

## CONFERENCE ON THE RATING OF LAND VALUES

*At the L.C.C. County Hall, Saturday, 22nd January, 1955*

Nearly two hundred people attended the representative conference on the Rating of Land Values which was convened by the United Committee and held in the large Conference Hall of the London County Council on Saturday, January 22. Invitations to appoint representatives had been sent to the local authorities in London and the surrounding nine "Home Counties" and to a number of societies and associations interested in various aspects of local government. The total number of representatives so appointed was 160, namely 66 Council members and 60 municipal officials from 52 local authorities, and 34 members of 15 societies and associations. The company was supplemented by a number of visitors who had accepted personal invitations. Rt. Hon. LORD DOUGLAS OF BARLOCH, K.C.M.G., presided. An official welcome was given by Mr. VICTOR MISHCON, D.C., J.P., the Rt. Hon. Chairman of the London County Council, and the Conference was addressed by Mr. A. W. MADSEN, B.Sc. There were two sessions, morning and afternoon.

All present were supplied with three publications which had been specially prepared for the Conference, namely the brochure *Land-Value Rating, Principle and Practice*, the 4-pp. leaflet *An Indictment of the Present Rating System* (the texts appeared in our January issue), and the illustrated sheet *Land Valuation and the Use of Land-Value Maps*—Supplement to our present issue.

Mr. VICTOR MISHCON, making welcome, said it was pleasing that so many local authorities and national organisations had appointed their representatives to take part. They would be discussing a most important matter deserving careful thought so that their deliberations should prove worth while. He was happy to induct Lord Douglas of Barloch to the Chair, remarking how well qualified Lord Douglas was to preside over a Conference of this nature; and particularly so in the present setting because of his eminent services as a former member of the L.C.C. and Chairman of its Finance Committee, which had prepared the Site-Value Rating Bill promoted by the Council in 1938.

LORD DOUGLAS OF BARLOCH, in a brief address before introducing the Speaker (Mr. Madsen), said that local government played an extremely important part in our public life. It was essential that local authorities should have a satisfactory and dependable source of revenue independent of any grants they received from the national exchequer. He referred to the Site-Value Rating Bill which Mr. Mishcon had so genially coupled with his name and said that this proposed measure (not fated to receive the consent of the then House of Commons) had put the whole technique of land value rating into practical form. While some changes in detail might need to be made, in view of subsequent legislation, the Bill still formed a valuable precedent with its competent provisions for the levy of rates on the value of land apart from improvements.

Mr. MADSEN summarised the Conference Paper (which had been circulated in advance of the meeting) and developed some of its points, particularly with regard to the practical questions that arose in giving effect to the Rating of Land Values. That system was to be substituted for the existing system and for good reason from both the ethical and the economic point of view, the conclusion of the argument being thus stated: "To the extent that the rates are levied on land values, so the rates as they are

now levied would be reduced or eliminated; thereby would be brought about the abolition of taxation as disruptive as it is unjust which comes into action only as and when land and buildings are brought into use, imposes a burden irrational and frequently intolerable, and obstructs where it does not actually frustrate desirable development: local government, endowed with its own resources, the community-created value of land, would not need to take toll of any person's individual industry." Of the two additional prints that had been distributed to the Conference that morning, one gave overwhelming testimony to the inequity and harmful operation of the present system and how it fosters privilege and monopoly.

What was proposed by the Rating of Land Values was that in respect of every property they should assess the rates on the value attaching to the land apart from any buildings or improvements thereon, the rates being payable by the landholders in proportion as they shared possession or enjoyment of the land value. There would be this two-fold effect: all desirable development would be encouraged and fully rewarded; and public revenues would be derived from a source rightfully belonging to the community. The said assessment required that a general valuation be made of the land value of each and every property as at a given date, such valuation being periodically revised at intervals certainly of not more than five years (as the Paper put it, although there was every argument for revaluation at least once every three years). On this question of valuation and processes for its methodical performance, he commended to the Conference the other print that had been distributed, namely the description of the use of land-value maps.

The Rating of Land Values, for the year-by-year provision of local authority revenues and the consequent exemption or relief of improvements from local taxation, was no new or untried measure. It was in practical operation in a number of countries and in most of them now for many years; for example in Denmark, New Zealand, Queensland, New South Wales, Victoria, South Australia, Western Australia, Tanganyika, the Western Provinces of Canada; and in the two cities, Pittsburgh and Scranton, Pennsylvania. Whether it be in urban districts or in rural districts, under mandatory or under optional legislation, there in those countries the principle was fully tested and the evidence filled a capacious portfolio providing a competent reply, from experience gained, to enquiries whether Land-Value Rating could work, whether it did work and how it worked in practice. It was proved to be equally advantageous and beneficial to both urban and rural districts, as to every kind of enterprise whether industrial or agricultural. A rider to that was added, instancing the case of Denmark where the county and parish councils, under permissive powers, had everywhere applied a large measure of Land-Value Rating—a matter that should be of particular interest to members of the Conference representing rural district councils. Denmark had no such monstrosity as the agricultural "derating" acts; Danish agriculture was neither protected nor subsidised but, enjoying the blessings of Land-Value Rating, it flourished and competed successfully with the rest of the world.

