

From the Ground Up

Raising cities from the rent of land

Kenneth Jupp

THE YEAR 2003 is the centenary of the foundation of the first Garden City, Letchworth, near Stevenage, in Hertfordshire. Letchworth was the brainchild of Ebenezer Howard (1850-1928), who later founded Welwyn Garden City (1919) and instituted the Garden City Movement, which influenced city planning and housing design all over the world.

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Howard's work was imitated at least partially by builders and architects particularly in Britain and America. It became the paradigm of Town and Country planning in many countries.

His career was always closely associated with town planning. In later life he became President of the International Federation for Housing and Town Planning. The importance of his work was officially recognised in 1924 with an O.B.E., and a knighthood in 1927, only a year before his death.

In this appraisal, Kenneth Jupp celebrates the achievement of Howard by reviewing other cases where landlords and parliaments have sought to finance shared services out of the rent of land. He also exposes the subsequent failures of the planning approach to urbanisation, major beneficiaries of which were lawyers who charged exorbitant fees. As a High Court judge, Sir Kenneth presided over cases in which "Political correctness required that no mention is made of the vast sum which the piece of paper containing a planning consent is worth".

EBENEZER Howard's life spanned the abolition of slavery in America (1861) to the general strike and depression of 1926-7. He began life in London as a clerk in the offices successively of a stockbroker, a merchant, and two solicitors. He taught himself shorthand, and undertook a career as a writer and parliamentary and court reporter. Then in the United States at the age of 22, after working for a time on the land, he set up as proprietor of a stenographic agency.

During his residence in America he studied the transcendentalists, Emerson, Lowell and Whitman, and was much influenced by them. He expressed himself as charmed by *Looking Backward* by the American writer Edward Bellamy. Five years later, back in Britain, whilst working as an official shorthand reporter in Parliament, he studied the early industrial communities formed at the Lanarkshire Mills, Port Sunlight, Bourneville and elsewhere. He became essentially a social reformer, and was the author of books on the subject, including in 1898 *Tomorrow: A peaceful Path to Real Reform*, re-issued in 1902 as *Garden Cities of Tomorrow*. He never became rich, and continued to run his shorthand company as a source of income until the age of seventy. Howard's interest finally centred upon the stark contrast between the overcrowding of towns and cities, and the depopulation of the countryside. As his life story shows, he had personal experience of both.

The concept that finally arose from his studies was the creation of new self-contained towns with distinct residential and industrial areas, and all the amenities of town life. The towns were to be surrounded by rural belts, so as to combine the advantages of town and country life, and were to *conserve for public purposes the land values created by their development*. It is fundamental to the success of all such projects that they have to be built on land which will eventually be owned by or on behalf of the citizens. The concept is now well known, and has been much discussed, admired and partially imitated in a good deal of later suburban development in many parts of the world. But the words in italics above have been largely forgotten. Very few imitators have taken this proviso to heart. How is it all to be paid for?

HOWARD'S project was made a reality in The First Garden City, **Loans and land values** at Letchworth (1903), and in the second, Welwyn Garden City (1919). In both cases the money required to purchase the land, 3,818 acres at Letchworth and 1,457 enlarged to 3,300 acres at Welwyn, was raised by loans. In Welwyn seven people lent money for the initial deposit, Howard himself being able to put in only £60. The sheer effrontery of his bid (through an agent) at auction was breathtaking. But success depended entirely on the principle that the increasing land value would be returned to the promoting company. This in the early days of

each of the cities was assured, and accordingly both projects ultimately flourished.

After the Second World War, however, the sanctity of the principle that the rising land value had to be retained for the benefit of the citizens was breached. At Letchworth in 1961 the shares in the company having become very valuable, a take-over battle resulted in the Hotel York Property Company gaining control of First Garden City Limited. This created a very real risk that the estate would be broken up and the social philosophy of returning profits to the community abandoned. The situation was only saved by an intense "Save Letchworth Garden City" campaign which in 1962 succeeded in gaining Royal Assent to a Private Bill bestowing on a new Letchworth Garden City Corporation the responsibility to use their profits for the benefit of the residents.

A second attack on the principle was made by the Leasehold Reform Act 1967, which enabled lessors to buy out the freehold of their houses. Letchworth sought, but failed, to get exemption from the Act. However, the Corporation was able to satisfy the court that control was necessary under a Scheme of Management whereby lessors had to obtain permission to buy, and in the event the Corporation was able to raise a considerable capital from leases sold. Nevertheless in the long run this is a blow to Howard's essential principle. Another war, for example, setting off inflation, would devalue the money collected by the sales of the freehold, while the newly acquired freeholds would soar in money terms in the hands of their new owners.

