

## LAND & LIBERTY

PUBLISHED BY THE UNITED COMMITTEE FOR  
THE TAXATION OF LAND VALUES, LTD.  
Forty-fifth Year. Established June, 1894.

By Post 2s. 6d. per annum.

Editor: A. W. Madsen

Assistant Editor: F. C. R. Douglas

34 KNIGHTRIDER STREET, LONDON, E.C.4

Telegrams:

"Eulav, Cent., London."

Telephone:

City 6701.

Postage on this issue is One Halfpenny.

DECEMBER, 1938.

### TOWN PLANNING AND TAXATION

FROM TIME to time, and lately in connection with the London County Council's proposal for rating site values, the suggestion has been made that land-value taxation is inconsistent with town planning. This allegation deserves examination.

The object of town planning in any district is to secure that the development of that district shall be orderly and convenient to the requirements of its citizens.

The means by which that object is to be attained fall into two main groups. One means is to restrict the use which may be made of land so as to prevent a detrimental intermingling of buildings to be used for industrial, commercial, shopping, and residential purposes, and to secure certain standards of access of light and air by either restricting certain land from being built upon, or by limiting the number of buildings which may be erected on a given area, or by prescribing the maximum proportion of any site which may be covered by building, or by restricting the height and design of buildings, or by a combination of these methods.

The other means of promoting an orderly and advantageous development is by securing the provision of suitable roads and streets or other means of communication. This is naturally interwoven with the former group of town planning activities, for the means of access required is conditioned by the density and type of development allowed.

Town planning clearly raises important and complex economic problems. It may depress land values in one area and raise them in another. An undue degree of restriction might involve an economic loss to the community by preventing industry, commerce and housing from being developed to a desirable economic maximum in those districts which were best fitted for them.

It is evident that town planning must have regard to the whole frame-work of society as it now exists. One may think that the existing location of buildings, roads, railways, docks and other fixed economic objects is not the best that might have been devised if some one with fore-knowledge of the future could have controlled the development. But it is impossible and uneconomical to contemplate the immediate scrapping of a large and extremely valuable mass of fixed capital. Thus town planning must have regard to things as they are.

In particular, town planning must have regard to land values, and we know that practical action in town planning is considerably handicapped by this factor. Restrictions on development may give rise to claims for compensation by owners of land of formidable or pro-

hibitive magnitude. The widening of existing streets and roads and the making of new ones may also involve very large payments to owners of the property affected.

On the other hand, restriction of the development of some land may add to the value of other land, and the provision of better means of communication may add greatly to the value of land to which better access is made available.

It has frequently been said by town planners that in total the effect of town planning would be to maintain land values or even to increase them. Such a contention, although incapable of detailed proof, has in it an element of probability. It used to be thought that some part of the cost of town planning could be recouped by claiming "betterment" from the owners of such land as was enhanced in value. In practice the provisions in the Town Planning Acts for that purpose have remained almost a dead letter, partly because there has not been in existence any general valuation of land value which might have served as a standard of comparison, and partly because it is inherently impracticable to separate the component elements which give any site its value and to say precisely how much of the value is due to each. The value is fixed in the long run by the competing estimates of the potential purchasers and the weight given by each to each factor affecting the value is incapable of measurement.

The problem must, therefore, be attacked from another angle. It must be recognized that land value arises particularly and pre-eminently from community causes, that it is an individually unearned value, and that it is right that the expenses properly incurred by local authorities in connection with town planning or other activities should be charged upon all the land values of the district. In that way the rating of land values can be a powerful aid to well-devised town planning.

The view has been expressed by town planners that the rating or taxation of land values would cause undesirable congestion of building. This objection seems to rest upon the assumption that the town planning regulations in force would be, from the point of view of town planners themselves, inadequate to check excessive density or height or other faults. If that were so then it would be open to owners of land to commit the same excesses in developing their land no matter what system of rating was in operation. The premise of the argument is, therefore, that town planning is not capable of achieving the objects of town planning.

The objection is in any case economically untenable. There is a limit to the amount of building which the population is able at any given moment to demand. The question is, how will that amount of building be spread over the available land area. There is nothing in the rating or taxation of land values which will cause the supply to concentrate on a few spots and create undue congestion at these. On the contrary, as the tax will be applied uniformly to the whole area, according to the value of each site, it will cause a uniform pressure to be exerted to ensure that each site is reasonably utilized. The tendency will, therefore, be against congestion of building and not towards it.

