

LORDS DEBATE ON LAND AND PLANNING

In the House of Lords on 18th and 19th November the Reports of the Uthwatt and Scott Reports were discussed on a motion by Lord Latham urging the necessary preparatory steps so that actual planning and reconstruction may be commenced immediately after the cessation of hostilities.

LORD LATHAM : In the Uthwatt Report there are posed two major questions of policy. One is the proposal that the development rights of undeveloped land outside urban areas, with certain exceptions, should be acquired for the State on a basis of fair compensation, and the other is that land not within the development rights scheme should be subject to a periodic levy upon increases in annual site value. The purpose of the development rights scheme is to control development of undeveloped land. I find it difficult to agree that it is sound to incur the cost of restricting all undeveloped land merely in the hope that you may reduce the cost of that portion which needs to be controlled. The cost may well be more than it would be under ordinary town-planning procedure. It is part of this scheme that immediately development of land within it is impending, the State shall become automatically the owner of the fee simple. It means, therefore, that from day to day the State will become the owner of land; large units, small units, near cities, away from cities, all over the country without any relation one to the other; a sort of unplanned, fortuitous ownership which is initiated, not by the State, and which may not be initiated by the owner of land, but can be initiated by some third party who thinks he would like to develop the land of somebody else. The management of these isolated pieces of national land in a sea of privately-owned land could not fail to need a vast and costly machinery. I do think that this development rights scheme would work, and I do not believe that it is necessary in order to solve the problems of compensation and betterment.

The periodic levy proposal is that there should be a quinquennial valuation of the annual value of a site which, by reference to a datum valuation, will show either increases or reductions. Where increases are shown it is proposed that, excluding such elements of increase as arise from the expenditure of the owner, 75 per cent shall be taken by somebody. The Report is rather disappointingly silent as to who shall receive it. I should hope of course, that the local authority would receive it, but the same hope may be entertained by the Treasury. The basis of this valuation is to be the value of the site as actually developed. The effect in operation of the periodic levy may be to hold out of proper development sites which otherwise would be developed, because, so long as development does not take place on the site, any increase in value is excluded from the valuation and is therefore excluded from the levy. There would be a tendency on the part of owners to hold their land out of development.

In place of the periodic levy it would be better to proceed by means of a rate or a tax based upon annual site value. Valuations of the site unencumbered by any building, and made from time to time, would reflect any increase in value arising from betterment or from general community causes, and therefore the State or the local authority would be able to have a fair share of that increase in value which arises principally from public activity and frequently from public expenditure. The fact that an undeveloped or badly-developed site would be subject to this rate would tend to force owners to develop undeveloped land in urban and near-by urban districts, and it would compel owners of inadequately developed sites to develop them properly.

THE EARL OF RADNOR : The acquisition of development rights was recommended by the Uthwatt Committee in order to get

over the difficulty of compensation which has arisen, and has always been a difficulty in any question of planning. I appreciate that that difficulty is a very real one. It has been a bar in the past to good planning. It has led even to the extent—I think the figure comes from the Barlow Commission's Report—of land being planned for building which, if all built on, would be sufficient to accommodate 291,000,000 people.

VISCOUNT BLEDISLOE : Is it quite certain that the scheme adumbrated in the Uthwatt Report is calculated to work smoothly, expeditiously, effectively and, above all, economically, in securing for the public the land values which they themselves admittedly have created? It seems to me that whatever advantage the public may derive from it, there is likely to be a rich harvest for surveyors, for valuers and for the legal fraternity; but will commensurate advantage flow to the community at large? Let betterment values pass to the public, but do not fetter individual enterprise or hinder the evolutionary progress of British husbandry by the constant fear of bureaucratic interference.

LORD RANKEILLOUR : It is fair to say that where town improvements are in the air speculation in property is in the air. I believe it is notorious that when Baron Haussmann carried out his great schemes in Paris, a number of persons with inside information were able to make large fortunes, and if one-fifth of what one hears about such matters in some American towns is correct, it is clear that tips are often given from those who are responsible for the planning, and that even the planners may be themselves speculators.

LORD BALFOUR OF BURLEIGH : We landowners have to admit that, whatever merits we may claim for ourselves the road to the hell of the development with which we are faced in this country is paved with the profits of land speculators. Control therefore must be accepted.