Welwyn Garden City was not so fortunate. Under the New Towns Act of 1946, Welwyn was targeted to become a Development Corporation jointly with Hatfield. In spite of vigorous opposition by the Company at a meeting with the Minister for Town and Country Planning, Lewis (later Lord) Silkin, and following a hard fought Public Enquiry, the government remained implacably against continuing private control of the city. A Designation Order was duly made under the new Act, the Company's assets were valued, and the Company put into voluntary liquidation. The irony of this situation was that the New Town legislation was inspired by Howard's work. But the philosophy underlying the socialist conception of New Towns completely ignored the vexed question of land value.

The clash with Marxist doctrines ALTHOUGH both Letchworth and Welwyn have retained the benefits of their original architectural design, Howard's vision was, to the extent outlined above, abandoned in Welwyn, and partially abandoned in Letchworth. The reason is not far to seek. It was the clash between two inconsistent political and economic theories.

On one hand Marxist philosophy had been establishing its hold on universities and governments throughout Howard's lifetime. *The*

Communist Manifesto predated his birth by three years, and the Sydney and Beatrice Webb group were active just at the time when Letchworth was founded. On the other hand the new "science" of Economics, later to be designated "the dismal science", was overtaking the theories of the classical Political Economists. Between them the two new theories destroyed the short-lived Liberal movement, which collapsed with the ill-conceived Finance Act of 1910. Winston Churchill, at that time President of the Board of Trade, was one of the very few who really understood the problem and had some appreciation of Howard's central idea.¹

IN THE ANCIENT world the wonders brought to light by archaeologists in China, Mesopotamia, and Egypt, in the form of walled cities, temples, gardens, and wide-ranging schemes of irrigation, could not have been constructed without large areas of land having been under single control. Babylon with its Ziggurat and Hanging Gardens sweeping down to the river is a famous example. As far as one can see, they must have been built by slave labour under an all-powerful despotic ruler. This cannot be stated with certainty because archaeologists are not in the habit of asking "who paid for it?"

The history of great cities

The mediaeval European château with a carefully planned dependant village denotes the same unity of land-ownership. So does the classical English "stately home" with workers' cottages grouped at the gate. It depended upon emparkment of sufficient land for the magnificent grounds, space enough for the workers' cottages, and enough outlying farms to yield the rent necessary to meet the grand expenditure. All these are treasured today as architectural showpieces.

Similar good order is to be found to an extent in some city centres, but for the most part cities have grown up in a haphazard fashion of multiple land ownership, which may make them delightfully quaint, but rules out orderly development. An outstanding example is the City of London. After the Great Fire of 1666, Christopher Wren's remarkable plans for rebuilding the City, although given royal approval, were never used. The attempts of his rivals fared no better.

No new plan... proceeded any further than the paper on which it was drawn. The problems of survey, compensation, and redistribution were too great. A rebuilding act was passed in 1667. It allowed only for the widening of certain streets, laid down standards of construction for new houses, levied a tax on coal coming into the Port of London, and provided for the rebuilding of a few essential buildings.²

The coal tax appears to have funded the 51 new, restored, or remodelled city churches, but it is very difficult to find any clear account of who paid for Wren's masterpiece, the new St Paul's Cathedral. Was it the Crown who had *de jure* ownership of the city's land? Wren was the King's

Surveyor operating from Whitehall. But the exchequer was nearly bankrupt. Or was it the City of London, or its livery companies who, after throwing off the burden of feudal dues, had *de facto* ownership?

In later times there is plenty of evidence of useful private developments which succeeded because they were initiated by a single landowner of a large estate, who could fund them from his rents, and increase his rents by so doing. The Duke of Bridgewater, for example, owned coal mines at Worsley some ten miles from Manchester. In order to facilitate transporting coal from his mines to the obvious market, he envisaged having a canal dug in conventional fashion with a number of locks. However, his brilliant engineer Brindley, after reconnoitring the route, persuaded the Duke to allow him to construct a gravity-flow canal crossing the Irwell valley by a viaduct carried on arches. Initially this remarkable achievement exhausted the duke's financial resources. But the result was highly successful. The canal, completed in 1761, extended deep into the coalfield, and cut the cost of coal in Manchester by more than half. In 1776 the canal was extended an additional 30 miles from Manchester to Liverpool. Ultimately the canals paid for themselves, the resulting increase of trade making the Duke's bold investment highly profitable. This demonstrates how effective private works can be paid for by the increasing land values resulting from them.

