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TOWNS AND BUILDINGS

DESCRIBED IN DRAWINGS AND WORDS

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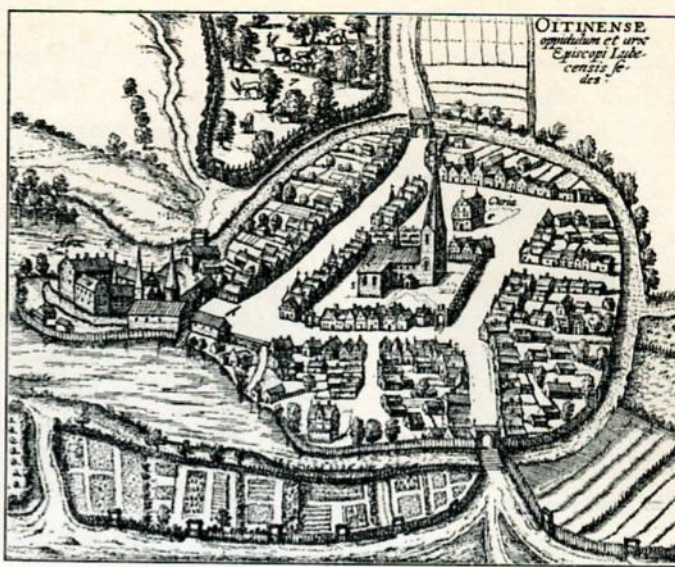
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In the medieval town the term "land value" did not exist. It was the buildings, and not the land on which they stood, which represented tangible values. The town, protected by the castle — at left — and by the palisades, comprised a piece of land which had lost its value because it could no longer be cultivated. Only the church, which owned much urban property, was able to reap economic benefit from urban land by parcelling it out in small plots for the erection of market booths which encircled the great dominating edifice.



LAND AND SPECULATION

Since the Middle Ages city forms have undergone many changes. Briefly, it may be said that the shape of medieval towns was usually determined by the ring of fortifications, the protective city walls, and this was also more or less true of Renaissance cities. But during the reign of Absolutism the form of the city was influenced by the demand for a visible, representative unity symbolizing the new centralized authority. In the 19th century, on the other hand, it was the *modus operandi* of land speculation which left its impress on most cities. The main object of the enormous housing schemes of the period was not to provide security or to embellish the city, nor was it to produce decent living accommodation for the tenants; its sole object was to provide large and safe incomes for the promoters. In our century we have been trying in various ways to extricate ourselves from the web of speculation so that we can make cities pleasant and healthy to live in.

In the Middle Ages it was natural to take land for granted. It was there, and there was more than enough of it. Its value depended on whether or not it was arable, and when it ceased to be cultivated it became worthless again. Therefore, the ground on which buildings stood had no value in itself and, consequently, could not be made an object of speculation. The buildings, alone, could be bought and sold.

The Church was the first to realize that city land could be made to pay. The churches owned large areas of urban property which acquired special value as holy places to which people made pilgrimages from all over the country. Lucrative returns could be obtained by parcelling out the church domains into very small plots and selling them for the erection of booths from which candles, holy pictures, and even quite mundane articles might be sold. Soon a group of small buildings encircled the base of the church and the teeming life around them served to emphasize the solemn majesty of the sacred edifice.

Otherwise urban property was not sold. Since early in the Middle Ages, however, cities — which owned land as a matter of course — had received rent incomes from houses and land. At first the tenant was given a one-year lease with the implicit right to renew it from year to year. Little by little this developed in the towns, just as in the country, into tenancy for life or for a term of years, still at a yearly rental. Something of the same sort still exists today in England, where land is let on long leases both in town and country. The landlord is assured a steady income and full dominion over his property. The owner may be a city, a university, a guild, a church, an estate, or some other perpetual institution not dependent on the life and death of an individual.

Absolutism was not interested in conditions which made possible a great accumulation of power alongside that of the State, and, therefore, medieval tenancies were gradually terminated in continental cities. Towns, universities and schools lost their incomes from urban property and became, as a consequence, more dependent on the State.

