

LAND VALUE RATING

CARDIFF STATES THE CASE

ARE YOU as a ratepayer convinced of the unfairness of the system on which local taxation is based and that this is more important than the amount of rates you are called upon to pay? You should be.

Are you a land user and does the land question affect you? You are and it does.

For growing your food, for the house and place of business you live and work in, and for the raw materials you work on, land is essential. It forms the site of highways and railways you move about on and by which what you produce is exchanged.

The Unfair Law

All this activity of the people of Cardiff, along with the public expenditure, makes land valuable. The landowner as landowner has nothing to do with the creation of this value but he reaps the advantage of it and of the improvements made by the inhabitants—the land users. The rating system taxes these improvements.

Reform Needed and Demanded

What is wanted is a change in the law that will relieve houses and other buildings and improvements and take contribution from those who receive and enjoy the value of land, whether the land is used or not.

Cardiff has combined with other Welsh Local Authorities in making repeated representations to the Government in favour of this change.

The London County Council gave a lead to the whole country with its 1939 Bill for the Rating of Site Values. Other great municipalities have also given a lead: Glasgow, Manchester, Newcastle-upon-Tyne, Stoke-on-Trent.

Social and Economic Good

The simple process of levying rates on the value of land apart from improvements would have these beneficial effects:

It would reduce the cost of housing accommodation by the amount of the present rates.

It would prevent the withholding of valuable land from use. It would increase employment.

It would reduce the price of land and decrease rents.

The Lead from Cardiff

After the last war it was the Cardiff City Council which first took action to resume the municipal agitation for powers to assess land values and levy rates thereon. Only one member voted against the late Alderman A. J. Howell's motion in 1919.

In 1928, representatives of 35 Councils met in the City Hall and by an overwhelming majority passed a resolution demanding these powers.

In September, 1935, 100 delegates of 50 local authorities in all parts of Wales met in Cardiff and this time there was only one dissident to a resolution urging that local authorities be empowered to levy rates upon owners in respect of the value of land apart from improvements.

By 29 votes to 12 the Cardiff City Council in 1934 protested against the repeal of the land value provisions of the 1931 Finance Act (as did the Cardiff Chamber of Trade) because these would be "of value if and when it was decided to rate land values in order to relieve the general body of ratepayers."

It is evident that Cardiff is keenly alive to the injustice of our land and rating systems.

It is evident, too, that this persistent special concern of Cardiff is not due to political prejudice. The 29 who voted in favour of the last-named motion were: Aldermen A. E. Gough, Sir W. R. Williams, John Donovan, William Charles, C. F. Sanders, G. Fred Evans, and Councillors H. Hiles, G. Leyshon, W. G. Howell, Henry Johns, A. E. Shippobotham, C. H. McCale, J. Hellyer, J. Griffiths, T. J. Mullins, G.

Steel, G. J. Ferguson, R. G. Robinson, J. Kerrigan, B. F. C. Weston, George Williams, A. Lewis, A. J. Martin, J. Heginbottom, W. H. Muston, G. Baden Smith, C. G. Moreland, D. T. Williams and F. Chapman.

Notorious Transactions

Here are some reasons why Cardiff is to the fore in this matter: Even the most conservative were startled by the announcement in the newspapers of 18th May, 1938: "Half the city of Cardiff sold by the Marquess of Bute," showing as it did the enormous power vested in one family by the ownership of land.

A deed in the possession of the Cardiff Corporation states that the Glamorgan property was granted to the Marquess's ancestor, Sir William Herbert, "for quelling rebels in the Western part of England."

According to an article in the *South Wales Daily News*, Sir William Herbert was one of the guardians of King Edward VI who died when he was only 15 so that in effect he granted to himself enormous areas of land which were at the time in possession of the Crown, using the boy King's name to enrich himself.

The new ground landlords of Cardiff are not likely to sell freeholds on the terms even of their predecessors.

Land owners cannot be blamed for getting what they can nor for the fact that we allow a rating system which favours them. The agitation is not against landlords but against the system.

Many citizens of Cardiff must have been shocked at the sale of part of Cardiff which took place in 1849. The Heath Estate then belonged to Cardiff Corporation. Money was wanted for the erection of a town hall and law courts so the Corporation sold, according to Alderman Edgar Chappell, 157 acres near the Heath House to Wyndham Lewis for £3,100. Part of the Heath Estate, says Alderman Chappell, apparently passed by bequest to the family of Clark of Talygarn. Nearly 100 years later, on 16th September, 1937, to be exact, the *Western Mail* reported that "after protracted negotiations" the

Cardiff City Council had agreed to give £105,000 for over 200 acres of the Heath Estate, between Allensbank Road and North Road, owned by the Godfrey Clark family. It was not stated what had been the rateable assessment on this land.

