

THE DISASTROUS TOWN PLANNING ACT—By Eric Johnson

Exponents of Land Value Taxation have preached for many years that our land system should secure the communally created "site" values of land for the community and leave the personally created improvement values with their rightful owners.

This is already done in many parts of the world by a simple tax on site values and the results are entirely beneficial in promoting what might be called "natural" development, and at the same time satisfying the highest moral principles.

With the passing of the Town and Country Planning Act, we in Britain now have an Act which appropriates to the State both communal and private property values and has, therefore, practically halted industrial development at a time when it is most necessary to give it every encouragement.

Printers, lawyers, professional land surveyors and a countless host of permanent and temporary civil servants are the chief beneficiaries, battenning on the doubts and uncertainties created by this monumental example of how not to legislate, while the would-be house owner, builder, estate developer or industrialist, large and small, are presented with the alternatives of paying a heavy and arbitrary fine before proceeding, or of deciding not to proceed.

The facts described below illustrate some of the difficulties which arise, within the personal knowledge of the writer.

In 1944 a large engineering concern purchased 50 acres of land for the purpose of developing a new industry on the outskirts of a city where unemployment has been a major problem for the past 25 years, and still is. So many difficulties were met, however, in the way of permits, licences and material supplies that the project was abandoned, and as the whole area had been scheduled for development as an Industrial Zone under a previous Planning Act, the Company decided to construct roads and sewers, lay service mains for gas, water and electricity, pay off certain charges for road frontage and drainage which were due to the Local Authority, and open up the whole area for the building of modern factories.

In all this, it was supported and encouraged by the local office of the Board of Trade for the purpose of providing stable local employment and by the Local Authority for the purpose of creating increased rateable assessments in what is at present a rather impoverished area.

The industrial development which followed this enterprising decision was welcomed by those responsible for the well-being of the area, but ceased abruptly when the terms of the new Town and Country Planning Act came to be understood.

The Act states that no new building may be commenced until a Development Charge has been paid to the Central Land Board by the developer. The amount of this charge is to be the difference between the values of any site with and without Planning Permission. Since the value of the site *without* Planning Permission is almost nil, in spite of many thousands of pounds of private capital which have been spent in roads, drainage and other services and in meeting heavy charges from the Local Authority, and the value of the site *with* such Planning Permission will be very high, largely because of those expenditures, it follows that the Development Charge to be made against anyone foolhardy enough to propose building a factory under these conditions will be a very heavy one, and will go into the pockets of the Central Land Board, whilst the firm or company which has expended its own capital in opening up what was a derelict area receives nothing except the right to claim compensation which, according to the Act, may be paid after 1953 and may be anything from nil to 100 per cent.

Thus the Central Land Board has appropriated not only the "betterment" values of the site, which could be agreed to contain an element of public property, but also the very recently and obviously created private improvement in or on the land, which is morally indefensible unless compensation in full is guaranteed.

A well-known professional man who was approached for advice on this situation, expressed the opinion that "you do not begin to understand this Act unless you first realise that the Government has taken possession of your land with all its roads and services and with no liability to pay you anything. The very roads which you have constructed have reduced the 'present use' value of the land below that of agricultural land, because *without* Planning Permission you may not build on it nor allow others to do so.

You may only carry on agriculture or other activities in the same 'use category' and for those purposes the roads would be a drawback rather than an advantage."

Enquiries at Regional offices of the Central Land Board are fruitless, as enquirers are merely told that henceforth they may sell only at "Current Use Values," but no indication can be given as to what this value is. Neither can any indication be given as to the probable amount of a development charge until after a prospective factory owner has purchased his plot and has lodged detailed plans (in quintuplicate) of proposed buildings, together with forms D.1 and four copies of form L.C.P.I. with the local Planning Authority.

Since none of this can be done until the land has been purchased, and since the land cannot be purchased until its "Current Use Value" is known, and since this cannot be determined, nor can the prospective buyer form any idea of his "Development Charge," a state of stalemate exists. Meanwhile, the elaborate machinery of the local Planning Authority, the Ministry of Town and Country Planning, the Central Land Board and the Valuation Department of the Board of Inland Revenue is kept spasmodically occupied in dealing with the relatively straightforward cases of would-be developers who already own land and are, therefore, in a position to fill in form D.1.

One or two examples of these will suffice to show the lines on which these cases are dealt with, and although these are *not* within the writer's own experience, they are supplied by professional men whose integrity is above reproach.

A city business man, some years ago, purchased a small farmhouse in Wales, together with 8 acres of land, and converted the farmhouse into a small dwelling house for his own use. The cost of the land was £200, or £25 per acre. Until 1948, circumstances did not allow him to extend the house, but very recently he decided to apply for Planning Permission to add two small bedrooms. The Central Land Board demanded a payment of £125 as development charge, payable in advance of building, of course, which, taken over the area of the proposed development, works out at £6,250 per acre. This makes the old-fashioned landowner look slow by comparison. The owner decided to pay as he needs the rooms.

A householder in an industrial area wished to supplement his income by turning the front room of his house into a small shop. This would have been a great convenience to the neighbourhood, but the proposed "fine" of £350, payable in advance, was more than the householder could find, so he had to drop the idea. No objection was raised to the proposal on the grounds of it being unsuitable development.

The owner of a small haulage business on the outskirts of a city decided there was a need for a garage and small refrigerated store adjoining his existing building, and applied for Planning Permission. He received a demand for £1,300 and, of course, decided not to go ahead, but to content himself with a small addition to the building under the "10 per cent. floor area" rule, free of development charge.

Every estate agent and valuer could multiply these instances, but few can guess how the figures are calculated.

Intelligent people do not oppose the proposal to take away site values from those who have not created them and to use them for the common good. That step is welcomed as being long overdue. But even slightly intelligent people deplore this mixture of Barlow, Uthwatt and Silken, which has made confusion a thousand times more confounded.

If our legislators cannot frame better laws than this, let them seek guidance from those in Australia, New Zealand, South Africa, Pittsburgh and Denmark, who have experience of Land Value Taxation. They will find there a method which does not absorb the energies of hordes of non-producers in its administration, but which does collect for the community its rightful tribute from communally created site values and at the same time leaves the values of improvements with those who created them, the industrialist or business man, who spends his own money and energy in a project, or the simple artisan whose very laudable desire is to own his own home at the lowest possible cost.