The development in Copenhagen is typical. At one time long-term tenancies had also been the rule there. But as early as the 16th century fixed tenancies were brought to an end. Instead of the old, clear contract whereby those who used the property were tenants with definitely limited rights, new, vague conditions made them landlords of a sort, with the right to sell the land and, on the whole, to do with it as they pleased, so long as they paid the annual rent. Both parties concerned, the original owner and the new proprietor, were quite satisfied with the arrangement. The former continued to receive the payment of yearly rent and had not the slightest obligation in

return; the latter obtained what *he* wanted, the unconditional use of the property and the right to sell it if he so desired. For them both the transaction meant the least amount of friction and the greatest freedom of action. But here arose a fatal misunderstanding — it was taken for granted that the rental sum was fixed once and for all. And there was one thing which the landlord did not take into consideration, which, indeed, nobody did. That was the falling value of money, inflation. The yearly rent, which originally had been a tangible asset, dwindled little by little, as the purchasing power of money decreased, until finally it was no more than a nominal sum, of small value to its possessor. In 1688 Copenhagen was already complaining of the inadequacy of incomes from rents. In England, where long-term leasing of land — both urban and rural — had never ceased, rents were raised every time a lease expired. But in Copenhagen no one even thought of the possibility of raising rents. On the contrary, in 1725 the town council received royal authority to negotiate with tenants for an acquittal sum once and for all. The Copenhagen of today might have been a wealthy city if, instead of abolishing rents, the city fathers of the 18th century had arranged for them to rise simultaneously with appreciation of real estate values. The medieval church, too, had, as already mentioned, been a great landlord. But during the Reformation the churches had lost most of their property. Much church real estate had been transferred to private individuals at no other cost to them than the payment of annual rents. Thus, both city and church gradually lost possession of their landed property. But at the time no one was aware of what was really happening, because the process took several centuries.

It is quite understandable that the farther the domestic economy of the Middle Ages receded into the past, the less the possession of real property interested the civic authorities. In Feudal times municipal officers were generally given rent-free dwellings for their labours as well as the right to cultivate city-owned land. Now they were being paid with money, and the money was procured by means of taxation. City-owned land was no longer necessary. Neither was it necessary for the city itself to own property in order to enforce such building restrictions as were deemed advisable for the good of the com-

munity. This could be arranged by passing building laws and ordinances. It all seemed so easy but it proved to be very difficult. The tradesman who thinks in terms of concrete goods, goods with which he is thoroughly familiar, does not so easily find himself in dangerous situations as does the speculator who deals with *paper* values, the intrinsic nature of which he does not understand. Cities soon found themselves in the situation of the speculator.

Never before had cities been faced with such great problems as in the 19th century. But no one was really aware of them. On the contrary, everyone heaved a sigh of relief. The iron hold which guild and crown had had on the towns was broken. The privileges of the aristocracy had been reduced. The era of the new industrialists and bankers had dawned. There was great rejoicing over the tremendous technical progress which everyone believed would bring happiness and prosperity to mankind. Merchandise, which earlier had been produced slowly and painstakingly by hand, could now be made by machine, and machines could be operated by cheap labour. A vast flood of workers poured into urban centres creating a demand for cheap dwellings on an hitherto unheard of scale.

Even workers' families which subsisted on starvation wages, must have roofs over their heads. They obtained only the most primitive lodgings and had to pay too much even for them. House-owning became a lucrative business. But no one concerned with land speculation or house building felt any sense of wrong-doing. If anyone hinted at the disgraceful living conditions of the poor, Society's answer concurred with the words of the German, Treitschke, who, in a pamphlet on Socialism and its supporter (1873), wrote: "Every human being is first and foremost responsible for his own acts; and no one is so badly off that he cannot hear God's voice in his sanctum". It was the natural order of things — that is to say, the Will of God — that some were rich and some poor. It was hopeless to attempt to interfere with economic laws as the absolute rulers had done. You could try to alleviate the conditions of the poor by deeds of Christian charity, by giving alms to the deserving, whose lot it was to live on the seamy side of life. But, on the whole, it was perfectly clear that Divine Providence would insure progress better than all the palladiums of

the old regime. If man did not presumptuously interfere, people would neither pay too much nor too little for the necessities of life; and, thanks to the marvelous technical development, there would be more than enough for all and everything would be cheap. The relationship between supply and demand would determine prices. When the demand became very great, interest in the production of a commodity would grow, new and improved methods would be employed, the supply increase and prices fall.

