TOWN AND COUNTRY PLANNING ACT

Debate in the House of Lords, May 27.

LORD LLEWELLIN (Conservative) rising and moving for Papers, said: "Whatever any advocate of the provisions of the 1947 Act may say, it is undeniable that it is harder now, at any rate for the private developer, to acquire building sites than it was before the Act came into operation. Although in theory present user value plus development charge ought to equal and not exceed the price at which under the old conditions one could buy land, in fact in almost every case the man cannot buy a building site plus the development charge as cheaply as he could before. The intending vendor, in other than exceptional circumstances, has no incentive to sell at mere present user value. So the purchaser offers more in order not to have to incur the delay and expense inherent in trying to get somebody to obtain a compulsory purchase order for him. We should restrict the operations of Parts VI and VII of the Act. If a man or a local authority pulls down slum cottages, and in accordance with the approved plan erects a block of modern flats in their stead, a benefit is done to the community; if a man pulls down an old office or shop buildings and puts up modern buildings in their place, he, again, surely is a benefactor to the community; if a company pull down an old factory and erect a new one, with better layout, more floor space, better facilities for production, better accommodation for the workers and so forth, they are performing a service to the nation. They should not have to pay a development charge for doing so. Where there is a virgin site, however, development charge would still be payable. I should allow extensions on homes and other existing buildings without development charge. All changes of use of existing buildings should be exempt from development charge, and correspondingly all such changes should be removed from Part VI of the Act as an element in a claim for loss of development value. Planning permission would still be required for a change of use of a residential building to factory or business premises of any kind, but no compensation would be payable when such permission was refused. If a development charge is maintained in any shape or form, an appeal against its assessment is essential if we are to get rid of the arbitrary nature of these charges.

LORD MILNER of Leeds (Labour): That there is difficulty in operating some of the provisions of the Town and Country Planning Act, 1947, cannot be denied. That is especially so in regard to the compensation and betterment sections of the Act; and of course there is doubt in regard to the distribution of the global sum. The difficulty in regard to the development charges is militating somewhat against private development and building, although perhaps the objections there are rather exaggerated. We must all hope that the general objects of the Act—though there may be criticism on matters of detail—will be achieved.

LORD DOUGLAS OF BARLOCH (Labour): We have the provisions which were intended to solve the question of betterment, and their inevitable correlative of the imposition of a development charge when a permission is given to develop land, with, of course, certain exceptions. Unfortunately, I do not think that this scheme has worked out in quite the way that was anticipated. People who have land for sale are unwilling to dispose of it upon its existing use value, which in some cases, naturally, is negligible. Their inertia to do so is overcome by the would-be developer paying a price which, according to the theory of this legislation, he ought not to pay. To this, of course, there is a check provided in the Act in the power which is given to the Central Land Board to acquire land and to dispose of it for development. On the whole it seems to be a clumsy means of trying to deal with the difficulty, and it does not appear to have been used very frequently or very effectively.

The development charge naturally depends upon the particular kind of use which it is proposed to make of the land. If it is proposed to alter or improve the land to only a slight extent, the development charge is, or ought to be, correspondingly small: whereas, if it is intended to develop the land to the full extent to which it might reasonably be developed, the development charge is correspondingly high. This may, in some cases at any rate, induce people to make a development which is not adequate to the site, and so prevent the full development of which the site is capable. The result which was aimed at by these provisions could have been obtained in another way, and much more simply by making the compensation payable out of national funds in those particular cases where it was definitely decided to restrict the use of land in accordance with the town planning scheme. That, in effect, by a roundabout route, is what has been done by the Town and Country Planning Act, 1947. But the method involves the payment at one blow of a lump sum of £300,000,000 of public money, which might have been spread over a great many years as planning developed and as restrictions were imposed in particular cases. It may be that if that course had been adopted, the amount of public money paid out would have been less.