The rating of site values is a futile and dangerous remedy.

LORD WEDGWOOD : Oh !

LORD BALFOUR OF BURLEIGH : I thought the noble Lord might disagree. It is a remedy that is designed to bring sites into development—very important from the point of view of rateable value—but look what it has done to New York. Where are the open spaces in New York? That, I am credibly informed, is a direct result of a system of rating site values. Mr Justice Uthwatt's proposal is a levy on the realized increment once every five years—a very different thing, and designed to avoid the very dangers in which Lord Latham's proposal would involve us.

LORD WEDGWOOD : If you allow people to start work in the primary trades, building, agriculture, mining, quarrying, they in turn will pass on the job of completing production to all the other trades in the community including the distributive trade and the retailing trade. But if you dam the stream of production at the source, not only will primary workers be out of work but everybody else will be deprived of his proper work. Yet it is proposed to pay to the owners of undeveloped land large sums so that they may not sell that land, so that they may keep the land in inferior use. Town planning is worth nothing and country planning is worth nothing unless you face up to the fact that your first and final duty is to throw open the land of England to the people of England so that they can work it and develop it. I do not know how we can defeat this terrific vested interest of agriculture. They have beaten us all the time. They have got rid of all rates on agricultural land, they have now the Uthwatt's endowment almost in pocket, and now they are demanding that Death Duties on agricultural land shall be abolished. There is no end to it. If you

abolish Death Duties to-morrow that would immediately send up land prices. We shall all rush to put some of our money in such land in order to save Death Duties.

THE LORD CHANCELLOR, LORD SIMON : The rating of site values, to the general principle of which I have never expressed objection, because I believe some such system has behind it much that is just and fair, has amongst other things the purpose of compelling, or at any rate doing all you can to force, the owner of a site to develop it to its fullest possible extent. The whole idea is that here you have people who are not putting the land they own to the best possible use. The best use is the developed use. If it is undeveloped, but is ripe for development, it ought to be developed. If it is partly developed but is ripe for complete development, it ought to be completely developed. And in order to assist the landowner in his duty, let us clap on a rate or tax upon the site value of the land, and that will make him build a hotel on the top of it, or whatever other thing is the maximum way of developing his land. One would not say there is not a very great deal in theory, but that conception is in precise and flat contradiction of the conception involved in planning. The object of planning is to secure that people should not, except by leave, develop their property to the highest possible degree. If a man does want to put houses on his site, he is not to be allowed to put houses up unless he gets the leave of the proper authority. If your instrument is the weapon of the rating of site value, that is a very good way of compelling these areas to be covered with houses. Whatever may be said in favour of the rating of site values, it has nothing in the world to do with any possible contribution to town or country planning.

LORD LATHAM : I expressed preference for the rating of site values to the proposal in the Uthwatt Report for a periodic levy upon an increase in values. The problem of planning consists of three factors : one, the control of development; another, payment of fair compensation; and the third, catching increases in value which arise from betterment or from general community influence. The members of the Uthwatt Committee were appointed to consider primarily not planning but the problems of compensation and betterment in so far as they related to planning. I offered as an alternative to the proposals of the Uthwatt Committee of (a) the development rights scheme, and (b) the periodic levy, the following : (1) control over the development of all land with the reservations as to compensation; (2) the rating of site values which, in my view, would solve the problem of compensation and betterment in a fairer, more efficient, and more desirable way than would the periodic levy. The relation of the rating of site values to planning is very close. One of the problems of planning is that there is not sufficient land for planning at times where it ought to exist, and to the extent that the application of the principle of rating site values fosters development it would be a contribution to planning and development.

In the *New Statesman and Nation* of 10th October, Prof Harold J. Laski quotes with approval the passage from the speech by Abraham Lincoln before the battle of Bull Run : "It is a struggle for maintaining in the world that form and substance of government whose leading object is to elevate the condition of men, to lift artificial weight from all shoulders, to clear the paths of laudable pursuit for all, to afford all an unfettered start." Prof Laski says that this "would stand as a description of this war." Better, it is a good definition of the *laissez faire* principle which so many treat disdainfully and without understanding.