But this theory did not apply to houses and the land on which they were built. On the Continent there was certainly no lack of demand for land on which to erect small workers' dwellings and, as most towns had only recently grown beyond the old city walls, there was also land enough to use. But this did not give cheap land; on the contrary, real estate prices rose so that cheap, small houses could not pay. Building lots are a commodity which does not deteriorate or go out of fashion or in other ways lose value by being held back from the market. The enormous growth of urban populations gave all city landholders the hope of sharing in the booty simply by waiting for the psychological moment to build. For of course the greatest profit would be obtained by holding on to property until time was ripe for the most intensive exploitation of the land. No other commodity offered such possibilities. Every house built on it would continue to pay interest far into the future. The speculator in land, who had sowed nothing, who had produced nothing, was assured a golden harvest for himself and his descendants as a reward for having been farsighted enough to wait.

The value of a piece of property was, in other words, proportionate to the number of dwellings that could be squeezed on to it. No one was so weak-minded as to undersell his competitors, for there could be no advantage in doing so. If a land-owner could not afford to bide his time until the building boom had reached the neighbourhood of his property, he could always sell it to a colleague who *could* wait, or he could take a loan on it. Real estate was good security and in Prussia and Denmark well-established loan institutions made it possible for even the smallest landlords to benefit from this great land boom.

The typical development of a continental city was as follows: first, new streets were marked out on the outskirts of the town. A sewage system was installed and sidewalk curbstones and lamp-posts appeared. Usually, building began on corner plots. Very quickly houses sprang up as high as the local by-laws permitted. They stood alone, looming ghost-like in the midst of bare fields, with great, blank party-walls facing the weed-covered neighbouring plots, grim omens of what the future had in store. The land had become polluted. Nothing could save it any longer. It was condemned to be covered with real estate speculation's bleak barracks, with paving stones and courtyard concrete. Who, now, would bother to erect friendly small cottages and lay out gardens in the shadow of high, blank walls? The land might remain empty for ten or twenty years, or even longer, but eventually they would come, those tall, dreary tenements closely crowded together, inhabited by thousands of pale, tired workers.

Earlier, slum districts arose in neighbourhoods where one-family houses had fallen into decay and had been made over into rent barracks in which each separate room often housed an entire family. This was still the case in London. But on the Continent the great land boom led to the standardization of these degraded conditions by the erection of whole districts of jerry-built tenement houses filled with flats in which there was no direct daylight or ventilation or even such simple ameliorations as access to a bit of garden or just a view of green trees. At first, large and small flats were found in the same quarter. The better flats had living-rooms facing the street and bedrooms in wings looking on a court, while at the back, facing a narrow courtyard, the cheaper flats were found in rear buildings. This was the case in the Gammelholm section of Copenhagen, which had been built up before the old city walls disappeared. Classes were now divided up in "front house residents" and "back house tenants", where earlier they had been separated by storeys. But later on classes separated. Entire districts of workers' dwellings arose while more fashionable neighbourhoods contained buildings with larger, expensive flats, but both categories were characterized by that intensive exploitation of the land which had come to be regarded, on the Continent, as normal for great cities.



Courtyard interior showing distance between rear buildings of a Copenhagen tenement block in the Gammelholm district. The "front" buildings have large flats while the rear buildings include only tiny ones. Behind each window is the home of a tenant whose only view is of a courtyard like the one pictured here.

