

Observations on Opportunities

by

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More than ever before, governments are coming up with enactments and schemes to purchase land for industrial or residential urban development as a means of obtaining public control of land use and revenue in order to avoid private misuse and speculation. In view of the last two issues of 'Tax Free New Towns' we note some interesting observations with respect to the relationship of 'GLR' (Government Land Rent) as outlined in the magazine and opportunities for use of the recently proclaimed Ontario Land Corporation Act. In fact we have sent a letter to interested members of the provincial legislature outlining our views part of which are incorporated in this article.

Government Land Rent is a system by which a government agency buys land for a new town (or subdivision) and then rents out individual sites to private developers using the rent collected to pay for original purchase costs and takes-, for the annual municipal school and county government costs for the area. The Provincial Government of Ontario has committed itself to a program of new regional 'growth centres' which are in effect New Towns, such as 'Nanticoke' now being developed in S. W. Ontario, and the attenuation of growth and sprawl of the overwhelming Toronto metropolitan area, so far with limited success. The Ontario Land Corporation aims to assist in the promotion of community and industrial development of land, and that land is to be disposed of to persons in the private and government sectors for residential, community, industrial, governmental and commercial development. In passing, it should be noted that the British White Paper on 'Land' (September 1974 - analysed on p.4 of the Feb. 1975 'Square Deal') seems aimed at a similar goal. In both cases 'GLR' has a very direct relevance.

The Ontario Land Corporation has power to sell, lease, exchange, mortgage or otherwise dispose of the lands. This legislation therefore provides the Government with an effective instrument for promoting residential, industrial and commercial development in locations chosen by the Government for the purpose of implementing Government policies for a better distribution of population and employment in the Province of Ontario.

With the aid of this legislation the Government is now in a strong position to prevent attempts being made by private interests to inflate the value of building land acquired by the Ontario Land Corporation for residential and allied purposes. Land acquired by the Corporation for a New Towns programme can therefore be protected against inflated values by being leased to prospective home owners and also by the use of site value assessment as the basis for raising municipal revenues rather than using tax based on the assessment of buildings. Should land be sold to prospective homeowners in the New Towns the sale price could be fixed at levels which reflect only the price of the raw land plus development costs. These price levels should be maintained to produce stable values by the use of site value assessment which can be the means of returning to the community at large unearned increments in the value of the land.

The Ontario Land Corporation thus can provide governments in Ontario with a unique opportunity to launch the programme of New Towns to further policies of decentralization which will now receive almost universal public support. This programme will create on the rural land entirely new urban land values which will tend to increase with the growth of population in a New Town and with the provision of the infrastructure required to service the population of that town. Municipal revenues may be raised by means of a tax based on site value assessment of the land rather than taxing the buildings. Site value assessment will also enable planning policies to be adopted which will provide for higher residential densities by designing subdivision layouts with smaller lot sizes and smaller houses. These policies will reduce the cost of houses for individual homeowners without reducing the revenues required by the municipal councils which will administer the New Towns in the future.

Furthermore if the provincial government is seriously going to pursue its aims of stimulating growth in areas other than the overloaded Toronto area then surely it must seriously consider 'GLR' as a major tool in accomplishing its aims as outlined in the Ontario Land Corporation Act.

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