

THE PROPOSALS OF THE UTHWATT COMMITTEE

Memorandum submitted to the Welsh Advisory Council for Post-War Reconstruction by the WELSH LEAGUE FOR THE TAXATION OF LAND VALUES

THE BASIS of town and country planning is control of land use. That control is generally of a negative character, that is to say, it prohibits certain uses but, within the limits of what is allowed, does not prescribe what shall be done. This feature is commendable, for it leaves a field for the free play of private initiative.

The proposals of the Uthwatt Committee for the acquisition of development rights in undeveloped land, and for preventing such land from being developed except on leases granted by the State, offend against the principles of planning as hitherto understood in two ways. They impose planning control on areas where there is no need of it, and they impose control in all cases in the most rigid and least flexible form imaginable, namely, by clauses inserted in a building lease.

These proposals are also objectionable in so far as they involve, whenever land is required for development, a double process of bargaining between the landowner and the State on the one hand and between the proposing developer and the State on the other. There will be no free market in land, and the price will depend even more than at present upon the skill of the parties in bargaining.

The proposals also offend against sound canons of finance. They involve the State in acquiring and paying for the assumed development rights in land which will never be developed at all. Most of the money spent will be quite unproductive, and it is apparently the intention that it should be regarded as unremunerative. An attempt is made to justify the purchase by pointing to a few cases in which the high cost of compensation or purchase has deterred local authorities from preserving some land as open space. These cases are not sufficiently numerous to justify a large and unproductive expenditure on buying up all development rights. They point rather to the need of considering whether in some cases the planning authorities are not too small and without enough financial strength to enable them to function properly. They point also to the need of considering the whole basis of local finance and of the finance of planning in particular.

The Uthwatt Committee propose a levy upon increases in annual site value, as a substitute for any attempt to collect "betterment." Experience has undoubtedly proved that no method has been devised or is likely to be devised of assessing the benefit to land arising from particular improvements or actions of local authorities or of the State. The reasons are well explained by the Committee. On the other hand their own proposal is based upon the assumption that the effect of planning is merely to redistribute land values which in total will remain the same, or, in other words, that the levy upon increments will pay for the compensation due in cases where the value of land is diminished by planning. Even if this assumption were true the compensation is payable immediately as a capital sum whereas the levy on increments is to be collected as an annual sum; it would, therefore, at best

take many years before the account was balanced.

The Uthwatt Committee point out that the enhancement of land value due to general community influences is no different in principle from that created by some specific public improvement. It is on this ground that they justify a levy upon increases of annual site value and abandon the attempt to segregate the effects of some one cause of increase in site values. They point out that the existing system of rating involves that "an owner who increases the annual value of his property from (say) £100 to £150 has to bear the same additional amount in rates as the owner whose property is similarly increased in value entirely as a result of public expenditure on a public improvement." This is by implication a criticism of the whole foundation of the rating system in that it does not distinguish between the value of land and the value of the buildings and other improvements on the land. The proposed levy on increase of site value in the future will do very little to remedy this injustice. A solution can only be found by means of a rate on all site values with a corresponding reduction in the rates as now levied.

Such a reform of the rating system would have many advantages. It would discourage the speculative holding of land in the expectation of future increases in land values. Land would be more freely offered at reasonable prices in and on the outskirts of towns, and the tendency to an uneconomic dispersion in the search for cheap land would be mitigated. The problem of planning would be much simplified. The compensation for such land as had to be acquired for public purposes or restricted from development would be reduced and could be ascertained by reference to a properly established general valuation. The development of land for housing and other purposes would be encouraged by the relief from rates now levied upon the value of buildings and improvements.

The Uthwatt proposals on the contrary do nothing directly to relieve urban congestion and overcrowding. The rigidity of the prohibition which they lay upon the use of land outside "town areas" (as those are defined in the Report) will discourage the use of land for building and industrial purposes in those outside areas. The demand for land for such purposes will be concentrated on the town areas, and the speculative rise of land values there will be encouraged.

The delimitation between "town areas" and the rest of the country, which is to pay no heed of existing municipal boundaries, will take time. So will the assessment of compensation for development rights. After that there will still have to be a plan, unless it is contemplated that the vesting of development rights in a statutory commission, granting or withholding leases at their discretion, will obviate the necessity for a plan. All these operations will take considerable time and during that time development where it is most needed to relieve congestion in town areas will be held up.

In these respects the Uthwatt proposals

are not likely to expedite planning, and, still less, building which will be most urgently wanted after the war. It would be far better to make what modifications are needed to simplify and expedite existing planning procedure, and to couple with that a rate on site value of all land without exception. In the case of land subject to planning restrictions the site value should be ascertained subject to those restrictions. The valuation should be made a standard both for rating and for compensation on compulsory purchase.

For the Executive of the Welsh League for the Taxation of Land Values, 27, Park Place, Cardiff: D. G. TAYLOR, *President*; F. SAW, *Chairman*; EUSTACE DAVIES, *Hon. Secretary*; C. A. GARDNER, *Hon. Treasurer*.

GLASGOW'S ATTITUDE

A comprehensive examination of the difficulties which exist for the post-war planning of Glasgow is made in a memorandum prepared by the Town Clerk at the instance of a special Corporation Committee. (*Glasgow Herald*, 23rd April.) The earlier portion deals with the inadequacy of the existing statutory powers and goes on to discuss the reports of the Barlow and Uthwatt Committees.

In criticism of these reports it is pointed out that several recommendations made by Glasgow Corporation have not been accepted, and complaint is made especially that three of the Glasgow pleas have been ignored, these being—(1) That there should be no payment of compensation for the acquisition of potential development rights. (2) That betterment values should be recovered in full, both as regards future and existing development. (3) That speculation in and the creation of fictitious values on land should be prohibited.

LOCAL AUTHORITIES IN YORKSHIRE

At the Annual Meeting of the West Riding Urban District Councils Association, held in the Civic Hall, Leeds, on 27th May, the following resolution was adopted by a substantial majority.

"This West Riding U.D.C. Association, in the interests of Local Government and National Reconstruction recognising that the buying of land (for Housing, Town Planning, Public Works, New Roads, Garden Cities, Schools or any other civic purpose) before it is taxed and rated to legitimately cheapen it, plays into the hands of the landowner by increasing his unearned increment at the expense of the community just as all past public expenditure has done and as the agricultural subsidies and the land derating does to-day, calls upon the Government not only to institute a proper Land Valuation but to enact legislation empowering the Local Authorities and the Chancellor of the Exchequer to impose Rates and Taxes upon all such land and site values."

The resolution was moved by Councillor Joe Walker on behalf of Aireborough and supported in a well-documented and most instructive speech. Importance is lent to the declaration adopted by the fact that at this Conference as many as 55 Urban District Councils were represented.