There was colossal strength in land speculation. It could crowd houses together beyond all reason and force them high into the air. Napoleon III and Haussmann harnessed it to their Paris plans. In Vienna it created vast districts of one-room flats along dark corridors in rear buildings, often with a second and even a third building behind it. Berlin was also provided with enormous working-class neighbourhoods with one-room flats as the normal type of dwelling.

In Copenhagen the two-room flat predominated. By building bylaws an attempt was made to put a stop to the worst types of dwelling. One-room flats in rows along narrow, dark corridors, of which there were forbidding examples in older parts of the town, were banned. To avoid the erection of those extremely undesirable rear houses, the depth of building plots was reduced by laying the streets of new districts closer together. New regulations were also made to assure sufficient daylight in new buildings. But the by-laws were still inadequate. The men who made the laws, like most others, were so convinced that closely built tenements were a natural phenomenon of large cities that it simply did not enter their minds to suggest legislation which would revolutionize building. Above all, it was against the entire spirit of the age to interfere radically with the owner's right to dispose of his property as he wished, even when it was a question of public health. Indeed, the new by-laws served, rather, to further the building of tenement houses instead of hindering it. As all paragraphs pre-supposed the construction of multiple dwellings, the demands they made were reasonable enough for these but raised the construction costs of one-family houses considerably and made their erection difficult by an unwieldy and costly administration.

In other words, the free play of economic forces could not provide cheap land for low-rent dwellings. Nor could building legislation help the humbler members of society. Landowners and their backers formed an unofficial cartel with a monopoly that had the poor in search of homes completely in its power. Their only chance was to become landlords, themselves. And though they did not have much money, they were in the majority. By joining forces, by co-operation, they could become an economic factor of importance. This was



Courtyard dwellings, Gamleholm, Copenhagen.

realized in England where workers' building societies were formed to buy land and build houses for members. Later, workers in other countries followed suit.

In Copenhagen a change in the official view of the right of the municipality to participate in building did not occur until the last decades of the 19th century, when the city was finally permitted to purchase land and construct model workers' dwellings. At the end of the century a number of large farms, lying just beyond the old city limits, were purchased. This step was to have a decisive influence on future development. As the town spread out toward the open fields, the municipality was able to sell land relatively cheaply for idealistic enterprises. This forced down the price of privately owned land. At last a landlord had appeared who was interested in selling cheaply enough to drive a wedge into the old land monopoly.

As land on the outskirts of a large city must often lie unused for a long time before it can earn any increment, municipal land purchases cannot be counted on to give quick returns. But this is of secondary importance. The primary object of such investments is to facilitate an ordered planning of the city's development, which is very difficult to accomplish when the municipality is not a landlord. But as land purchases do not always give a profit in the first instance, it is worth investigating whether it would not be best for the city to retain title, as was earlier done, so that, when the time is ripe, the community can reap the profit of its investments. It is impossible to revert entirely to the medieval practice of leasing land for building purposes when building is financed by loans from credit and mortgage associations. In other words, the municipality must find a way to share in profits through increase in land values without hindering the financing of building. In Copenhagen all these questions were put in the hands of a commission and in 1906, following the recommendations made in its report, the city adopted the practice of selling land with the right of repurchase after 80—90 years, or its reversion to the community. In later years Copenhagen has been selling land on conditions still more favourable to the city. Now, after a period of time long enough for all loans to have been amortized, the buildings, too, revert to the city



Row of houses in a Workers' Building Society settlement, Copenhagen.

without compensation to the owners. This corresponds roughly to the conditions of long-term leases in many parts of London. Thus, by 1951, Copenhagen had returned to the ownership terms of the Middle Ages.

It is not only in Copenhagen that the importance of public ownership and control of land has been recognized. A survey of town-planning will show that there have been well-planned cities since the earliest times but only in places where all the land was in one hand, whether a state, a town or a private landlord. But from the moment in which the ownership of the land is shared by many small landlords with all their egoistic interests, total planning and control of development are almost impossible.

