

HOUSING AND RATING

The increase in local rates goes on apace, and every increase means an added penalty on industry and improvements. Birmingham now requires 17s. in the £ from its ratepayers, Wakefield 17s. 11d., Hull 18s. 3d., Dewsbury 18s. 11d., Poplar 20s., Tottenham 20s. 6d., and West Ham 21s. 4d. These are the local taxes imposed on land according to the value of the use to which it is put. They are the "hostile tariff" on bricks and mortar, and valuable vacant land pays not a penny. Is it any wonder there is a house famine?

Speaking at a Housing Conference, held in Edinburgh, March 24th, Mr. Henry R. Aldridge, Secretary of the National Housing Council, declared that "the whole community could not be held to ransom by a few trusts. The temperature of public opinion was rising. It would not do for all sorts of accusations to be made against Labour in regard to unwillingness to do this and that while all the time prices of materials were rising so rapidly as to suggest that there was some kind of collusion or ring somewhere which was operating against the public weal." Mr. Aldridge could not do better than send round to his members and supporters the diagram showing the "Ring Round the House," appearing in the March number of *LAND & LIBERTY*.

A Patch of Ground.—What is known as the island site, opposite Victoria Station, and less than an acre in extent, is owned by the Duke of Westminster. It is part of his Belgravia estate, and is in the market. There are 40 tenants of shops, most of whom have been established on the site for many years. In November last they were offered the site for £180,000, and agreed to negotiate the purchase on that basis. Since then, the Westminster Estate has revised its idea of the value. The negotiations were broken off, and in January last the tenants were offered the site for £350,000, to be paid in June with interest on that sum in respect of leases which did not expire for two or three years. This would bring the total cost up to £410,000. The tenants declare that it will be impossible to pay this sum, and they will all have to go at the end of their tenancy.

£1,000 per acre in Edinburgh.—We referred last month to the 3½ acres at Logie Green for which the proprietors, the Heriot Trust, were demanding a feu of £55 per acre, equivalent to £1,000 per acre. At the meeting of the Edinburgh Town Council on 25th February (EVENING NEWS report), the Town Clerk stated that since the last meeting of the Housing Committee a letter had been received from the Scottish Board of Health, in which the opinion of the Board was conveyed that the Local Authority should depart from their proposal to erect houses on this site, and should consider the advisability of acquiring another site on more reasonable terms.

Thus the Scottish Board of Health stand by the demands of the proprietors of the land. The site was required to replace houses in a condemned slum in the Broughton Ward, but the project must wait. Land monopoly forbids the rehousing of the people. Meanwhile, the assessor of Edinburgh gives the monopolists of this vacant valuable land a certificate of exemption from taxation—a public acknowledgment, under the law, that the speculator in land must be rewarded for the harm he does to the whole community.

Slow Progress with Housing Schemes.—The weekly housing circular issued by the Ministry of Health announced on March 20th that in the beginning of the month 511 houses had been completed ready for occupation, and 1,377 were in the final stages of construction

The total number of houses under construction but not finished was 9,125.

That's all. In two years since the Government launched their housing policy the famine has gone from bad to worse, because they chose the way of state charity and punctilious regard for vested interests. Private enterprise, crushed by land monopoly and penal taxation, did not get a chance. The job was entrusted to officials and the lavish expenditure of public money, and a new house is a curiosity in any part of the country. Where has the money gone?

TOWN PLANNING AND THE LAND QUESTION

By ALDERMAN F. C. R. DOUGLAS, M.A.

Being a Paper read to the Garden Villages Conference, Croydon, on 30th January.

It is recognised by all who take a serious interest in municipal work that we are approaching a financial crisis. A large increase in rates in the near future is inevitable in every well-managed district, and this for two reasons. Firstly, the local authorities have to overtake the arrears caused by four or five years of war-time neglect, due in the main to the impossibility of obtaining in sufficient quantities the goods and services necessary for carrying on and maintaining the public services, and due in part to a false sense of economy which delayed even what work could be done. The consequence is that the local authorities have now to make good these arrears and to embark on much more extensive work than if necessary repairs and improvements had been kept going continuously. In the second place, the whole of the goods and services required by the municipalities are now obtainable only at a very much higher level of prices than prevailed before the war, and this state of affairs will plainly hold for many years to come. It is evident, therefore, that a very large increase of rates must take place in every municipality in the near future and continue for a very long period, if the local authorities are merely to carry out the duties they have performed in the past. If they are asked to undertake new functions, the increase in the rates will be still more staggering.

I now come to discuss more particularly the main points at which rating affects the proposals under consideration by this conference.

1. In the first place the rating system has a peculiar and intimate connection with the price of land which is the basis of the whole structure which this conference has been endeavouring to plan. It is essential for a project of this kind that land should be obtainable at a moderate price. The painful experience of all local authorities is that, despite the most elaborate precautions, it is almost impossible to buy land for any public or semi-public purpose at a reasonable rate. And more than this, it is almost impossible for the private purchaser to obtain land at a reasonable price in any locality where there is any sign whatsoever of commercial activity or communal enterprise. It must never be forgotten that the price of land is determined by a set of factors peculiar to that object. In the first place the supply of land is limited by nature and is incapable of increase; in the second place, land is an essential of every human activity; and in the third place, the progress of society and increase of population create an increasing demand for land. It follows that apart from local or temporary variations there is a uniform and constant tendency for land to increase in value. The consequence is that in any active prosperous centre of population, the natural impulse of the land-owner is to anticipate that if he holds on to his land a little longer he will be able to obtain a higher value

for it; and if he sells it now he expects to be compensated for relinquishing that possibility. In other words, the price of land is determined not by an actual demand but by an anticipated demand, and this even in cases where the owners are moderately numerous, has all the effects of an actual monopoly.

