising out of the said summons have a right to raise any defence or make any submission which he could have raised or made if he had been the occupier.

5. Every demand note shall show separately the proportion, if any, of the rate demanded thereby which is in virtue of section six of this Act to be charged in accordance with annual site value and the amount to be charged in accordance with rateable value.

6. The London County Council not later than the thirty-first day of January in every year as regards all rates to be levied in the ensuing twelve months in rating areas in London, and every rating authority elsewhere on every occasion when they determine the amount in the pound at which a rate is to be levied in their area, shall subject to the proviso in section one of this Act determine what proportion if any of such rates is to be charged according to an annual site value.

7.—(1) This Act may be adopted—

- (a) by any rating authority as defined in the Rating and Valuation Act, 1925 ;
- (b) as regards the county of London by the London County Council.

(2) This Act shall come into force upon adoption but shall not apply to the quinquennial valuation list current at the date of its adoption nor to any rate made before the next quinquennial valuation list after its adoption has come into operation.

(3) The adoption of this Act shall be by resolution passed—

- (i) in case of an authority other than the London County Council after not less than two months' notice to each member ;
- (ii) in case of the London County Council after the like notice and after not less than two months' notice of the intention to adopt it has been given to every rating authority within the county ; and
- (iii) after not less than two months' notice has been published in some newspaper circulating in the area of the authority or in London, as the case may be.

(4) This Act may be abandoned by an authority which has adopted it in the like manner and after the like notices as it may be adopted, but a resolution of abandonment shall not be passed until the expiry of four years from the adoption of the Act and shall not come into operation during the currency of the quinquennial valuation list subsisting at the date of the passing of the resolution.

8. In this Act unless the context otherwise requires the following words and expressions have the meanings hereby assigned to them respectively, that is to say :—

"Agricultural buildings" and "agricultural land" have the same meanings as in the Rating and Valuation (Apportionment) Act, 1928 ;

"Annual site value" means the value of a hereditament ascertained in accordance with the Schedule to this Act ;

"Quinquennial valuation list" means a valuation list the currency of which is determined by section twenty-eight of the Rating and Valuation Act, 1925, or section forty-three of the Valuation (Metropolis) Act, 1869, as the case may be ;

"Valuation list" includes a provisional or supplemental valuation list.

9.—(1) This Act may be cited as the Land Values (Rating) Act, 1938.

(2) This Act shall be construed as one with the principal Act, that is to say—

- (a) in relation to places outside London, the Rating and Valuation Act, 1925, as amended by any subsequent enactment ; and
- (b) in relation to London, the Valuation (Metropolis) Act, 1869, as amended by any subsequent enactment.

(3) This Act shall not apply to Scotland or Northern Ireland.

(4) This Act shall not apply to—

- (1) hereditaments the value of which is determined under the Railways (Valuation for Rating) Act, 1930 ;
- (2) incorporeal hereditaments.

SCHEDULE.

ASCERTAINMENT OF ANNUAL SITE VALUE.

1. The annual site value of any hereditament shall be the amount of a perpetual annuity which the fee simple thereof with vacant possession might be expected to realise upon a sale in the open market upon the assumptions that at the date of sale—

(a) there were not upon or in the hereditament—

- (i) any buildings, erections, or works, except roads, and except works executed for agricultural purposes, and except any buildings, erections, and works in so far as they are necessary for the reclamation of land or the protection thereof from flooding or for maintaining the stability of the hereditament ;
- (ii) anything growing thereon except grass, and except any heather, gorse, sedge, or other natural growth ;

(b) the sale price had been computed without taking into account—

- (i) the value of any minerals, as such, or the value of any mineral wayleaves ;
- (ii) the felling value of any trees ;
- (iii) the value of any shooting or fishing rights ;

(iv) the value of any tillages or manure, or of any improvements specified in paragraphs (20) to (27) of the First Schedule to the Agricultural Holdings Act, 1923, being tillages, manure or improvements for which any sum would by law or custom be payable to an outgoing tenant, and any other improvement made for agricultural purposes ;

(c) the sale, save as hereinbefore in this Schedule expressly provided, included all property and rights which would, by virtue of subsection (1) of section sixty-two of the Law of Property Act, 1925, be deemed to be included in a conveyance there being assumed to be no contrary intention expressed in the conveyance ;

(d) the hereditament was free from any incumbrance (not including tithe, tithe rentcharge, or other payment in lieu of tithe under the Tithe Act, 1936, or otherwise) except any of the incumbrances mentioned in paragraph 6 of this Schedule.

2. Where any building is divided horizontally and the several divisions are in different separate occupations and in different ownership, the value of the site of the building (with its curtilage) shall be ascertained in accordance with paragraph 1 of this Schedule and to an extent proportioned to his interest in the building this Act shall apply to every owner of a division as if he were an owner of the building.

3. The value of a hereditament shall be ascertained upon the basis that the hereditament (including any minerals or mineral wayleaves which are excluded from the computation by reason of their being in separate occupation or ownership) and everything thereon and therein was in its actual condition at the date of ascertainment and that all the circumstances affecting such land and everything thereon and therein (including circumstances preventing the obstruction of access of light and air) were the actual circumstances at that date :

Provided that the value of a hereditament shall not be deemed to be increased by reason of the fact that any other hereditament is subject to any incumbrance from which that other hereditament would under paragraph 1 of this schedule, be deemed to be free for the purposes thereof.

4. If the owner of a hereditament furnishes to the rating authority his estimate of its annual site value ^{or of its cultivation value}, the rating authority and the assessment committee shall consider that estimate in carrying this Act into effect.

5. The incumbrances from which land is not deemed to be free for purposes of ascertaining the annual site value are such of the following incumbrances as would be binding on a purchaser (being, where notice is material, a purchaser with notice) in the event of the sale assumed for the purposes of the first Schedule to this Act, that is to say :—

- (a) easements, including rights of withdrawing support and any rights or advantages in the nature of easements exercisable under any Act and rights or advantages in the nature of easements which, by reason of their being assumed to be included in a conveyance of any other land, are treated as easements in ascertaining the capital value thereof ;
- (b) rights of common, customary rights, public rights, or rights of sheepwalk ;
- (c) liability to repair highways by reason of tenure ;
- (d) liability to repair the chancel of any church ;
- (e) liability in respect of the repair or maintenance of embankments or sea or river walls ;
- (f) liability to pay any drainage rate made under the Land Drainage Act, 1930, or any other enactment or award ;
- (g) restrictions on user which have become operative imposed by or in pursuance of any Act or by any agreement (not being a lease to which the hereditament is subject) ;

Provided that where by or in pursuance of any Act or by any agreement provision is made that a restriction on user shall become operative when any buildings, erections or works on or in a hereditament cease to be thereon or therein, the restriction shall not be deemed to have become operative at the date when the annual site value of the hereditament is ascertained for the purposes of this Act unless the buildings, erections or works have ceased to be thereon or therein ;

(h) any incumbrance created by a lease relating to minerals or mineral wayleaves in so far as the incumbrance affects rights of support or rights to receive compensation for damage to the surface.