The development of a town is, in effect, a process which creates site values. I adhere to the view, which has been held by town planners since the early stages of the discussion of this subject, that the community is entitled to recover some, if not all, of the value which has been created by public activity and by the very presence of the community itself. Unfortunately, the development charge provisions do not achieve that object, because there can be large accretions of site value within the limits of the existing use of land. All over London we can see street upon street which has been well developed which does not at this stage call for redevelopment, where at the time when the street was originally laid out the ground rent was £2 or £3 a year, representing approximately the site value at that time, and where, if the building were to be accidently destroyed and the site let again at this moment, it would undoubtedly command a very much higher ground rent. That is an example of an increase in site value within the framework of existing use and not subject to any development charge at all. On that account, I do not think the development charge system is comprehensive enough, because it does not achieve the object of recovering for the community in all cases some or all of the increase in the site value which has been created by the presence and activity of the community. I therefore feel that the theory which some of us cherished and adhered to, that this problem would be better solved, either by a national tax on site values, or by a local rate on site values, should be examined once more. Instances come to light in which the initial demand of the Central Land Board for development charge has, after negotiation, been reduced to a half, a quarter, or even, in some cases, one-tenth, of the amount originally proposed. That creates a fearful state of uncertainty. It indicates that, in fact, the result depends to a very large extent, upon which party has superior skill in bargaining. It means that the strong will emerge out of this contest most successfully while the weak will be pushed to the wall. If there were some general valuation of sites in existence which formed a framework of reference by which these claims could be judged and settled, that would indeed be a very different story; and that again supports the argument that there is something to be said for dealing with this problem of compensation and betterment in a different way, by settling the compensation as and when it arises in individual cases and by recovering the betterment generally by a tax or rate upon site values wherever they occur.

VISCOUNT GAGE (Conservative): Very little is being done to encourage the improvement, or even the repair, of existing buildings, let alone their re-development. The rate of obsolescence of existing buildings is greater than the rate of building new houses. There seems to

be a real danger that new slums will be created. There is not much that we can do about it even by amendment of this Act, but at least we can stop fining people who want to modernise and improve old buildings.

LORD WISE (Labour): I am convinced that 90 per cent of the Act is good, and that the other 10 per cent is not bad. We may have to amend the provisions regarding the compensation fund and the development charge. They have led us into difficulties which we never foresaw some three or four years ago. Concerning the £300,000,000 compensation fund, it may well be that already there is a fair amount of money available for redistribution. I hope the Government will see to it that people who have a legitimate claim on the compensation fund, and are looking for payment, will be paid. Those people who are not likely to develop their land immediately should not have a claim on the fund at the present time. Another point of complaint is the excessive development charges. Some of them are out of all reason and certainly not at all in the spirit of the Act.

VISCOUNT PORTMAN (Conservative): The development charge and its application are really at the root of the greater part of the troubles of development during the past five years. It has become nothing more or less than a powerful form of penal taxation. Proper changes of use and development of property are being frustrated and developers who already own property will be unwilling to develop to the full ripe value on account of the charge to be paid at the time of development. Existing buildings and houses should not pay a development charge on account of change of user.

LORD MESTON (Liberal): All admitted claims for payments for loss of development value should be paid in full. Development charge should be abolished; alternatively, the amount of the development charge should be reduced from 100 per cent to a figure not exceeding 60 per cent. The right of appeal from determination of development charge by the Central Land Board should be given to the Lands Tribunal. The powers of the Central Land Board in connection with their functions under the Act and, in particular, with their function to purchase land, should be carefully reviewed.

LORD QUIBELL (Labour): We are planned to death. For a time I was engaged in developing an estate, which I thought was a very nice estate, and so did the planners. The people for whom I was building the houses wanted red-tiled roofs or brindle roofs, or blue roofs. That did not suit the planners. One of them came down and saw me. He objected to the different coloured roofs. There was nothing at all wrong with the buildings or the streets. It was the colour scheme that he did not like. It was not long before I told him where I thought he "got off."

A man in Northwich bought a piece of land, for which he paid £450. He had to plan how he was going to develop it, so along came the town planning authority and assessed a development charge nearly as much as the man had paid for the site. That man is landed with that site: he has parted with his £450 and he cannot build his house. It is no good anyone saying that that is not holding up building—it certainly is.

A shop was altered by a co-operative society. It was a development from one kind of room into another. All they put in was a counter, and the development charge for that was £400.

I am certainly not in favour of the development charge as it operates to-day, which allows an owner to charge the full site value of the land and the man who buys to be faced with a development charge equal to the amount he has paid for the land. I have never subscribed to any philosophy that because a man owns his house, or wants to, he is therefore an enemy of the country and ought not to be allowed to do so.

I have a site—I have had it for ten years—which anyone can have at the district valuer's price. But nobody will buy it, or dare buy it—not even the council itself. There are fifteen acres, with sewers, roads, electricity and water all laid on. But not a brick has been laid there for ten years; nor will there be, because nobody dare attempt to buy it while the development charge is so undefined and unlimited.

