

## UNITED COMMITTEE'S STATEMENT ON THE ALLEN REPORT

**T**HE urgent need for rate relief for householders highlighted by the Allen Committee's Report can be satisfactorily met only by the rating of site values. The recent survey undertaken by the Rating and Valuation Association indicated, with Whitstable as an example, that residential properties would, as a group, under site-value rating, obtain relief sufficient to cut rates by 40 per cent (houses and bungalows) and 59 per cent (flats and maisonettes).

Even if wholesale exemptions were given, i.e., golf courses, church lands, agricultural land (and we do not necessarily support such exemptions) the relief for residential properties would still be on average 30 per cent and the rate in the £ very much the same as at present.

Site-value rating would not be without its problems, nor are the ultimate effects precisely predictable — nor can the Whitstable experiment be taken as typical of the situation all over the country (one way or another). But the general effects of transferring rates from occupiers to site owners are indisputable — even allowing for other factors such as county precepts, rate equalisation, etc.

The general conclusion is clear: under site-value rating *the great majority of householders* would benefit to a considerable degree. This holds true even where they are owner occupiers.

To institute a local income tax or to subsidise rates by Exchequer assistance is to evade the issue—that public expenditure through rates and taxes maintains and enhances the value of land, while land, as land, remains exempt from its rightful contribution.

The scandal of high land prices is not limited to land that is ripe for development or re-development. Land does not have to be developed in order to reap the fruits of increased land values which accrue by virtue of public expenditure and population increases.

Not the least important of the side effects of site-value rating would be:

1. A blow at land speculation. (Idle land would be rated at its permissible use.)
2. Lower land prices. (The tax could not be passed on, as all economists agree).
3. Householders would not be penalised for making improvements. (Extra bathrooms, wash basins, central heating, etc).

For years prejudiced and irrelevant arguments have been used against site-value rating for political reasons, and the interests of the community generally have been ignored on this vital subject.

Ratepayers are sick and tired of make-shift palliatives; they want a radical and permanent remedy for the present anomalies and inconsistencies. The answer is site-value rating.

*Land Reform in Politics* 4 pp Leaflet 6d. post free.

## Brief History of Land Legislation in Great Britain

**1906 Land Values (Scotland) Bill.** Provided for a land-value rate of 2s. in the £ of annual land value. Introduced by Liberal Government. First rejected, then mutilated, by Lords. Finally abandoned by Government.

**1909-10 Lloyd George's Land Value Duties.** Not the taxation of land values as generally understood. Composed of (1) 20 per cent taxes on *increases* in land values proved to have arisen on sales or transfers of land occurring after April 30, 1909; (2) an annual tax of one half-penny in the pound on the value of undeveloped land — defined in the Bill in such a way as to provide loop-holes for avoiding the tax; (3) a tax of 10 per cent of the value of leasehold reversions. Existing land values throughout the country other than vacant land were unaffected. Act was highly technical and complex, with contradictory definitions. Repealed in 1922 by Coalition Government. Land taxes refunded.

**1931 Snowden Finance Act.** Provided for a valuation of the selling value of all land apart from buildings and other improvements and a tax of 1d. in the £ on that value (1s. 8d. in the £ on annual value). Valuation suspended by National Government, and the Act repealed in 1934.

**1938-39 London Rating (Site-Values) Bill.** Provided for a county rate of 2s. in the £ of annual value. Rejected as a private Bill. Re-presented in 1939 as a public Bill and again rejected by Conservative Government.

**1947 Development Charges of the Town and Country Planning Act.** Any would-be developer of land had to buy from the State the monopoly value of the permission to develop, this payment, called a "Development Charge," being the difference between the two values of property which the Act had established. One of these values was the assumed selling value of property supposing it were condemned perpetually to remain in its existing state — the "existing use value." The other was what the property would be worth if it carried the benefit of the permission to make the development in question. The effect of the charge, falling as it did only on *development* and in relation to its extent, was clearly to penalise, retard — and even prevent — development. Experience proved that to be the case. *In no sense could it possibly be said that these development charges bore any relationship to the taxation of land values.* Rather did these charges follow the principles of the present rating system which increases taxation where development or improvement takes place. Development charges abolished by Conservative Government when returned to power.