

Large Scale Land Purchases— A Poor Approach to The Land Question

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“THE VERY PHRASE ‘the land question’ has overtones of Gladstone and the Irish Question. Someone once said that whenever Gladstone found the answer, the Irish changed the question — the land ownership/taxation/development question is somewhat similar. Both questions are grave, enduring and intricate.”

So begins the Royal Town Planning Institute’s introduction to *The Land Question* — a discussion paper prepared by a Committee under the Chairmanship of Ewart Parkinson. After a brief examination of the history of the subject and a look at the problems of urban land, the Committee concluded that a system of land banks to be established at the county level might be an approach to maintaining a flow of land for development and suggested that compensation for compulsory purchase be at “existing use” level.

There is, of course, nothing particularly new or revolutionary about land banks and the Committee accepted this fact and the limitations, including the point that the proposal did not cover areas affected by new planning. Although mentioned, site-value rating was not advocated probably because it was considered to be too wide an issue for the planners’ immediate objective — the supply of sites both urban and rural for planned growth or redevelopment. However, it was acknowledged that site-value rating would broaden the base for local government taxation and reflect enhancement of values.

Although the land bank system of advance acquisition of land would help the planning authorities to execute plans and recover some of the surplus unearned increment arising from development programmes it could, paradoxically enough, aggravate in another direction, the very problem it sets out to solve. The buying up of land in advance (hoarding?) of immediate need would shorten the supply to others with legitimate claims. And in anticipating development, would effectively freeze the prime sites, sending up the value of all that remained, including land for redevelopment. This is a far cry from the comprehensive land reform which the country needs and heads off in the wrong direction. An all embracing reform would have to cover all land irrespective of planning proposals.



The Royal Town Planning Institute, in acknowledging that a problem exists, cites excessive capital gains being made at the urban fringe, rocketing property values, fast rising agricultural land values and other signs of dissatisfaction with the way in which the land market operates. But planning itself is, of course, a contributory factor to increasing property prices and delays in development. There is no doubt that land use planning is restrictive and that with limited land available prices are higher than they would otherwise be.

Land use planning has in fact recently been attacked by a number of writers in a recent I.E.A. publication.* Alan Walters hits the system hard by pointing out that planning gives to politicians the power to confer immense wealth on people *they* choose and deny it to others *they* reject. “Alas,” he writes, “planning creates conditions in which each property owner has an enormous incentive to wangle, cajole, threaten, use special influence and ultimately to bribe, and where politicians and civil servants have immense power and temptation placed in their hands.” The argument is extended further by F. G. Pennance who believes that there is little real evidence that in the long run a country must benefit from environmental “forced feeding” by tight planning controls or that a more flexible and much more decentralised and general form of land use-control would not achieve better results. He goes on to stress that the cost of planning controls is very high and that it takes an average time of six months to secure permission. A similar view is taken by W. A. West who states that “once planning powers are created the planning authorities wish to spread their net. The history of planning law is a history of officialdom seeking to extend its powers further and deeper. Much of this is counter-productive”. He goes on to cite the case of London office development control where the restrictions on granting permissions led to floor space scarcity and higher rents, resulting in foreign investment being diverted to other capitals. This was followed by planners demanding the right to ration available space

* *Government and the Land*, A. A. Walters, F. G. Pennance, W. A. West, D. R. Denman, Barry Bracewell-Milnes, and others, Institute of Economic Affairs, £1.00

according to their own ideas about priorities. "The lesson" Mr. West stresses, "had to be learned yet again; if rationing is not by price (rents) it is by officialdom."

While it is true that there is room for criticism about the way in which the town planning system operates, it seems very unlikely that any of the political parties will abandon or radically reform it. The immediate aim should therefore be to make sure that the near monopoly advantages of financial gain which the system confers on the few are countered by appropriate fiscal measures. With this in mind, a national land tax on all land with a value would have been a far better approach to the land-value benefit problems than the "land bank" suggestion put forward by the Royal Town Planning Institute and now embodied in the Government's White Paper. What is more, it also seems likely that the proposed compensations code, if enacted, will give rise to renewed contests between the two major parties. The Labour Party favour "existing use" values plus a small extra element with the counties having the right to use extensive compulsory purchase powers and to the first option on any urban fringe land following the granting of planning permission. Such a policy will lead to the "double market" in land in which different conditions will apply side-by-side — a relatively free market where there are no planning issues and a controlled or municipalised market where local authorities choose to intervene.

A bureaucratic system of public acquisition, land ownership and disposal will be cumbersome, unfair as between land owners and users and costly, restrictive and counter-productive. Above all, it will not more than touch the fringes of our land problem. High with promise, it will, like all the piecemeal land legislation of the past, fail lamentably in performance.

The contributors to the I.E.A. booklet, all of whom tend to favour a general lifting of restrictions in the areas of rent control, land use planning and the development industry, are unlikely to be pleased with



the Labour Party's proposals. On the other hand, the *status quo* is no substitute. We must not only turn from the wrong road, we must positively take the right one.

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