

L.C.C. BILL FOR SITE VALUE RATING

STATEMENT ISSUED TO THE PRESS

By Herbert Morrison, M.P.

(Leader of the London County Council)

"I confess that I am not satisfied that the incidence of local taxation is fair . . . I do not understand why the whole burden of local taxation should rest upon the occupiers alone, and upon them in proportion only to their rateable value. The rateable value may not, and very often does not, bear the slightest proportion to the means of the man who is rated . . . I would ask again: 'Why should the owners of ground rents escape all contribution to the expenditure of their localities?' These ground rents have grown out of the prosperity and industry of the community. The property of the owners has been improved by local expenditure, and why should not the owners contribute towards the local expenditure, of which they ought to bear a part."—*The Right Hon. Joseph Chamberlain, M.P., at Ipswich, 14th January, 1885.*

IN THE COMING Parliamentary Session the London County Council is to promote a Bill for the rating of site values.

The purpose of the Bill is to open up a new source of municipal revenue and thus to relieve the general body of ratepayers of part of the burden which would otherwise fall upon them. It is not a Bill for additional municipal expenditure. It is not a Bill for increasing the municipal rate burden of the average citizen—on the contrary, it is a Bill to relieve the average citizen.

LANDOWNER ESCAPES

Under the present rating system the owner of land as such entirely escapes municipal rating despite the fact that he is a great beneficiary from municipal activities and the very existence of an urban community. It is not fair that the landowners should be in this privileged position. The case for a change was very well stated by the late Joseph Chamberlain, father of the present Prime Minister, whose declaration on the matter is quoted at the head of this article.

As urban communities grow land values rise. The

activities of a great population, its commercial and business enterprise, the concentration of a great community within limited space, puts the landowner into the position of being able to demand a higher and higher price or rent for his land. Moreover, the municipal services themselves, which make civilized urban life possible and increase public amenities, assist the landowner to command a higher price for his land.

PUBLIC EFFORT AND VALUE

The opening of a public park, the establishment of the Green Belt, highway improvements, a new bridge and a number of other municipal developments, may well have the effect of increasing the value of the surrounding land. The money goes into the pocket of the landowner who has done nothing to create the added value.

Moreover, when the municipality wishes to buy land for a public improvement, the landowner naturally seeks to get the highest price he can from the local authority. In a large proportion of cases he is paid out of public funds a substantially higher figure than he himself paid for the land.

Yet the landowner, who has little to do but to stand by and watch other people add to the value of his land—he as such, pays no rates. It is not fair. It is for these reasons that the L.C.C. has come to the conclusion that the landowner should make his contribution to the cost of local government and thereby relieve the burden which the general body of existing ratepayers must otherwise carry in full. It is a question of justice and not a question of wishing spitefully to hurt any particular class of the community.

The general body of ratepayers have every interest in the Council's proposal and they should write to their Members of Parliament asking them to support the Bill. Those Members of Parliament who oppose this Bill are thereby insisting that the occupiers shall continue to carry the full burden in order that the owner of the land shall escape.

THE PROPOSALS OF THE L.C.C. EXPLAINED

By Charles Latham, F.L.A.A., J.P.

(Chairman of the Finance Committee)

AS THERE appears to be some misapprehension in some quarters as to the exact nature of the London County Council's decision to seek power from Parliament to levy a rate on site values the following explanation of its main features may be of utility.

Under the present rating system the burden of local rates falls entirely upon the occupiers of property. The share borne by each occupier is broadly determined by the rental of the premises he occupies. As those who are least well off generally have to spend a larger proportion of their incomes on rent than those who are better off, the existing method of rating imposes an undue and unfair burden upon those least able to bear it. There are no grounds of equity or justice on which this can be defended, and the position has been made much worse in recent years by "de-rating," which has increased the amount of rates falling on occupiers of houses and shops and on non-industrial premises.

Moreover, the existing rating system calls for no express contribution from owners of land values, although the public services do so much to maintain and indeed increase the value of land. Moreover, as vacant land is exempt from rating and other land is rated the more heavily the more it is improved, local rating as at present operated encourages the holding of land out of use and discourages the improvement of land. It is therefore not merely unjust as between one ratepayer and another, but its economic effects are injurious to the well-being of the community generally. It makes housing accommodation dearer, restricts trade, and helps to cause unemployment.

The County Council desires to remedy these grievances by obtaining from Parliament powers to enable it to levy a rate on site values. This rate would be imposed in respect of all sites according to their annual site value, that is to say, the amount for which any