Similar successes attended the improvements of the great eighteenth century landowners "Turnip" Townshend at Raynham, and "Coke of Norfolk" at Holkham; the former in developing the rotation of crops by his tenants, the latter in converting northwest Norfolk from a rye-growing into a wheat-growing district. In both cases the landlord devised the scheme and procured the money for the necessary buildings and equipment by raising the rents paid by his tenants. Overall both the tenants and the two landlords benefited from the schemes. Any tenants who refused to cooperate lost out.

■ **Regent's Park** In the nineteenth century this graceful development by Nash under the patronage of the Regent was made possible when, in 1811, the leases of the Marylebone House estate in the Manor of Tyburn happened to fall in. The land, enclosed from the Middlesex forest, had been appropriated by Henry VIII in the dissolution of the monasteries to make a hunting lodge in which, amongst others, his three children, later crowned Edward VI, Mary, and Elizabeth I, used to hunt. When the leases fell in the land was back in the possession of the Crown.

■ **Regent Street** Part of Nash's scheme envisaged a new street to connect the Park with Whitehall, and thence to the Thames. But the

Crown only owned parts of the land over which it was to be built. A Bill had therefore to be obtained from Parliament. The New Street Act 1813 authorised a loan of £600,000 and the compulsory purchase of the land not already in the possession of the Crown. But even then Nash was forced to alter the detail of his plan at the behest of private owners of the shops and houses, and so spoiled the architectural unity of the whole project which he had intended.

In the nineteenth century industrial desolation arising from "the dark satanic mills" prompted salutary developments in such comparatively small land areas as Robert Owen's Lanarkshire Mills (1800), Saltaire (1853), Bourneville (1879), Port Sunlight (1888), and other such schemes, in which a beneficent landlord/entrepreneur shared his surplus to greater or less degree with his tenants or employees. The only compulsion to bring this about was a strong sense of philanthropy, often inspired by religion opening the eyes of the promoters to the plight of the landless. Alternatively, a more general sense of philanthropy sometimes inspired millionaires like Nuffield, Rockefeller, Getty, Gulbenkian, and others to "make to themselves friends of the Mammon of unrighteousness" by founding charitable trusts. More often, however, the landlord/entrepreneur became yet another millionaire, blind to the condition of the poor around him; and overall, Dives "faring sumptuously in purple and fine linen" still remained in terrible contrast with Lazarus "at his gate covered in sores, and desiring to be fed with the crumbs from the rich man's table".³

The moral of the tale is simple. Any improvement that is useful and serviceable ultimately increases the value of most of the land affected by it, although of course some values are reduced by it. But this still leaves a surplus after providing compensation for those adversely affected.

THE 19th century's outburst of railway building presented the same difficulty of multiple ownership of land standing in the way of progress. The improvement in transport the railways were to bring about can hardly be exaggerated. But the problems of survey, compensation, and redistribution would have stultified the growth of the railways had it not been for parliamentary intervention. The railway companies had to be granted powers to purchase at current market value the land over which their lines were to run.

The age of the railway

The same necessity for compulsory purchase under powers granted by parliament had attended the canals, and were later to be adopted for the reservoirs, the harbours, the motor roads, the airports and similar public works. Unfortunately, in nearly all these cases parliament was careful to restrict the promoters' compulsory purchase to the land specifically needed for the works. Some surrounding lands, of course, suffered

detriment from the works, and later legislation ensured compensation for the owners of these. But the building of a new railway, or indeed the improvement of an existing line, unfailingly increases land values in the districts which it serves. Parliament never sought to ensure that part at least of this increase in value went to the promoting railway company to meet the cost of constructing or improving the line. The fares they charged paid for running costs, and left substantial profits. But the companies were quite unable to make any return on capital expenditure. Ticket income simply could not be raised sufficiently to cover the building or the improvement of the lines, without driving away freight and passengers altogether. Government subsidies and ultimately nationalisation became inevitable.

One exception to Parliament's blindness to this mistake was the Private Street Works Act of 1892. Under this Act the Public Authority carrying out the works were to apportion the cost between "the owners of premises fronting, adjoining or abutting on the street according to the frontage of the respective premises", but (under Section 10),

the urban authority may, if they think, just, resolve that in settling the apportionment regard shall be had to [*inter alia*] the greater or less degree of benefit to be derived by any premises from the works. They may also include any premises to which access is obtained from the street through a passage, court or otherwise, and which in their opinion will be benefited by the works.

The Land Drainage Acts of the nineteenth century is another exception. The cost of draining fens and other waterlogged land was to be collected from the surrounding landowners by the local rating authority levying an additional rate. Since at that time rates on country land were assessed on the value of the land, this meant that the landowners who benefited from the works paid for their cost according to the degree of benefit each received.