The 20th century has been endeavouring in many ways to improve the conditions handed down to it by the 19th century. Attempts are being made by communities to regain some of the authority they lost when they gave up land ownership by increasing their power through laws and administration which reduce the private owner's control of his property. The complex system of building by-laws found in most large cities can, naturally, grow so great that private ownership becomes illusory. But, to date, this method has not shown good results. It seems to lead to an excessive bureaucracy which interferes in every detail, large or small, and leaves decisions to the personal judgment of an office clerk. But it has not proved capable of creating anything new. Legislation hinders private planning at the same time that private boundaries hinder public planning. The easiest way out of this vicious circle is public ownership of the land. This makes possible permanent improvements and long-range planning, while security of tenure and as little interference as possible give the tenant all the freedom he needs.

Other communities are attempting to gain public control over the land, without actually owning it, by means of land taxes. If landlords were obliged to pay all profits made on their property in the form of a land tax, there would no longer be any incentive to land speculation with all its unfortunate results, and planning could be carried on without taking the economic interests of land-owners into consideration.

In those countries in which the question of better town-

planning is most acute, the problem of land speculation vs. public interest becomes most serious. In England, where such a large percentage of the population lives in towns, and where the uncontrolled development of the great industrial cities has created serious problems, this question has been studied by several commissions. It is considered a matter of national importance. It is not a question of what is best for the individual piece of property, or even the individual city, but for the entire nation. Land speculation can lead to an unfortunate crowding together of dwellings or factories, and it can be responsible for a number of such drawbacks as poor hygienic conditions or unreasonable transportation expenses. If a planning authority with a sufficient amount of power were to decide that housing should be redistributed, moved to more favourable localities and spread out more, some landlords would undoubtedly lose thereby, but the total value of the country's land would not be reduced: indeed, it might even be increased if the result of these housing improvements were a greater efficiency of labour in the country as a whole. In other words, better planning can, theoretically, shift existing land values but it cannot destroy them. But the practical problem for a capitalistic society with private ownership of land is how to make possible better planning, with its unavoidable limitation of private rights, without expense to the community. Compensation claims will be forthcoming from those who lose by it, but income to the community from those who gain will be more difficult to secure.

In 1937 a commission was appointed in England, commonly known as the "Barlow Commission", after its Chairman, Sir Montague Barlow. Its work was to enquire into the causes which have influenced the present geographical distribution of the industrial population of Great Britain and the probable direction of any change in that distribution in the future; to consider what social, economic or strategical advantages arise from the concentration of industries or of the industrial population in large towns or in particular areas of the country; and to report what remedial measures if any should be taken in the national interest.

It recommended the formation of a government body, The National Industrial Board, with very far-reaching authority

to determine where future building might or might not take place; suggesting, among other things, that the new Board should immediately prohibit the establishment of new industrial enterprise in London. Sir Patrick Abercrombie, a member of the Commission, in an article accompanying the report, wrote: "No real improvement in the control of land development is possible until the fundamental question of compensation and betterment is adequately resolved."

The Scott Committee, which was appointed in 1941, highly recommended national planning in its report made in 1942. Finally, the Uthwatt Committee's report of the same year discussed the difficult economic problems of national planning. The Committee decided against nationalisation of the land as being not practicable as an immediate measure, and recommended the purchase by the State of development rights.

In the "Town and Country Planning Act", which was passed by Parliament in 1947, this recommendation has been followed. According to § 10 of this Act no new utilization of land may take place after June 1948 without special permission. Examples are given of changes in use which do not need special permission, and, as an example of one which does, the installation of several flats in a house originally intended for one family is named. For depreciation in the value of property which was "ripe" for future development, compensation is to be paid from a fund of 300 million pounds. On the other hand, every one who receives permission to utilize his property in a new way which will increase its value shall pay for the right to do so. In this way the Government hope to recover the cost of the compensation to be paid.

And here the work of this whole problem ends for the present. The vicious and unbridled speculation of the 19th century must be abolished in the 20th century and the community must take over risks, responsibilities and technical planning.