

## TOWN PLANNING AND LAND VALUES

To the Editor, *Land & Liberty*.

SIR,—I am honoured by your quotation from my first article on "Compensation and All That" in the Summer number of *Town & Country Planning*. In your introductory note, however, you say that the whole tenor of my article is that "town planning is a problem of land values," and I would be glad if you would permit me some qualification of that statement.

Town planning is by no means solely a problem of land values. Town planning is the technique of securing the best use of land in the public interest by the application of foresight and some measure of public control of such use. Planning in some cases changes the value of particular pieces of land; it redistributes values. When it does so, some landowners receive a financial advantage, and others suffer financial loss. Unless some way is found of fairly collecting or compensating for these changes of value, the prospect of these changes brought about by public action can be, and often is, an obstruction to planning the best use of land. Unfortunately, as I show, these changes are rarely measurable.

Nevertheless planners need to find some financial method of making adjustments for the major changes in land values brought about by planning. It is therefore strictly true to say that for the purposes of town planning certain problems of land value must be solved, even if they seem insoluble. But it is not true to say that if the problems of land values are solved good town planning automatically occurs. There is still a separate problem and a separate technique of town planning, in which those concerned for a good life for everybody and for the efficiency of industry ought just now to be actively interested.

In my second article, just published in the Autumn issue of *Town & Country Planning*, I continue my objective analysis of the land values problem so far as it relates to Planning. When I started I had no solution in mind. I have tried to be absolutely candid and fair and to look at the issues in a scientific spirit. I discovered (unexpectedly) that the war, evacuation and bombing have destroyed the pre-war basis of valuation of land, and that, whether for purposes of taxation or public purchase, it is very difficult (indeed impossible) now to establish what values are.

We can base our policy on some pre-war market value, of course—and that may be the only practicable datum line. Or we may try to work out some new technique of adding to or deducting a percentage from pre-war land values in accordance with an estimate of the permanent redistribution of the urban population. But what do we assume that redistribution to be? Is it to be what will automatically occur if there is no Planning—no public guidance of the location of industry and no new public standards of density (which much affect land value)? Or is it to be based on the intended public policy? If it is the former, the whole subject is most shadowy and academic. If it is the latter, then are we to tell the landowners that their future values for public purposes are to be based on public intentions rather than on the "natural" values resulting from a free market? Economists and students of land value will at once see the extreme difficulty of this problem. Because for a long time to come there will be no free market in land.

I have attempted a first provisional answer to my own question in the second article referred to, and it is too long to repeat here. I do suggest, however, that in the entirely novel circumstances we have to scrap all our

old ideas of land value and to start afresh. Planning not only requires a new treatment of the hoary old subject. It also changes the background. It brings in new factors of immense public importance and interest. I hope your readers will study these new questions with an open mind.

Yours, etc.,

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[Our comment was not intended to imply that there is no art or technique of town planning, but, as Mr Osborn says, the object of planning is to secure the best use of land, and therefore it is entirely conditioned by problems of land value.]

It is not surprising to any one who understands the economics of the matter to find that the war and the circumstances arising out of it "have destroyed the pre-war basis of valuation of land." That is because the value of land is always determined by reference to the future and not to the past. The rent which will be paid for land has regard to the use and advantage which tenant can get out of it in the future, and the selling value is simply the capitalization or present worth of the anticipated future net rents.

To effect now a valuation of land upon the basis of what its value would have been in 1939 in the circumstances then existing is a highly artificial process. No one would have thought of such a thing except those whose view of the relation of town planning to land values has become stereotyped in the idea that some means should be devised for calculating an increment of land value (or "betterment" as it is technically called). Once it is clearly seen that the value of land depends upon the future and that it only exists because of the expectation that the community will continue to function economically and to provide all the public services which are necessary, then it becomes clear that the whole of the land value (and not the increment, if any) should contribute to local or national taxation.

This subject was recently examined in the evidence submitted by the Land Values Group of Members of Parliament to the Uthwatt Committee which was printed in our June-July issue (since reprinted as a four-page leaflet of which copies may be had free on request), and we would ask our readers to refer to that for a more extended discussion.—EDITOR, *L. & L.*

"I have read *Why Rents and Rates are High, Progress and Poverty* and *Why the German Republic Fell*. Please send me a specimen copy of *Land & Liberty* as your Committee seems to be well worth supporting. They seem to be more sane than many others. Have you a branch in South Wales?"—R. B., Ogmore, Glam.

Our new correspondent, who has since become a subscriber to *Land & Liberty*, and has made contact with our Welsh League, writes: "I said when I first came down to this area from Yorkshire, that the reason why S. Wales was so backward industrially was due to the greed of the big landowners. An example from this little place is as follows: the Earl of Dunraven bought some 300 acres of common land for about £200. The house I live in and own is on this land. I pay £9 15s. yearly ground rent and the extent of the land is one-quarter of an acre. Therefore on a 20-year purchase this would work out at £780 per acre freehold. Another striking thing is that between Cardiff and Port Talbot there is no place where a man can take his family in the car without having to pay one of the big landlords 1s. 6d. parking fee. If I can do anything to make the people with whom I come in contact see what fools we are to tolerate the relic of feudalism like the present land laws, I will certainly do it."