

Speculation, idle land & a reason to march

WHEN THE rate of unemployment among workers rose to 9% in Swansea, the heart of the South Wales industrial belt, there was a political row.

Trade union leaders, councillors and Members of Parliament pointed out that this was a grievous waste of productive capacity.

But when the unemployment rate of land rose to 9%, there was not even a murmur! There are two reasons for this astonishing silence.

FIRST, people are not generally aware of the macro-economic effects of vacant land.

SECOND, even if they were aware, the statistics which might have set off the alarm bells were non-existent!

Put simply, people just do not care about the economic impact of this direct waste of a finite productive resource. Civil servants do not collate the data, and politicians do not demand research which would throw up the vital evidence that land, as well as labour, is experiencing a serious unemployment problem in Britain today.

FOR SOUTH Wales at least, this gap in our knowledge has been partially filled.

But we have had to wait for a charity – The Prince of Wales' Committee – to provoke action. The result is a report by the University of Wales Institute of Science and Technology, whose researchers discovered that

- between 1978 and 1980, there were 2,216 vacant sites, adding up to 4,025 hectares (over 9,946 acres), in the urban areas of South Wales;
- this represented over 5% of urban land, and the figure rose to over 9% for Swansea;
- only a fraction of the land (2.5%) suffered from physical constraints that made development difficult;
- the ownership of vacant sites was evenly split between the public and the private sectors; and

REPORT P. E. POOLE

- planning laws cannot account for the scale of vacancy: two-fifths of the sites were without planning permission because applications had not been made, one-third enjoyed planning permission, and in some other cases the permission had been allowed to lapse.

IT IS difficult to assign weights to the various explanations for this serious under-use of land.

The popular myth is that land falls into disuse as a by-product of the early Industrial Revolution. This conjures up images of slag-heaps, for example, which can only be reclaimed with difficulty. Yet in South Wales, 50% of the vacant sites were formerly used for agriculture or housing (Table 2).

Another view – it ought to be a shibboleth – is that public sector owners cannot afford to develop their sites. This shifts the blame onto central government: councillors and the managers of nationalised industries claim that they are starved of development funds.

There are two answers to this. Public authorities were not forced into the scale of the land buying sprees that have led to a vast accumulation of vacant sites in public ownership, and in any event they could relinquish their holdings at reasonable prices to people who were able to put the land to immediate use.

Furthermore, the "shortage of finance" thesis does not carry conviction when we look at the remarkable lengths of time for which many sites are held vacant (Table III).

Building our way out of the recession

LOCAL authorities in South Wales who refused to release 'idle' housing land for private development were not only depriving people of homes but also of jobs, declared House-Builders Federation President Lynn Wilson in a speech in Cardiff.

"In 1980 private housing starts in South Wales, at about 5,000, were down by a third on those in 1979 – producing the lowest number of starts since the Second World War.

"Not surprising, then, that South Wales has been particularly hard hit when it comes to unemployment in the construction industry. At present there are 20,000 people – 35%, or more than one in three of the industry's workforce – out of work in South Wales against a national figure of something more than 20%."

House-builders could lead Britain out of the recession, he said. "Whereas in 1930 only 114,000 private homes were started, by 1934 private starts totalled 270,000 – an increase of 135% – and the depression started to ease.

"If we did it then, we can do it again now, but local authorities must play their part. If the private house building industry can start just 50,000 more new homes this year than last, we could immediately provide 125,000 new jobs.

"Take into account the knock-on effect on other industries – those who manufacture consumer durables, fabrics, furnishings and all the other things that go into a new home – and it is not difficult to see that the house-building industry is best placed to lead the country out of the recession."



● Lynn Wilson

TABLE I: SOUTH WALES, VACANT LAND (1978-80)

REGION Relative Location	Valleys		South East Wales		South West Wales		South Wales Total	
	1	2	1	2	1	2	1	2
Town Centre	19	2.0	25	5.3	5	0.8	49	8.1
Inner Area	75	20.3	114	245.6	76	193.1	265	459.0
Outward Expansion	712	591.6	125	122.7	176	599.2	1013	1313.5
New Development	136	75.8	87	45.6	97	128.3	320	249.7
Urban Fringe	290	713.8	121	403.6	158	877.6	569	1995.0
TOTAL	1232	1403.5	472	822.8	512	1799.0	2216	4025.4

Col. 1: number of sites. Col. 2: total area (hectares).

SOURCE: *Vacant Urban Land in South Wales*, Cardiff: Dept. of Town Planning, University of Wales Institute of Science and Technology, 1980. Tables 3.5 and 3.6.

SPECULATION is the explanation that receives least consideration. It is difficult to persuade landowners to admit that they are deliberately hanging onto land in the expectation of capital profits in the future, because this leaves them open to the public censure that they are in the meantime denying access to potential users.

The evidence that speculation is a powerful force is scattered throughout the report. Most references are oblique:

"Clearly the lengthy procedures and protracted negotiations associated with land acquisition and assembly are a major factor in delaying the redevelopment of vacant land, especially if any of the owners are unwilling to relinquish their interest."

Some owners claim that they hold land idle to enable them to expand their premises in the future. This is plausible, in some cases, but not entirely convincing.

Other facts help us to build up a picture of the speculative motive in action. For example, most of the high-value sites in the town centres and on the urban fringe – where development is most likely – are privately-owned.

THE CUMULATIVE evidence tells us that bureaucratic controls will not provide the mechanism for releasing land to the entrepreneurs and workers who wish to get back to work.

For large portions of the vacant land in South Wales are under the direct control of bureaucrats employed by local authorities, nationalised industries and central government. Yet the wicked misallocation of land continues...

The solution has to be sought in the area of fiscal policy. At present, however, taxation policies actively encourage the under-use of land! As the authors of the South Wales

TABLE II: Case Study Sites

PREVIOUS USE	NO. OF SITES	%
Agriculture	17	30.3
Housing	11	19.6
Transport	11	19.6
Industry	5	8.9
Mining	5	8.9
None	4	7.1
Other	3	5.4
TOTAL	56	100.0

study note, the tax advantage of owning land "appears to encourage the acquisition of building land by private companies far in advance of it being required for development."

Thus, fiscal policy must be reversed. Landowners should pay a heavy annual tax on the market value of their land. This would force them to put their land to economic use – thereby directly stimulating job opportunities – or relinquish the land to others.

If public authorities were exempted from the tax, they should nonetheless be required to publish the market-determined rents which are foregone as a result of holding land vacant. This would impose enormous public pressure on them to change their policy of wasting the consumers' and taxpayers' money.

TABLE III: Duration of Vacancy

YEARS	NO. OF SITES	%	DEVELOPED OR UNDER CONSTRUCTION	OWNERSHIP	
				PRIVATE	PUBLIC
0-4	6	10.7	3	1	5
5-9	6	10.7	2	2	4
10-14	8	14.3	-	2	6
15-19	15	26.8	2	5	10
20-29	11	19.6	4	7	4
Over 30	10	17.8	2	6	4
TOTAL	56	100.0	13	23	33

Land probe charity

PRINCE CHARLES is chairman of The Prince of Wales' Committee. The Cardiff-based charity works to improve the Welsh environment. Its Director, Brian Lymbery explained: "We commissioned the study because of the inadequate information available on vacant land. People talk about land being idle, but no-one knows much about why it is there, how much there is, how much has a future use, who owns it, and what is being done about it. We don't have political masters, so we commissioned the study. But research is no good unless it helps people to alleviate the problem afterwards."