

RE-PLANNING LONDON

Land Values the Obstacle

DURING THE past month two proposals for re-planning London have been issued. The most important is the Highway Development Survey, 1937 (Greater London) made by Sir Charles Bressey for the Ministry of Transport which covers the whole of the Greater London Traffic Area, having a radius of approximately 25 miles from Charing Cross. The other is a scheme for re-development of the South Bank of the Thames, between London Bridge and Lambeth Bridge issued by *The Star* newspaper.

Sir Charles Bressey's survey, which has taken three years to complete, is directed towards improving and extending existing highways and devising new ones which will be adequate for the needs of modern traffic and will obviate the congestion and delay which is prevalent in many parts of the area. It will require perhaps 30 years to complete, and will involve not merely elaborate and expensive works but large acquisitions of property. No estimate is submitted of either the cost of the works or of the land.

The report makes numerous references to the problem of land values. Referring to the Greater London Arterial Roads programme, which was formulated more than 20 years ago, and is not yet complete, Sir Charles says: "Land fronting the new routes has always been in keen demand, and little of it now remains unsold. As a site for industry and manufacture, arterial road frontages offer the great advantage—apart from traffic facilities—of affording a permanent advertisement of the highest value—as witness the magnificent modern factories set amid attractive gardens along the course of the Western Avenue."

Dealing with the suggestion for building roads over the railways, he discusses not merely the technical difficulties but the claims which might be made for adverse affection of the houses abutting on the railway and the claims by the companies for wayleaves. "When terms of 'wayleave' come under discussion the Railway Company might base their claim on the theory that, if it is possible to superimpose the road over the railway, it would be equally feasible to place buildings there, in which event, the claim might be calculated on building site values, little, if any, inferior to those of the adjoining land."

£2,000,000 a Mile

In regard to the location of routes, Sir Charles discusses the various types of district affected. First there are: "Densely congested central areas like the heart of the City of London, covered with modern office buildings, commanding prodigiously high rentals; here the cost of comparatively insignificant street widenings sometimes works out at a rate exceeding £2,000,000 per mile. Even this leads to no conclusive result, as is shown by the recurrence of widenings in the same streets by successive generations. Drastic improvements which would dislocate business are not favoured in such quarters."

In congested areas resembling the previous group, but less prosperous in character, and consisting of obsolete or obsolescent office buildings, with a multiplicity of dingy alleys, courts and lanes, Sir Charles considers "it is quite possible that by a judicious rearrangement, dignified and adequate thoroughfares could be formed without any reduction in the aggregate area of building sites." It is not clear whether he thinks that there will be no resultant cost to the local authority. Experience shows that the cost is likely to be heavy. Something

of this kind was done by the London County Council when the Kingsway-Aldwych improvement was made some 35 years ago. It is still throwing a heavy burden upon the ratepayers of London and will continue to do so for nearly 20 years more. (See *Land & Liberty*, January, 1937, p. 8.)

Another type of difficulty is found in the densely populated slum areas, such as are found in Bethnal Green, West Ham, Shoreditch, &c. Here it is hoped that clearance schemes promoted by the local authorities will "transform these areas within the next five or ten years, and there should be no great difficulty or expense in embodying adequate new thoroughfares in the re-planned areas." It must be observed, however, that even in these slum areas the local authority has to deal with site values of the order of £20,000 to £40,000 an acre. The burden on public funds of slum clearance in districts such as this is a very heavy one, and may easily amount to £5 a year for forty years in respect of every person displaced and rehoused. If roads are to be provided through such areas on the scale and of the width envisaged in this report, the cost may well be considerably higher.

Then there is the residential suburban area laid out sixty years ago or more with old-fashioned houses and spacious gardens. Here the demand for flats is leading to wholesale demolition of the old buildings and the erection of flats accommodating a population of 200 or more per acre. "This thirty-fold increase of population will obviously impose an intolerable strain on a road system designed for the circumstances that prevailed sixty years ago. The value of such sites as I have described is rising to a high price, but the cost of acquiring lands now for road widenings or new roads would be infinitesimally small, in comparison with the figure that will be reached if improvements are postponed until the land has been covered with blocks of flats four or five stories high."

A side light upon the effects of by-passing shopping centres which at one time was opposed by trading interests is found in the remark that "opposition of this sort has, however, been tempered by the discovery that in certain 'High Streets' trade has improved after the opening of a by-pass which enables shopping to be conducted more comfortably in the old street." Thus, increase of land values is not necessarily confined to sites abutting on new or improved thoroughfares.

Among attempts to lessen the site costs involved in street widenings mention is made of the device of setting the footway under an arcade—"an expedient which, however, is best adapted to sunny climates."

The Thames South Bank Scheme

The proposals of *The Star* include a new embankment road on the south side of the Thames from Lambeth Bridge to London Bridge, various other road improvement in the vicinity, and a reservation of the areas adjoining the river for new buildings of an imposing character which would adorn the river frontage. It is an attractive scheme.

In this case an estimate of cost amounting to £9,200,000 is given, which it is anticipated will be reduced by £2,600,000 through "estimated capital appreciation of site values in respect of properties re-sold after allowing for interest charges, &c."