Questions and discussion followed and among those who took part were: Councillor R. Mack of Portsmouth,

Councillor C. H. Smith of Dunmow, Councillor G. Thomas of Islington, Alderman A. G. C. Brown of Chatham, Mr. T. H. Vincent the Chatham Treasurer, Councillor F. L. Meggeson of Uxbridge, Mr. M. S. Paine of the Assn. of Local Authority Valuers & Estate Surveyors, Mr. Martin of the Land-Value Taxation League, Councillor N. A. Borrie of Crayford, Councillor S. R. Rowe of Barking, Messrs. M. S. Pease and Arnold Baker of the National Association of Parish Councils, Councillors H. V. Kersley and A. Lockwood of Reading, Mr. V. G. Saldji of the United Committee, Mr. H. Hayhow the West Ham Borough Treasurer, Mr. V. H. Blundell of the United Committee, Mr. R. C. Dean the Chorley Wood rating officer, Mr. T. Shaw the Southall Borough Treasurer; and several visitors including Councillor E. Ellul of Paddington, and Messrs. S. Broder, O. French, G. A. Graves and P. Sieghart.

The trend of the discussion showed that the moral argument in favour of Land-Value Rating was appreciated. It was marked also by general agreement that the existing system of rating called for reform, one or other speaker pointing to the inequity of the "derating" acts, the unfair new assessments piling the burden on shops and offices, the way in which the rates penalised development; while on the other hand vacant land, however valuable it might be, was totally exempt. With little criticism of the principles of Land-Value Rating, there was much enquiry as to how they were to be brought into practical operation. Only one really contentious note was struck—that the whole idea was a "Will o' the Wisp"—given out responsibly by Mr. M. S. Paine, an estates officer from Crawley. Not taxing our space here, we take up Mr. Paine's points in another column. For the rest, the following were some of the questions asked:

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*What to do where the ground landlord, chargeable for the land-value rate, cannot be traced?*

The land-value rate is a first charge on the land. If it remains unpaid, the local authority, in due course, exercises the power of mortgagee, enters on the land and disposes of it by lease or sale, holding the "rents and profits" thereof for payment (minus the rate that was due) to the untraceable landlord when he chooses to turn up. But it would be helpful to give some examples of such elusive owners, that is to say of land where there is no one in occupation from whom to collect, in the first instance.

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*Where a farm fronts on a main road so that the frontage has a special building value would you value separately those parts of the farm?*

Not in the sense that there would be separate demand notes for the several parts of the farm. So long as the farm was one holding it would be valued and assessed as a whole against one demand note, the valuer taking into account the potentialities of the land for any permitted use—just as on a sale the vendor and the purchaser would do between themselves.

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*What amount of revenue is to be expected in any local rating area from rates levied on land values as you have defined them?*

That depends on the aggregate annual land value within the given district and the poundage of the rates that the local authority imposes or is permitted to impose. What is lacking is the land valuation that should have been made long ago. But this is to be said: the existing rateable

assessments are no criterion whatever on which to base an estimate of the true value of land apart from improvements. Furthermore, wherever the rating of land values is in operation the established valuations in city, urban and rural districts prove that the annual land value is more than adequate for local government purposes.

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*If the rating of land values should produce more revenue than is being obtained from the present system and the government thereupon reduced the Treasury grants, what then?*

It would be an excellent state of affairs. In the first place, the trend towards the increased dependence of local authorities, with the Whitehall controls, would be reversed. In the second place, the Chancellor of the Exchequer would be in the position to reduce the taxation by which the so-called "grants" are procured—petrol duty, purchase tax, entertainment duty and the like. Every time local councillors beg for those treasury grants they are simply asking for such taxation to be imposed on their own people.

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*Is it fair that vacant land should be charged with rates seeing that it is only where land is built upon and occupied that public services can be enjoyed?*

Is it fair that the owner of vacant land should be able to cash and keep the benefits of the municipal services which others provide and without which his land would have no value? Let his advertisement when he offers the land for sale or lease provide the answer to both questions.

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*Would not the landlords escape the burden of the land-value rate by shifting it upon the tenants in higher rents?*

*To recover the land-value rate would not landlords be driven to such intense developments that there would be a congestion of buildings in town and country?*

The reply is no, in both cases. We put these questions in juxtaposition because they so largely answer each other. If landlords could get more rents from tenants, they would take them now. The suggestion in the first question is that by land-value rating accommodation would be made scarcer. The suggestion in the second question is that accommodation would be multiplied excessively making buildings a drug in the market. How then would the landlords be able to shift the burden of the land-value rate on to the tenants?

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*Is it not the case that a new power station, or railway or other public undertaking may alter the desirability of land respectively for residential, commercial or industrial purposes?*

Yes, decidedly. This is happening all the time with the result that land values may rise here and fall there. These changes would be accurately reflected in the periodic valuation of the land.

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The Chairman, Lord Douglas, concluding the proceedings said that reference had been made to planning controls. The Rating of Land Values was not a proposal to alter the Town and Country Planning Acts. Those Acts formed the framework within which the valuer had to operate whatever system of rating obtained. Under the Rating of Land Values no new problem would be created as some appeared to think. Either the land was valuable for development or it was not and it was on that basis it would need to be valued.