

TOWN PLANNING AND LAND VALUES

The Second Report of the Greater London Regional Planning Committee, recently published, throws into strong relief the root difficulty which has retarded the making of effective town planning schemes.

In the chapter dealing with planning and land values the following conclusions are reached:—

1. The effect of planning is not to destroy but to redistribute the prospects of securing increment value on land. In so far as the planning is good and contributes to increase efficiency and amenity of working and living in the area, it should tend to increase the total of land values realized. At least, therefore, the improved values should be adequate to meet any compensation due for those which may be depreciated or cancelled on lands reserved for open space.

2. Under present arrangements the planning authority is liable to pay compensation, but has only slender opportunities of securing the offset of betterment, which is often complementary and at least equivalent in amount.

3. This tends to diminish the quality of planning which is practicable, and it is not beneficial to the land owners or the public.

4. In the interests of good planning the principle of betterment or of pooling the gains and losses in prospective values which result from good planning, should be developed as far as possible and a better understanding of the matter on the part of land owners should be promoted by consultation and agreement.

As the primary purpose of town planning is to impose on some lands restrictions for the benefit of other lands, the question of compensation for the detrimental effect of such restrictions must inevitably arise so long as land values continue to be privately appropriated.

In theory, as the report states, the difficulty can be overcome by the principle of "betterment," by requiring the owners of lands which are benefited by the restriction to contribute to the fund from which compensation is paid. This provision has been on the Statute Book since 1909. By the last Town and Country Planning Act the amount of betterment which may be recovered was raised from 50 per cent to 75 per cent.

These provisions have been almost a dead letter. As Sir Selwyn Fremantle points out in *Town and Country Planning* (August, 1933): "It is a difficult matter to decide at the time an open space is reserved what lands are increased in value and by what amount and the provision that payment must be made at once before the owner has realized any pecuniary benefit naturally when so much is doubtful keeps the amount low. In fact there have been very few cases where the principle has been applied at all. In the case of Gunnersbury Park, for instance, which covers 200 acres and was acquired by a group of local authorities, it was stated by Mr Lawrence Chubb at a meeting of the National Playing Fields Association in 1927 that the value of some adjoining land had risen from £150 to £2,000 per acre, but no special assessment for betterment had been levied on the owner."

The difficulty is not merely to decide how much other sites have been appreciated by the reservation of land as open spaces, it is also difficult to ascertain how much the owner of the open space has lost. The same thing happens here as when local authorities require land for housing sites and other purposes. The owners demand fantastic prices or compensation, and support their demand by a battery of "expert evidence." So long

as there is no general valuation of land value, checked and controlled by being used as a basis for rates and taxes, this difficulty will continue. If resort is had to arbitration proceedings, these are tedious and expensive and result in unsatisfactory compromises.

It is fundamentally wrong to regard town planning as this report and the generality of town planners regard it, as a matter of "pooling gains and losses" between adjoining landowners, a process in which the public interest will always take second place.

Not only is there no proper basis in existence for estimating present land values, it is still more impossible to estimate "prospective values."

The Town Planning Acts make two erroneous assumptions. One is that at the moment of the making of the scheme all its possible effects in adding to land values can be fully ascertained and valued, although it may take many years to work itself out. The other is that the benefits of a public improvement can be restricted to some area of adjoining land, although it may affect land many miles distant.

If town planning is a wise and justifiable public expenditure, it will, like any other such expenditure, increase land values, and should, as all public expenditure should, be raised by a general rate on land values.

The fundamental defect of town planning, however, is that it puts the cart before the horse. It ignores the effect of high existing values, and of the speculative withholding of land from use. It also ignores the fact that people live in slums because their property prevents them from paying for better accommodation.

When the first Town Planning Act was under consideration the Prime Minister (Mr Asquith) said: "I agree with those who think that its necessary complement is a complete reconstruction of our valuation and rating systems." Time has proved conclusively that this should have been not merely a complement but a preliminary.

"PROPHETIC IN THEIR INSIGHT"

By Professor Nicholas Murray Butler

(Extract of column report in the "New York Times," 25th January, of address delivered at the Annual Meeting of the Pilgrims, New York.)

Almost by accident I came, a few days ago, upon a very extraordinary sentence which I had never before heard or read, but which I submit in your presence is prophetic in high degree. "Is it too soon to hope that it may be the mission of this Republic to unite all nations of English speech, whether they grow beneath the Northern Star or Southern Cross, in a league, which, by insuring justice, promoting peace and liberating commerce, will be the forerunner of a world-wide federation that will make war the possibility of a past age and turn to works of usefulness the enormous forces now dedicated to destruction?"

Those words were spoken in San Francisco, California, on Independence Day, 1877, by the late Henry George, who, within nine years thereafter, came within a few thousand votes of being elected Mayor of the City of New York. I submit, my fellow Pilgrims, that although those words go back over half a century, they are prophetic in their insight and prophetic in their appeal. For if a given political philosophy and the institutions built upon that philosophy are challenged, who is to defend them and expound them if not the peoples whose institutions and philosophy they are?

Shall we sit still indefinitely and let the world drift with all which that may mean, or shall we concern ourselves with the task of leadership in a broken and impoverished and war-torn world? Shall we lead, or shall we sit and watch and wait and take the consequences?

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