Now this tendency of land to attain an inflated or monopoly price is aggravated and encouraged by the present system of rating. The essence of the present system of rating is contribution in proportion to the use made of land. No matter how valuable a piece of land is, no matter how useful it might be made, if it is not used at the moment it pays no rates, if it is poorly used it pays little in rates, and if it is well used it pays heavily in rates. This fact is well known, but very few understand how large and far-spread are its results. I will quote one illustration relating to the county borough of Croydon which is typical of all the other boroughs and urban districts in the country (see White Paper 119 of 1913). The total area of Croydon is 9,012 acres and the total amount paid in rates in 1912 was £339,828. Out of the total area 2,643 acres were rated as agricultural land under the Agricultural Rates Act, and paid in rates £520. In other words this so-called agricultural land between one-third and one-fourth of the area of the borough, contributed less than one-sixtieth part of the rates. It is perfectly evident then, that the present system of rating confers an enormous advantage on those who wish to hold land out of use.

On the other hand, if the owners of this land were required to pay rates on the selling value of the land, instead of on the use they make of it, the assessment of all such plots would be relatively very much increased, and the contribution of the owner to the rate burden would be so much increased that he could no longer afford to act as a dog in the manger.

While dealing with the price of land, I should like for a moment to touch on municipal purchase of land on a large scale, which is a proposal sometimes met with as a solution of the difficulties of acquiring land. Such an operation, in my judgment, is not feasible if the municipality is required to pay current market price for the land. The general tendency, as we have already seen, is for the market price of land to be based not on actual demand but on an anticipated demand. If the municipality buys on such a monopoly basis it must continue to act in the same monopolistic manner as the private proprietor in order to recoup itself for the purchase money. If it does not do so, but freely leases or sells large areas of land the price must inevitably fall owing to the increase in the available supply, and the local authority will automatically lose the difference between the monopoly price which it had to pay and the free price which it charges those to whom the land is leased.

It may of course be proposed to buy out the owners on some basis less than market price. In that event the owners are to that degree directly expropriated and their property confiscated. One difficulty of this proposal is to find an arbitrary basis less than market price which will operate with relative justice between the various interests concerned. The rating of land values, on the other hand, by destroying monopoly and reducing the value of land to a reasonable point will facilitate both public and private acquisition of land.

2. The second direction in which the rating question affects the proposals under consideration by this conference is in its direct effect on the price of houses (as distinguished from its indirect effect through the price of land). The present rating system is a tax on the occupation and use of land and houses (or other improvements on the land). This tax already amounts in many districts to as much as 10s. in the £, and may soon rise to 15s. in the £ or even more. In other words, this

is a tax of 50 per cent. or 75 per cent. or more on the value of the house you occupy, on the smallholder's buildings and permanent improvements, on the market gardener's glass-house. It is a tax of enormous amount on what everyone must have—a home, and upon what almost every useful person in the community does have or does work in—a fixed place of business with fixed appliances for carrying on that business, even though it be no more than an office. I claim, therefore, that the time has come when we should cease to tax homes and dwellings, which is as indefensible as taxing bread. The only question is where to obtain the alternative revenue, and this can be raised by taxing that subject which at present we only reach most imperfectly, especially where we should penalize it most, the value of land—a value which is peculiarly fitted to be the source of communal revenue because it is in a special way due to the activity and presence of the community.

3. The third way in which it seems to me that the rating question bears on the matters considered by this conference is this: It is not merely necessary to have houses and land in order to establish a community, it is necessary to provide all the services and amenities which are necessary to the life of a community. There are services absolutely essential to the community which it alone will carry on, such as police, sanitary, highway cleansing and repair services. There are other services which private individuals will carry on, if they are given the necessary powers, which are absolutely essential, and which, being monopolies, should, in my opinion, be carried on by the local authority, such as the provision of gas, electricity and tramway conveyance.

In some of these cases the service is freely open for the use of all without specific charge. In others a charge is made for the service, in some cases nominal and in others substantial. Where a substantial charge is made for a service there is one essential condition that should be fulfilled. The charge should be no more than is necessary. No public service should be used by the municipality as an instrument of profiteering or as a means of reducing the rates. By all means charge sufficient to repay the necessary costs involved; but to charge more and to use the surplus as revenue is simply a vicious form of indirect taxation based upon the people's consumption of necessities such as heat, light or conveyance by tramway. Many councils are transgressors in this respect now. The inevitable tendency of the rates to increase will tempt many others to be so also. But every step in that direction is an undermining of the whole aims and objects of communal life. There would be no excuse for such errors if local authorities raised their revenue from that fund of communal value which is continually being created and maintained by their activities and those of the community at large.

The rating of land values is already in successful operation in large parts of our self-governing dominions. Cities such as Sydney (New South Wales), rivalling in size the largest city in this country except London, are raising all their revenue in this way with effects beneficial to the health, homes and happiness of the people. There is no reason why the adoption of that system in this country should not be followed by similar good results.

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