

Open Space Recreation — A Land Tax Problem

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THE NEED for more reserved areas for recreation becomes apparent as the process of urbanisation continues and personal incomes increase. Sports which in former times were the prerogative of the relatively wealthy are now accepted leisure horizons of the many. Personal transport and more spare time give rise to increasing demands for access to woods, lakes, coast lines and mountains. Needs vary considerably in scale. Small urban parks for children and adults living in high density housing are essential. These can be supplemented by large urban parks providing a wider range of facilities such as swimming and boating pools and opportunities for horse riding. There is also a need for solitude, peace and for opportunities to enjoy natural beauty.

In the western world more thought is being given to these needs, and pressure arises for conservation policies to be backed by central and local governments. In many countries the national and local governments have already been given powers to acquire and manage a wide area of facilities in the public interest. These are provided from tax funds. On the other hand, there are many examples of private yet commercially successful recreation centres, ranging from flying schools to zoos, where full costs are met by charges which show competitive returns on capital.

Nearly all outdoor recreation pursuits have one thing in common: they require large tracts of land. With increasing pressure for development in attractive scenic locations the conservationist lobbies gather to provide resistance. They are frequently aided by other interested parties and pressure groups—not all of whom are representative of the "public interest."

In Australia and in parts of the U.S.A. for example, where land is taxed on an *ad valorem* basis, there have been frequent pleas from farmers and speculators that the public is being robbed of its heritage amenities or potential recreation opportunities. This they claim happens where tax pressure brings home in cash terms the value of land for alternative use, thus encouraging development. Whether the public actually obtains any recreational benefit from these areas is a question which is not always asked. As a result of conservationist pleading, however, tax concessions have sometimes been made.

In many cases, it is not an easy matter to judge the merits of any conservationist proposal. In exercising the public interest in land through regulation, acquisition and taxation, public bodies can make quantitative tests by asking the right questions. Some are more difficult than others but they might attempt to cover these points:

* To what degree, if any, is the area available now for the public use?

- * What is the demand likely to be for the facility in short and long term?
- * What amount of public or private investment would be necessary to improve the recreational use?
- * Could such investment be recovered by economic charges?
- * What is the alternative development foregone by preservation?
- * What is the value of the land that is confined to recreation use and what would it be if unencumbered?

The evaluation of the answers obtained to such questions is no easy task but it is always better to make a judgement against a factual background, treating opinions on their merits.

It needs to be emphasised that land valuation might well provide the best indicator for decision making. It is not, however, the only one—as Australian and U.S. experience has shown. What is important is that treatment for land taxation purposes must be fair. Where a conservation concession is made, values are often artificially low as a result and this would be reflected in assessment for tax purposes. Where a concession decision eventually allows development to take place there is under most land taxing conditions (i.e., where less than total site rent is taken), a provision for raising a retrospective tax at the full development value duly apportioned backwards in time. Such measures it is claimed, tend to deter the pure speculative open space or recreational holder since he knows that he is liable for additional tax whenever he chooses to develop.

The need for a sensible welding together of recreation and land taxing policies is clear. If no attempt is made the dangers of speculation on the one hand and despoliation on the other are self-evident. A recently published booklet and also an article* contain some useful references on this important subject and offer helpful comments for future legislators.

On the other hand, it must not be forgotten that it can be very convenient for landed interests to invoke conservationist and recreational arguments in support of dubious motives. There will always be need for vigilance even where land is taxed. The best guide to true community value is a full value of land assuming there are no encumbrances. Valuations on this basis make good thermometers for testing the temperature of pressure groups.

**Open Space, Land Planning and Taxation*, A Selected Bibliography—Urban Land Institute, Prepared for U.S. Department of Housing and Urban Development.

**Planning Schemes in Relation to the Valuation of Land* A. F. Rath, Q.C., *The Valuer*, October, 1967.