

LAND-VALUE RATING.**WHO SHOULD PAY ?**

By JAMES DUNDAS WHITE, LL.D., M.P.

The key to the reform of rating is to unrate buildings and other improvements, and to adopt as the standard of rating the market value of the land alone. If that system were substituted for the present one, it would follow that in each locality, though the total amount raised by rating might remain as at present, the burden would be distributed as between the properties in proportion to their respective land values. With reference to the land-value rate on each property, there may arise three questions: (1) What powers the rating authority should have to enforce payment; (2) How that rate should be borne as between the parties to future leases; and (3) What provision should be made for the incidence of that rate as between the parties to existing leases. I propose to deal with these questions in that order.

POWERS OF RATING AUTHORITY.

The land-value rate should be treated as a first charge on the land, and if—subject to proper provisions as to notice—the land-value rate on a property is not paid within a certain time, the rating authority should have power to enter and hold the land as against all the parties interested until it is paid. This simple system would reduce the cost of collection to a minimum and would preclude the possibility of bad debts. It would also have an important bearing on future leases.

ARRANGEMENTS FOR FUTURE LEASES.

Subject to this general power of the rating authority, the parties to future leases might be free to make any agreements they pleased, as between themselves, as to which of them should pay the land-value rate. As, however, in default of payment, the rating authority could enter and hold the land as against both lessor and lessee, the general arrangement would be for the lessor to pay the rate, and for the rent—which would include the whole land-value—to be agreed on that basis. The plan of the lessor paying the rates and charging an inclusive rent is already adopted in a considerable number of instances—such as houses let by the week or month and residential flats let for longer terms—and would probably be extended to other cases even now, except that, as improvements are included in the present valuations, it might lead to the landlord being rated on improvements made by and for the exclusive benefit of the tenant. With the adoption of the land-value standard, improvements would no longer be included in the valuations, and this difficulty would disappear.

PROVISION FOR EXISTING LEASES.

Existing leases have been made in view of the present system of rating which, speaking generally, imposes the liability for rating—or, in Scotland, part of that liability—on the occupier; in most of these leases, therefore, the lessee has undertaken to meet that liability, and the rents have been arranged accordingly. While due weight should be given to these considerations, it should also be borne in mind that, when the fundamental conditions are altered, the agreements which have been based on them may be varied correspondingly. On principle, the land-value rate on each property should be borne by the parties interested in that property in the same proportions as they share the land value. In practice, the ascertainment of these proportions would be an enormous undertaking. It might, however, be reduced to reasonable compass by adopting a time-limit, and by providing that, in the case of each property, the parties who would have paid the old rate should pay the new one until the time-limit is reached, and that after that the rule of proportional contribution should apply. This would avoid the need of ascertaining the proportions in the case of any lease terminating before the time-limit.

SUPPLEMENTARY PROVISIONS.

If the party who should pay the whole or part of the rate fails to do so, some other party may have to do so instead, in order to protect his own interest. Opportunity should be given for the other party to protect his interest

in this way, and further provision should be made to secure fair play as between him and the defaulting party by some such provisions as these, that—

- (a) If the lessor should have paid the rate and had not done so, and the rate had been paid by the lessee in order to protect his interest, the lessee should be entitled to recover from the lessor the amount so paid, either by action or by deduction from rent; and
- (b) If the lessee should have paid the rate and had not done so, and the rate had been paid by the lessor in order to protect his interest, the lessor should have the same remedies against the lessee in respect of the amount so paid as he has in respect of rent.

RENTCHARGES, MORTGAGES, SETTLEMENTS.

For simplicity, I have spoken only of leases, but the same general principles are applicable to other arrangements relating to land.

Rentcharges and Scottish feu duties should be treated as if they were rents under leases, the owners of the rentcharges and feu duties being regarded as lessors, and the payers as lessees.

Mortgages should be treated on the same general principles. Existing mortgages which terminate before the time limit need not be provided for. Existing mortgages which outlast the time-limit would after that become subject to the rule of proportional contribution, the mortgagee being regarded as having an interest in the land-value corresponding to the amount and priority of his mortgage. Future mortgages would be made under the same conditions as future leases.

Settlements of land should be treated in like manner. Existing settlements which terminate before the time-limit need not be provided for. Existing settlements which outlast the time-limit would after that become subject to the rule of proportional contribution. Future settlements would be made under the same conditions as future leases.

[NOTE.—The substance of this article appeared in the DAILY NEWS of 5th July, 1912. I have taken the opportunity of making some alterations and additions.—J.D.W.]

Speaking at the meeting of the British Medical Association on Thursday, July 25th, Dr. Brierly pertinently asked:—

What is the good of sending a man to a sanatorium when he had to return to a home reeking with tuberculosis, with a starving family, and not a substantial meal to sit down to?

In reply, on Thursday, July 25th, to the Tottenham Magistrate, who asked: "What are you?" a prisoner replied: "I am a farm labourer at the docks."

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