We do not believe that there is the smallest chance of any scheme of this kind becoming self-supporting within any reasonable period out of the increased value of

land purchased. Proposals for re-development have been put forward for years past, and the price of every piece of land likely to be affected has already been enhanced by the expectation that sooner or later something will be done.

The idea that public improvements of this nature can be paid for out of the "betterment" they create is an attractive and plausible one, but repeated experience has shown that the attempt to capture this "betterment" by means of public purchase of land or by means of special assessments is never successful. In the first place, there is the fact that the owners of land have already captured a large part of it in enhanced prices based upon expectation of the future. In the second place there is the fact, as illustrated in the case of by-pass roads mentioned above, that the betterment may be distributed over sites not directly affected.

The only means by which the community can make certain of recovering the land values is a rate on site values. The general valuation of land values necessary for this purpose will facilitate the settlement on a reasonable basis of claims for compensation for property taken, while the reduction of rates on buildings and improvements will encourage the removal of obsolete buildings and the erection of modern ones capable of developing the sites to the fullest extent.

In a communication to *The Star* (16th May) Mr Charles Latham, chairman of the Finance Committee of the London County Council, drew attention to this aspect of the question, saying:—

"The planners of to-day have to take into account the cost of the neglect of the past, and this cost can be, and often is, high. The very congestion of the streets and areas which cry aloud for relief itself increases the amount of this cost.

"The large element of compensation in the cost of London's improvements seriously hampers, and often limits, the activities of the responsible authorities.

"Under the present unsuitable system of rating—a legacy from past conditions which no longer exist, and which is in many essential respects quite inappropriate to present requirements—the financial benefits of great public improvements do not, as they should, inure to the public who have to bear the expenditure.

"Of course, what new or additional rateable value is created is a partial off-set, but this is not enough.

"The betterment which flows from great public improvements financed out of the public purse should go into that purse in a real and substantial degree. If this were the case at the present time, the problem of adequate and long-term replanning of great areas of London would be very much simpler."

Mr Latham is quite right in saying that the new rateable value created is only a partial off-set because the rates on the new buildings are an imposition upon the occupiers of them, while the real beneficiaries, the owners of land, escape contribution. The only means by which the betterment can be collected is by a rate on site values, because, to quote the L.C.C. report on the rating of site values, "as the yield of the rate would be increased in proportion to the increased site value of the properties benefited, it would to some extent constitute a set-off against the cost of compensations and improvements."

The value of this paper does not end with YOUR reading it. Your business associate, your neighbour or your fellow worker may not have seen it. . . .

THE LIBERAL PARTY CONFERENCE

Declarations on Land Value Policy

AT THE annual meeting of the Liberal Party Organization at Bath, "the chief features of the debate," reported the *Manchester Guardian* of 20th May, were "the ruthless rejection of amendments designed to modify the pungency of the official motion of approval, and the strong insistence of a team of Scottish speakers upon a definite declaration in favour of the principle of taxing and rating land values, which clearly had the general support of the conference."

The "Ownership for All" resolution, moved by Mr Elliot Dodds, had in it the expression: "it demands justice in taxation and rating." Amendments moved by the Scottish Liberal Federation and the Hendon Divisional Liberal Association were put in the form of a composite amendment which was carried, Capt A. R. McDougal of Blyth taking a leading part in the speaking.

As a result, the Assembly "demanded the abolition of unjust and obstructive taxation and rating and declares that public revenues should be derived as far as possible from the publicly created value of land apart from buildings and improvements."

During the discussion Mr A. S. Comyns Carr, K.C., denounced the present rating system as unjust and economically absurd. If a man had vacant land on the outskirts of a city he paid no rates at all on it at present, although it might have great value. That fact did not merely deprive the community of contributions to the local rates, from the expenditure of which the value of the land was often largely derived, but encouraged the owner to keep the land out of use until he could get the greatest possible unearned increment. It resulted in a direct hindrance to enterprise and to the development of building.

On the previous day, also at Bath, the Women's Liberal Federation were in session. The main topic was the cost of living and high rents. The resolution was adopted advocating the removal of such taxes and tariffs as raised the cost of living, and the transference of rates from buildings and improvements to site values.

Mrs Burton, of Leeds, a delightful old lady who had never before spoken in public and who said she just felt the conference must hear her knees knocking with fright, spoke about the people who had been moved from three shillings a week slum houses to a nice new housing estate. They were helped with the rent, but they looked unhappy; they could not afford enough food or firing. "There would never have been such poverty as exists to-day," she said, "if land had been taxed long ago."

SCOTTISH LAND AND AGRICULTURE

THE FIRST twenty pages of the new Report, published by the Scottish Liberal Federation,* a book of 115 pages, contains an excellent exposition of the Taxation and Rating of Land Values. The writers are to be congratulated. The Report is direct and to the point, advocating the application of the principle to all land without distinction as to "urban" and "rural." If there is any emphasis it is upon the benefit that agriculture would derive by taxing and rating the value of land apart from buildings and improvements—a policy declared to be the most efficient lever for the purpose of breaking the land monopoly and obtaining access to ample supplies of land. Correspondingly would come

* *Scottish Land and Agriculture—The Liberal Policy*. Published price 6d., by the Scottish Liberal Federation, 179 Buchanan Street, Glasgow and 14 Frederick Street, Edinburgh.