LORD WOLVERTON (Conservative): The private developer can apply to the Central Land Board and ask them to buy the land from him. But will every man trying to build a house apply to the Central Land Board to buy his piece of land at existing use value? He will not. He buys at above the existing use value, at what he considers a fair value, and he is most upset when he finds that the development value of the land is very high. It takes a long time to get planning permission before an owner can proceed to try to get an assessment of the development charge, perhaps four or five months. And it takes, perhaps, two months more to find out what the development charge is. An owner can afford to have only a sketch plan made in the preliminary stage. He will not want to go to the expense of having working drawings made of the house if he is to be turned down, or if the development charge is going to be high. We shall have drastically to alter the financial provisions of Part VI and Part VII of the Act. It is extremely inflationary to pay out £300,000,000 at this time, and I think that those two parts of the Act will have to be withdrawn.

LORD SILKIN (Labour): The difficulty at the moment is that the country has not been fully planned. Development plans are still under consideration and each application for development has to be considered separately and independently, and very often without reference to a particular plan. Once plans have been approved it should be much simpler to deal with applications for development, and they should go much more speedily. The Act of 1947 was a revolutionary change: it changed the local authorities who were responsible, it meant employing new officers and it meant teaching a great many people their job. To-day, after five years, when the new local authorities have settled down and know their job and, on the whole, are doing well—it would be a great pity if any drastic changes were made merely because it was stated in an Election Manifesto that there would be drastic amendment of the Act. Lord Llewellin argued that this was not an appropriate time to pay out £300,000,000. Will it really be inflationary? I do not pretend to be an economist. The payment will be made in stock. It will be a payment for a capital loss. Something has been taken from an owner; his land has been depreciated in value as a result of State action, and he has been compensated by the payment of stock. I do not accept the view that the moment people get this sum in stock they will rush out and try to spend it on consumer goods and bring about an inflationary state of affairs. Suppose they try to sell it? Who are the buyers? Only other people who are in exactly the same position. Other people will have the stock who formerly had the money. You will merely be exchanging money for stock. I cannot see, therefore, that there is any serious danger of inflation if payment is made.

I deny that development is being held up. The Minister can go ahead as fast as he can. There is no shortage of available land, and the only thing which stands in the way of development is the limitation of labour and material. I have made frequent inquiries of the Central Land Board as to whether there was a single case of any developer who abandoned a scheme of development merely on account of the development charge, and they assured me that they know of no single case. It is quite conceivable that some district valuers might ask for a payment which was in the first instance unjustified and which could be negotiated. These are matters for negotiation and administration; they are not fundamental defects of the Act itself. One way of remedying that would be an appeal against the district valuer's development charge. If it is possible to have an appeal, I should not object to it. I do not suggest that there might not be some further consideration of the amount of development charge.

LORD LLEWELLIN: "Nor, I presume, would the noble Lord object to some alteration in the "change of user" part of the Act.

LORD SILKIN: "No, I should not. It would be a remarkable thing if a complicated measure of this kind, passed in 1947, could not be improved by some such amendment after five years experience. Certainly I should welcome an exhaustive examination of the Act with a view to making it work better if it is possible. The development charge was invented by the Liberal Government in the form of betterment, but betterment did not produce any results. The objective was very much the same as the objective of development charge—namely, that those who benefited as a result of planning should make a contribution. But I noticed that the noble Lord who regarded the development charge as a device of Satan and who desired to abandon it altogether did not offer also to abandon compensation. The two must go hand in hand. It is the development charge which helps to finance compensation. Without the provisions of Parts VI and VII the whole Act is futile.

LORD WOOLTON (Lord President of the Council):

The present Government are going very thoroughly into this question and endeavouring to come to a conclusion. We realise the importance of the essential feature of this Act, which is to secure the best use of the land of this country. It would be quite improper for me to say anything to-night which might indicate the way in which the Government's deliberations are proceeding and your Lordships will, I am sure, be good enough to wait until we can announce in the proper form what our conclusions are. We shall endeavour to make the alteration such as will be in the best interests of the land of the country. I will see that all these issues are brought to the notice of my right honourable friend, Mr. Macmillan. There will come a time when I shall be able to speak to your Lordships in a more informative manner.