

## THE LONDON COUNTY COUNCIL AND POST-WAR RECONSTRUCTION

### Evidence to the Expert Committee on Compensation and Betterment

At its meeting on 1st July the London County Council decided, on report received from its Civil Defence and General Purposes Committee, to submit evidence to the Expert Committee, presided over by Mr. Justice Uthwatt, appointed by the Minister of Works and Buildings to advise him on various questions relating to reconstruction after the war.

The evidence is mainly confined to improvement of the legal provisions dealing with the technical aspects of town planning.

Under the existing law "the principal ways in which redevelopment can be secured and controlled are by the execution of highway improvements; by schemes under the Housing Acts for dealing with slum clearance areas, redevelopment areas, and relief of overcrowding; by the provision of open spaces; and by the making of formal town planning schemes." The provision and location of public buildings and services is also a factor.

The evidence indicates how the price of land limits activity in each of these fields. The Highway Development Survey made by Sir Charles Bressey for the Minister of Transport in 1937 made various proposals for highway improvements in London. "It was estimated at the time of the issue of the Survey that the cost of all the projects contained in it would have been of the order of £100,000,000 and would have taken several decades of energetic work to execute. Highway developments in the closely developed area of the county can only be carried out through large and expensive acquisitions of property."

Of slum clearance and re-housing the evidence says: "The question of acquisition of property with its attendant question of compensation is relevant; for generally, neither slum clearance nor the provision of new sites for rehousing can be effected without compulsory acquisition of land."

Similarly with regard to open spaces: "In closely developed areas where the need is greatest, the problem is insoluble without heavy expense in the acquisition of land and the rehousing of the displaced population. Indeed, it has been found exceedingly difficult to find land unbuilt on even outside the county within reasonable distance of the county boundary for the provision of playing fields and large open spaces."

Lastly, as to town planning: "But to make a plan for a built-up area is one thing; to implement it adequately is an even greater problem; for, in general the plan cannot be brought into effect under the powers of the Act of 1932 without considerable expense over a long period of time on compensation and acquisition of property."

Dealing with compensation for land the evidence observes that the basis is defined in the statute as the amount which the land "if sold in the open market by a willing seller might be expected to realize," but "although the broad basis of market value appears, on the whole, fair both to the vendor and the purchaser, this basis, as interpreted by official arbitrators appointed under the provisions of the Act, often results in unduly high prices being paid by public authorities for property required for public purposes." One may doubt whether the alterations of definition and machinery of assessment of compensation will make much difference.

A more fruitful method of reform lies in the suggestion that there should be a uniform valuation for all purposes. "There is no doubt that assessment of compensation

(and of betterment, where it can be claimed) would be rendered much easier if there were, throughout the country, a uniform valuation for all official purposes. This valuation would have to be kept up to date by review at reasonably frequent intervals, say, every five years. A recommendation for such a uniform valuation was made in the report (published in 1940) of a committee appointed by the Town Planning Institute to examine the subjects of compensation and betterment in relation to town planning. This report recommended that such a valuation when made should govern the terms of purchase by public authorities and serve as a datum line for the assessment of compensation and betterment." (This report was reviewed in our issue of January of this year.)

The evidence goes on: "It is obvious that to make such a valuation will take a great deal of time and staff, but its advantages would be so great that its practicability should be seriously and urgently explored. At the same time it will be appreciated that, even if the proposal is adopted, it is doubtful whether the valuation would be complete or sufficiently far advanced to be of material assistance in the first few years after the war." The doubts here expressed need not be taken too seriously. The speed with which the valuation could be carried out depends in the first place upon the clarity of the definition of land value and the precision of drafting of the accompanying legislation. If there is one single and simply defined value to be ascertained, the rapidity with which the work can be done is merely a function of the number and skill of the staff employed. But if it were true that the first valuation would occupy some considerable period, that would be all the stronger an argument for starting upon it quickly. If it cost a million pounds, that is a small figure in comparison with the cost of £100,000,000 for carrying out the Bressey scheme of highway improvement in London: and the cost of the valuation for the whole country would be much more than saved in the reduction of compensation for one phase of planning in London alone.

In considering the question of compensation the evidence refers to suggestions that this might be related to valuations of annual value under the present law of rating or for Schedule A of the income tax, but it is pointed out that there is no uniform relationship between these annual values and the capital value. In the case of valuations for rating there is "serious lack of uniformity in the basis of assessment as between one assessment authority and another." It is suggested that the arbitrator in assessing compensation should take into account valuations for estate duty and for rating. "The fact that little account has been taken of such valuations in the past and particularly those for rating purposes is probably because they are known to be low in many districts and do not reflect the true market value of the property. Rating valuation offers a fruitful field for investigation and consideration of this subject, and its relationship with valuation for compensation and estate duty, might result in more equitable results as between public and private interests in property from every point of view."

