

NEW PERSPECTIVE NEEDED

WITH NEARLY A THIRD of the population living in publicly-owned housing, much of it subsidised by people who could ill afford to make cash gifts to their neighbours but who through the medium of local and national taxation nevertheless contribute significantly without choice, it is high time that the costs and benefits of subsidised rents were put in perspective.

Recent statistics have shown that whereas about thirty per cent. of council tenants with incomes of less than £10 per week are paying more than one-fifth of their income in rent, 98 per cent. of those earning £20 per week or more pay less than one-tenth of their incomes in rent.

It is known that only two out of every five housing authorities operate rent relief and differential rent schemes. Mr. Crossman, when Minister of Housing, was concerned about the current state of the housing authorities accounting systems. Few people, however, can have confidence that logic and basic fairness will be allowed to override political expediency.

In the absence of a radical solution to the housing problem, a policy of charging market rents, with personal subsidies to those who are really in need, would be far more efficient than the hotchpotch of systems used at present.

DIRTY, TIDY OR USEFUL?

SOMETHING which the Government's Land Commission will do nothing to remedy, except by compulsory purchase (and this has its limitations as well as its dangers), is the holding of land out of use. Meanwhile, this constitutes a problem of another kind for local authorities—that of a nuisance.

Seeking advice from his professional journal, *The Local Government Chronicle*, a correspondent tells of the difficulty his council is experiencing with an area of land which although zoned for industrial use, is in close proximity to residential property.

The owner, after failing to keep promises to clear the unsightly land, eventually obtained planning permission to build. The building, however, never materialised and the site is in a worse condition than ever with partial excavations and loads of old material dumped on the land.

The Council is satisfied that the owner does not intend to proceed with the erection of a building, and wants to know the best way of handling the situation without getting involved with the payment of compensation.

The advice given was that notice should be served on the owner to either complete the building and clear the debris within a specified time or abandon the building and have the site cleaned up.

Clean sites are better than dirty ones, but used sites are better still. The rating of land, whether it be used or not, would soon put an end to such problems apart from its other virtues.

LAND PRICES LEAD AGAIN

AN indication of the likely increase in the price of a £4,000 house, and of the factors that would contribute to it, was given in *The Daily Telegraph*, June 7, by Andrew Alexander.

House prices rose by a record 10 per cent. last year, said the writer, and another record could be set up in the next twelve months. The following estimate amounts to an increase of 14 per cent.:

Rise in land price	£300
Rise in building costs and professional fees due to selective employment tax ...	£100
Rise due to wage increases	£80
Rise in copper prices	£40
Increase in margins	£40
	—————
	£560
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U.S. EXPERIENCE OF PROPERTY TAXATION

THE REGRESSIVE EFFECTS of capital gains taxes on property transactions were recently cited by Charles Abrams, Columbia University's urban planning chairman at a convention of U.S. planning officials. "Many close-in older properties," he said, "were bought years ago at relatively low prices. If an owner wants to sell he must pay a 25 per cent. capital gains tax." The result of tax was that it didn't pay people to sell, and he added, "considerable property in the older cities can thus no longer be sold, leading to a growing catalogue of old buildings which retard neighbourhood regeneration." It is not therefore surprising that with its new land levy the British government intends to introduce a Land Commission with extensive powers of compulsory purchase.

Jerome E. Pickard, research director of the Urban Land Institute, also speaking at the meeting pointed out that publicly provided services subsidise horizontal urban expansion while improvement taxes penalise vertical growth in inner areas. Both speakers could learn from Dick Netzer of New York University who in his recent book, *The Economics of the Property Tax*, put forward the suggestion that a site value tax at half the rent of land coupled with a land value increment tax would make adequate substitutes for the present American local tax systems without their disadvantages. While there are reasons for doubting the wisdom of advocating land value increment taxes there can be no doubts that the site value taxes proposed would do much to remove contemporary development problems.

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