The garden city movement THE CHANGE brought about by the Garden City Movement was remarkable. An area of land large enough to support a whole town, with residential, office, shopping and industrial buildings, and all the municipal amenities of public parks, hospitals, libraries, theatres, swimming pools etc. was brought into single ownership before the town was built. Enough land was included to provide a truly rural *cordon sanitaire* round the city. The whole project was started with the help of loans. But in due course after the loans were repaid, and the building costs met, the accruing rental values were destined to belong to the inhabitants of the city.

The movement foundered because of a change of attitude deriving from a genuine effort in the nineteenth century to improve the lot of the poor.

Public Health Acts had been passed to improve sanitation, drainage, and water supply. Other Acts saw to clearing slums, and ensuring less dense development of new housing. Others again to reforming the organisation of local government. This legislation did indeed very considerably improve the living conditions of the poor, and it was from these enactments that the age of Town and Country Planning ultimately emerged. In 1909 the first "Planning Act" empowered local authorities to draw up plans to control street widths, the density of buildings in new developments, and other features. Later planning legislation dealt with the distribution of land between industry, shops, offices, residences and parks, and finally authorised the making of district plans and grandiose overall plans for controlling all Land in Town and Country.

The Ribbon Development Act of 1935 enabled local authorities to prohibit developers building on plots bordering highways so as to take advantage of existing services of sewers, drainage, electricity, gas mains etc. Unfortunately the extensive damage had already been done, and the dreary lines of houses extended along main roads remain an eyesore to this day. After deliberation by the Uthwatt and a number of other prestigious committees on various aspects of the subject, the Town and Country Planning Act of 1947 consolidated and extended the whole of planning law. The Act brought all land in England and Wales under planning control. Any change of use had to obtain consent of the planning authority. The increase in value brought about by the change, called "betterment", vested in the state, and was collected by the Central Land Board, which had £300 million to distribute as compensation for loss of development values.

The Act was not a success. Its complication gave rise to a growth of lawyers specialising in planning who were able to charge fees well in excess of the average of legal fees. Local governments were frightened of claims for compensation if they refused planning permission. Owners of land which looked likely to rise in value held it off the market to take advantage of the continuing inflation of prices and rents. Land for building became very scarce, and building accordingly unnecessarily expensive.

Altogether between 1909 and 1990, no less than 26 Town Planning Acts were passed by Parliament. In addition, several Local Government Acts changed boundaries and set up new bodies responsible for planning administration. Nineteen of these 26 Acts made considerable alterations to the law. Five of them made a fresh start, because the existing legislation had proved to be unworkable; and three of them consolidated previous legislation into a "planning code". The complexity of the whole was such that a very distinguished and highly respected Lord Justice of the Court of Appeal is quoted by Sir Desmond Heap as remarking in 1962 that the

subject "stinks in the noses of the public, and not without reason"; and again in 1964:

To reach a conclusion on this matter involved the court in wading through a monstrous morass staggering from stone to stone and ignoring the marsh gas exhaling from the forest of schedules from each side.

This language sounds exaggerated, but it is not so to anyone who has attempted any part of the learned Lord Justice's journey in earnest. It is no wonder that the fees of the "specialist planning chambers" became so high. Nor is it any wonder that in some districts there were examples of corruption in planning matters. In the 1980s the Court of Criminal Appeal issued special sentencing guidelines to the criminal courts following a spate of such cases, resulting in many offenders receiving only suspended sentences of imprisonment. Political correctness in planning enquiries now requires that no mention is made of the vast sum which the piece of paper containing a planning consent is often worth.

The moral of this history Sir Ebenezer Howard had seen through the complications of urban development to highlight and make use of the important principle that the value of the land must remain in the hands of, or be held in trust for, the community. It worked in the two cities Howard founded, and in a very few similar projects in other countries. But on the whole the failure to insist on the principle bedevilled all attempts to plan city development. Letchworth ceased to be the independent community envisaged by Howard, as to a greater extent did Welwyn, when they became beholden to central government, and absorbed into its plans for local government.

Yet the fame of Sir Ebenezer and Letchworth persists. The present writer has twice in recent years had to entertain a party of Russian visitors, one from St. Petersburg and the other from Moscow. Most of them were employed in local government. They were offered the usual sights of London – Buckingham Palace, the Tower of London etc., but "No, they would particularly like to see Letchworth", if that could be arranged. The visits were duly arranged, and in due course prompted the present writer to find out why Letchworth was so famous overseas.

References 1. See his speeches in *The People's Rights*, London: Hodder and Stoughton 1909.

2 *Encyclopaedia Britannica*, article on Sir Christopher Wren.

3 Lk. 16, vv. 9 & 20.