A number of valuable observations are made on various proposals put forward from time to time with the idea of reducing the price to be paid for land. One of these is that known as the global basis under which the total value of the property in a certain area is fixed

and a tribunal set up to apportion this total between the interests concerned. The evidence says that many difficulties are seen in endeavouring to apply this to miscellaneous property to be found in a built-up area such as London. "Although the advisers of a public authority can usually formulate an estimate for working purposes of the cost of acquiring property in an area, it would prove a difficult and controversial matter for the authority to obtain the consent to the global figure of the confirming authority which, before coming to a decision, would probably be required to hear the organized opposition of the parties interested. There would be a serious danger of a total figure being fixed which would be substantially higher than the sum of the appropriate figures for each individual interest. The work and difficulties involved in administering a scheme of this kind would probably not be less but might prove more, than settling the value of the interests in the usual way."

Referring to a proposal considered by the Royal Commission on the Distribution of Industrial Population for the acquisition of the development rights in undeveloped land, the evidence says that this proposal appears to apply mainly to what may be called agricultural land and has little relation to built-up areas such as London although "there is in London and, of course, in the other large towns, a large potential value in land that, although developed by the erection of buildings, is capable of and subject to change of development, e.g., replacement of old buildings by new buildings, often of an entirely different character." The difficulty of fixing a figure for the global value of development rights is pointed out with the observation that "in any event, the result will be in the nature of a gamble on the future, as it will depend upon matters which cannot be accurately measured or forecast."

Referring to the estimate of the Barlow Commission that the cost of acquiring the development rights in undeveloped land might be £400,000,000, which at 4 per cent means an interest charge of £16,000,000 a year, the comment is: "Whatever the figure fixed, there would be no guarantee that the capital sum or even interest would be recouped within any limited period of time."

Other objections are: "The scheme, if it ever came into operation, might tend to hinder land transactions. There would be no inducement for a landowner to sell his land, as no benefit would accrue to him from any sale, since he could not make a further profit, and a purchaser would be handicapped by having to negotiate with two interests, the land owner and the development authority. Free competition would be eliminated, since the vendor of the development rights would be a single authority and the tendency might be for that authority to fix high valuations and so hamper transactions to an extent which does not obtain where there is an open market."

Another problem arises where the replanning involves reparcelling of the land into more suitable economic units. Acquisition by a public authority of all the interests in land in the area affords a means of securing the improved layout. "Acquisition, however, involves large financial commitments by the public authorities and if applied to areas which could not be completely redeveloped within a comparatively short period, the public authorities would incur large capital expenditure which might be unremunerative for considerable periods."

It may also be useful to quote the observations on the recovery of "betterment" or enhancement of value due to a public improvement. "Experience has shown, however, that there are great practical difficulties in arriving at a formula which secures the

assessment and recovery of betterment except when this can be obtained as a set off to compensation for land acquired from an owner who is also the owner of contiguous land or land in the near vicinity of the particular improvement in respect of which the betterment is claimed. The benefit of a public improvement provided out of public funds is felt generally and in many directions, but it is a difficult matter to prove which particular owner has benefited or the degree to which his land has benefited. Proximity to the improvement is not necessarily a conclusive test."

It will be seen that although the evidence proposes large changes in the legal machinery of town planning (the details of which are not material for our purpose), it avoids the suggestion commonly made that the difficulties of the land question will be avoided by some form of land purchase, and it makes clear that high land values are the most important obstacle to town planning.

At the same meeting of the L.C.C. a report of the Finance Committee was submitted stating that as the Council was mainly concerned with evidence regarding the improvement and simplification of the machinery for replanning and reconstruction they did not desire to offer any observations at that stage, and adding: "It is evident that very large amounts of capital expenditure may eventually be involved, but it is premature to attempt to estimate this until the needs are more clearly defined. It may, however, very well be that the amount will be so large as to involve a reconsideration of the basis on which the Council's schemes have hitherto been financed."

#### *Finance Committee to Report on the Rating System.*

The Council also passed a resolution moved by Dr Eric G. M. Fletcher and seconded by Mr Emil Davies: "That it be referred to the Finance Committee to consider and report whether any, and, if so, what changes are necessary or desirable in the system of local rating and finance, to ensure that, after the war, the cost of providing local government services and the expense of reconstruction and development shall, so far as possible, be equitably distributed."

In 1748 Lord Windsor leased to Thomas Morgan, of Ruperra, twenty acres of land in the parish of Merthyr Tydfil, together with the mineral rights, for ninety-nine years at £28 a year. The lease was taken over in 1757 by Thomas Lewis, of Van, and two years later what was to become the great Dowlais Works came into existence with John Guest, of Staffordshire, as manager. (When the lease expired in 1847 it was only renewed on the payment of £30,000 a year) . . .

In 1843 two new periodicals appeared. One was a monthly, *Y Cronicl*, edited by Samuel Roberts, and the other a fortnightly, *Yr Amserau*, edited by William Rees (Gwilym Hirathog), "the father of the Welsh press." Samuel Roberts consistently voiced the grievances of the tenant farmer and advocated free trade and the reform of the conditions of land tenure. In *Diosg Farm* (1854) he published an account of the experience of his own parents whose rent had been raised, he claimed, in consequence of improvements which they themselves had carried out at great expense.—From *Welsh History (School Certificate Course)*, by David Williams, M.A. (John Murray.)

The text of Stalin's broadcast appeal to the Russian people appeared in the afternoon papers of 3rd July. No one could miss such a positive statement as that "our enemy intends to restore the power of big landowners"; but the B.B.C., the same evening, summarising the manifesto in its news bulletin, left this statement out.