It is also said that rating and taxation of land values will cause open spaces to be built over which should be retained as open spaces. This contention can only apply to privately owned open spaces. Those to which

the public is already entitled cannot be affected. So far as the others are concerned, there is nothing in the present system of rating and taxation to prevent the owners at any time from building upon them if they think fit. When that is proposed the only way in which the public can protect itself is for some public authority either to buy the land or to impose town planning restrictions upon it at the cost of heavy compensation. The owner then gets from public funds at least as much as, and frequently more than, he could have got by selling the land privately. Meanwhile he has been paying little or no rates or taxes in respect of a possession the value of which has been made and maintained by the community. If rating and taxation of land values were in operation, and proper valuations of land for purposes of taxation existed, it is clear that when the public was obliged to purchase lands for open spaces it would be able to do so on more reasonable terms and that the funds required would be raised in a more equitable fashion.

Moreover, the public-spirited owner of land will not be penalized. There is provision in the London County Council's Bill, as there was in the Finance Act, 1931, that in making the valuation for purposes of land value rating regard shall be had to "restrictions upon user which have become operative imposed by or in pursuance of any Act." If, therefore, an owner of land enters into valid agreements with a town planning authority by which land is preserved as an open space, effect will be given to such agreements in making the valuation.

It has been said also that detrimental results from the town planning point of view have followed on the application of land value rating where it is in operation. Curiously enough the cases cited in support are New York and other American cities which tax buildings equally with land, and which, as the tax is levied on capital value, in some cases tax buildings even more severely than our system of rating does. No complaint, however, has been heard of any ill-results as regards town planning in any of the cities in the British Dominions where all the local tax revenue is derived from land values and buildings and improvements are wholly exempted from rating.

In their enthusiasm for town planning some of its advocates give the impression that they wish to prevent building. Those who realize the commercial and industrial, and above all the housing, needs of the community wish to see more building. Town planning can regulate building, but it can do little to encourage it except by providing better means of communication. Land value taxation and rating provides the encouragement, on the one hand by exempting buildings from rates and taxes and on the other hand by preventing speculation and holding of land out of use.

It will be clear, therefore, that there is nothing in land value taxation or rating inconsistent with or antagonistic to town planning, but that it is rather a necessary and indispensable adjunct without which many of the aims of town planning cannot be achieved.

F. C. R. D.

## THE HENRY GEORGE CENTENARY COMMEMORATION

PREPARATIONS ARE being made in all parts of the world where societies and leagues exist for the propagation of the teachings of Henry George to celebrate the one hundredth anniversary of his birthday, 2nd September, 1839.

The International Union for Land Value Taxation and Free Trade, 34 Knightbridge Street, London, E.C.4, invites the co-operation of friends and correspondents everywhere in making adequate publicity of this most important occasion and it will place its services at the disposal for informing each and all what is being done in any country, so that there shall be an interchange of plans and proposals, articles prepared for the Press, manuscripts for radio and other addresses.

**The Commemoration is to be celebrated at a World Conference in New York City, 29th August to 4th September, 1939, held under the joint auspices of the Henry George Foundation of America, the Henry George School of Social Science and the International Union, and these**

**organizations are engaged in making the plans for what it is hoped will be an event of world importance.**

**All journals existing to promote the Henry George teaching are asked to make announcement of this forthcoming Conference, to enlist all assistance in assuring its success and to do what is possible to see that their country is represented by a delegate or delegates in attendance.**

**Communications with regard to representation should be sent direct to Mr Frank Chodorov (at the address of the Henry George School of Social Science), 30 East 29th Street, New York City.**

National or district meetings for celebration in other countries may well be given an international character by the attendance of delegates not so far away. The International Union will help to organize this interchange, if notice of the intention to hold such gatherings is sent well ahead to the offices at 34 Knightbridge Street, London, E.C.4.

## BOROUGH SUPPORT L.C.C. BILL

At a meeting of the Bermondsey Borough Council on 23rd November a resolution was adopted congratulating the L.C.C. on its decision to seek Parliamentary power to rate site values in the Administrative County of London and strongly urging the Government to introduce legislation enabling all local authorities to impose a rate upon the annual value of the land.

Similar resolutions have been carried by the Hackney Borough Council (23rd November) and the Islington

Borough Council (18th November). At the latter :—  
Alderman Gwyn Jones : One would have thought that all parties would have at once agreed to such a resolution.

Sir William Manchester (M.R.) : Don't talk rubbish ! Don't insult us by assuming such a thing.

Just as the motion was about to be put to the vote the majority of the M.R. members walked out of the Council Chamber.