

SVR ignored as MPs say No to rates abolition

THE property tax on houses should not be abolished, but the British Government should give early consideration to a local income tax.

These are two of the conclusions in a House of Commons Select Committee report,* which also calls for:

- A switch from rental to capital values for rates (the local property tax);
- Detailed investigation of the case for re-rating agricultural and other buildings;
- Revaluation of property at three-yearly intervals; and
- A speedy revaluation of properties if non-domestic rates are retained.

The report, by the all-party Environment Committee, does not reach a conclusion on whether agricultural land should be re-rated. It states: "No witnesses provided the Committee with detailed evidence of the effects of re-rating agriculture or how

the practical problems (such as the absence of any relationship between the number of farm buildings and the profitability of the farm) could be overcome."

The committee ignores the possibility of a tax on site values alone.

The Royal Institution of Chartered Surveyors, which might have been expected to postulate this reform, was strangely silent on site value rating (SVR) in its written evidence.

The Inland Revenue, however, did refer to SVR. It listed four advantages of this system.

1. SVR would encourage owners to bring forward land for development.
2. Owners would not be discouraged from improving their buildings.
3. Vacant and agricultural land would provide a new source of finance.
4. Unrealised values should be taxed because they are created by the community, not the owner, and the tax would return the commun-

ity's contribution.

Against this, however, the Inland Revenue marshalled some well-rehearsed objections to SVR.

"It is unfair to levy a tax in a situation where owners may not wish, or may not be able to realise potential values . . . food prices would increase and [the] development land tax already taxes increases in the development value of land."

Moreover, suggests the Inland Revenue, "to value every site at its full developmental potential would be a formidable task."

Contrary to all the evidence, the Inland Revenue believes that site value rating would be expensive to set up.

If it were adopted, however, it would need to be based on the existing use value of a site.

**Enquiry into methods of financing local government in the context of the Government's Green Paper, London: HMSO, Cmnd.8449, Vols. I-III, £20.50.*

HOUSE OF COMMONS

Second Report from the

ENVIRONMENT COMMITTEE

Session 1981-82

ENQUIRY INTO METHODS OF
FINANCING
LOCAL GOVERNMENT IN THE
CONTEXT OF
THE GOVERNMENT'S GREEN PAPER
(CMND 8449)

VOLUME I

REPORT

Together with the Proceedings of the Committee relating to the Report

NEWS in BRIEF

When will they learn?

BRITAIN'S Royal Institution of Chartered Surveyors claims it is "uniquely qualified to offer a professional viewpoint on what ought to be the land policies of the future."

And those policies, it seems, can safely ignore certain practices which were all too evident in the past:

"We do not believe that land speculation, windfall profits, land-hoarding or monopoly ownership are significant problems," states the Institution.*

Instead of a "land problem", the 1980s confront us with "separate but inter-related challenges" - including those of decay and dereliction, lack of infrastructure, loss of rural land, imperfect mechanisms for reconciling social and economic factors in land-use decisions, and so on.

Paul Knight comments: The experts did not believe that there was a "land problem" in the 1960s, until the underlying trends manifested themselves into the speculative boom of 1968-73. The Institution's proposals amount to an attempt to iron out imperfections in the land market by means of bureaucracy and education. Their dismissal of a "land problem" is a semantic exercise that appears designed to clean up the image of the property market.

**A Land Policy For The Future*, London: RICS, 1982.

QUOTES

● **MARIE Helvin** - wife of British fashion photographer David Bailey - sets the trend by modelling the clothes of famous designers. But when it comes to spending her own money, the attractive Miss Helvin has quite firm ideas.

"Jewellery is fine, as long as I don't have to buy it," she says. "As for evening gowns, you must be joking! I'd rather buy land than a taffeta ball gown."

● **THE Duke of Westminster**, one of Britain's largest property owners - thanks to astute deals by his ancestors - says he can't help but think of people in property as "the rhinoceros trade - they have thick skins and charge a lot!"

Land Minister

PRESIDENT Joao Figueiredo of Brazil has given special ministerial responsibility for land affairs to one of his close military aides, Gen. Daniel Venturini.

This reflects the military-led government's pre-occupation with the growing strife in the frontier areas between absentee landowners and squatters.

The general will remain head of the powerful National Security Council, but will now devote more time to tackling the land problem.

LAND FOR SALE

To buy - or not to buy

MICHAEL Heseltine, Britain's Secretary of the Environment, is clamping down on land purchases by local authorities.

His department has issued new rules which will make it more difficult for land to be brought into public ownership.

In a new Circular,* the department states that "in the past, land has sometimes been acquired without sufficient thought for the limitations on the authority's capacity to develop it, or for the needs of other potential users such as private builders."

Authorities will now have to prove that future developments are cost-effective.

Mr. Heseltine, who wants to reduce bureaucratic interference with the business of councils, will nonetheless retain his right to intervene at the land acquisition stage "since it is often the cost and characteristics of the site itself which determine whether or not the development can be cost effective."

Councils will now find it more difficult to secure permission to borrow money

for land purchases. And central government subsidies will cease to be payable on land which remains undeveloped three years after purchase.

*Local Authority Housing Project Control: Changes in Renovation Thresholds and Procedures, London: DoE, Circular 23/82.

● A £45,000 publicity campaign has been launched to make British builders aware of land that is available for development. The Department of Environment says the campaign is aimed at builders "who may pass suitable sites every day without knowing that they are on the market." Nearly 11,000 sites, comprising over 96,000 acres, are catalogued in registers held by district councils.

● The 1984 conference organised by the International Union for Land Value Taxation and Free Trade will be held at Selwyn College, Cambridge, England. The dates: August 4 to 11. Full details will appear in future issues.