

Land—The Universal Problem

THE Economic Commission for Europe has been sponsoring research and studies over a wide range of subjects. In 1963 the Commission's Committee on Housing, Building and Planning noted that the increasing demand for building land had resulted in rapidly rising land prices and development costs. It decided to launch an enquiry into these issues. A seminar on the "Supply, development and allocation of land for housing and related purposes" was convened in Paris during March and April 1965. The report of the proceedings is now available.*

Representatives from more than twenty countries attended the conference and thirteen major papers were delivered. The three main topics were: (1) Land Planning; (2) Stimulation of Land Supply; (3) Factors affecting Land Costs. Future issues of *LAND & LIBERTY* will contain summaries and comments on the major papers that were submitted. This article deals with the final summary of the proceedings that was agreed by participating governments.

The summary emphasised that while there were considerable differences in administrative machinery used by governments for land use planning and a greater difference in the degree of control exercised, all countries now plan their land use in some way or another. In the "market countries" land price and speculation are primary issues. While only in the U.S.S.R. is all land nationalised, other countries have varying degrees of state, municipal and private land ownership.

The problems of stimulating land supply were considered to be greater in Western European countries. In all countries there is a need to ensure that a sufficient number of sites are available at the right time. In many countries this is done by advanced acquisition of land, which brings attendant problems of loan financing and eventual disposal to private or public developers. It was generally agreed that there were advantages in retaining in public ownership sites that had been publicly acquired. In some countries, however, sales were necessary to provide further finance; in others, extensive use was made of the leasehold system. Development in some countries was also stimulated by public investment in basic facilities, after which owners are charged for the provision of services or taxed in a variety of ways.

The cost of development was known to be affected by different factors in different countries. Land value changes with the use to which the land can be put.

In most countries, if not in all, there is sufficient build-

ing land, except in areas of intense pressure. The use of land can also be intensified, and demands can to some extent be channelled to other areas by public action. Where there is a private market in land the problem is emphasised by the fact that expected profits on particular sites influence present values. This higher "development value" or "hope value" may be considerably affected by public decision. This problem is sometimes dealt with by expropriation procedures but these can be cumbersome, lengthy and costly. Compensation levels vary as between countries and range from fixed price systems and alternative land endowment for the forcibly dispossessed, to full market value.

It was felt that taxation frequently had a strong influence on land prices and the functioning of the land market. This applies particularly to land taxes and taxes on the profits from land sales. Frequently taxation rules had been formulated without due consideration of their effects. Taxes on land sale profits need to be considered in connection with their effects on the withholding of land and land speculation.

The problem of land prices in the state-planned economies differs in several ways from that in Western European countries. Speculation or hoarding are not relevant. Nevertheless, even in those countries questions of land value and the cost of preparing sites are important.

Finally, the summary called for more research and international cooperation in the fields of urban planning, administrative machinery, public relations, compensation, cost analysis and taxation.

While the report on the seminar is valuable more for the detailed reports of member countries (which we shall examine in later issues) rather than for the general summary of findings, it is significant that a start has been made in the direction of looking for rational policies at an international level. As Mr. U. Wessel of West Germany pointed out: "The reports of the Western European countries display a wide variety of attempts to find suitable ways of overcoming the scarcity of building land and speculation in which compulsory intervention is kept down to the minimum. Especially lately, since about 1960, new attempts have been made, the results of which cannot be judged at present. In any case, it seems that better solutions are being sought everywhere. An exchange of experience is therefore of special value at the present time and should be continued."

It is regrettable, perhaps, that the considerable advantages of annual land value taxes were not brought out in the summary but references to them are to be found in the national contributions.

* *Proceedings of the Seminar on the Supply, Development and Allocation of Land for Housing and Related Purposes.* United Nations Economic Commission for Europe. Obtainable from H.M.S.O. 22s. 6d.