Cardiff Castle and other Properties

That the rating system is on a wrong basis was shown by Mr. Daniel Hopkin in this way. If Lord Bute, he said, added an extra tower to Cardiff Castle at a cost of, say, £100,000, the assessment of the Castle would not be increased by a penny piece, because under the present system rateable value is estimated on the rent that might be got from a hypothetical tenant. But if the shopkeeper put in a new window at a cost of £500 the improvement thus effected would immediately send up the rateable value and he would have to pay higher rates on an improvement that he had created at his own expense.

A well-known example is the Dumfries Place-Queen Street corner. When the site was covered with large dwelling houses it was assessed for rates at a yearly value of £503. The houses were pulled down and the site was left bare for three years and in that state it paid nothing at all in rates. The site was purchased in 1927 for £193,000. When shops and offices were built on the site the assessment for rates was in the neighbourhood of £4,000 a year.

If we had set out to find a standard of rating which would discourage men from putting their land to its best use we could hardly hit on a better one than we have. Some shops in Queen Street are rated as high as £3,400 and pay a ground rent of more than £1,000 a year while the assessment of Cardiff Castle eleven acres was £830, with 98 acres surrounding it from which the city got no rates.

Housing and Business Sites

Mynachdy Farm which the Corporation purchased for £38,000 was valued for rating purposes at £222 (less than £3 per acre) at the time of the purchase. At 25 years' purchase this represents a capital value of £5,500: the Corporation

had to pay seven times this amount.

In the case of the Green Farm, 204 acres, the price of purchase was £31,399, but the annual net value for rating purposes was only £304 6s. Pengam Farm of 7½ acres cost £4,384, whereas the previous annual rateable value was £7 10s.

The land upon which the civic buildings stand was purchased from the Marquess of Bute for about £1,000 per acre, but when the Corporation sought to purchase land near by (on the corner of Kingsway and Priory Street), for the erection of a public hall, they were told that the price would be something like £36,000 for about an acre of land which was then being used as a car park and rated at £66.

The Exchange building in Mount-stuart Square cost £150,000. The site was previously an open space with a fountain in the centre and as such was not assessed for rates. The building was rated at £6,000 when occupied and the ground rent charged was £900 a year. To quote the *Bradford Daily Telegraph*: "The plain fact is that the man who owns a valuable plot of land pays little or nothing towards the expenses of the town in which his land is situated, but if another and more enterprising man purchases it and commences to make good use of it to the advantage of the community he is taxed almost from the moment when the first brick is laid upon it."

Public Works and Shipyards

Instances of the abandonment of public works schemes on account of high land values are fairly common. In the case of private enterprise the facts do not usually become public. The business man does not advertise the fact that he has made a bid for a site which has been refused but if one sees "To Let" or "For Sale" notice boards standing for a long time one may conclude that many offers have been turned down because the owner is standing out for a high price.

At one time, Sir Mark Palmer made inquiries concerning a 50-acre site for a shipbuilding yard in Cardiff. The annual rent demanded was as much as the free-

hold was worth. The shipbuilding yard was not constructed.

The Cost of Parks

The Minutes of the Parks Sub-Committee of 1st and 22nd December, 1932, tell the story of the Marl. For a stretch of land of about 70 acres the City had been paying a rent of £10 a year, using it as a dump for refuse. Much of the area was covered by water at high tide. It was proposed to purchase the land, reclaim it and convert it into a recreation ground. Negotiations ended in the acquisition of 44½ acres, the Plymouth Estates Ltd., who were the owners, receiving £2,500. But that was not all. The City had to pay all solicitor's fees and surveyors' costs in connection with the conveyance of the land and undertake within ten years to fill in an area of approximately 2 acres fronting Ferry Road for the full building depth up to the level of Ferry Road free of charge to the estate.

Two-Sided Generosity

In other words, the City had not only to pay £2,500 for part of the area that had been rented for £10; but also to hand over to the estate the land value of the adjoining frontage brought about through the improvement that the Council had effected. The expenditure required to turn water-logged land into a recreation ground and create a building value on the other side of its fence is not stated. It reminds one of what happened in the case of Roath Park, marshy ground being converted into the boating lake and gardens at the expense of the City. In that case the land was given by the owner. Generous as he was, the City was still more generous to him, because the improvements in the park raised the value of land all round—for the benefit of the landowner.

Municipal Agitation

Since Cardiff led the demand in 1919 the following 47 Welsh Local Authorities have passed resolutions calling for the Rating of Land Values: Aberystwyth, Anglesey County Council, Beaumaris, Caernarvon County Council, Cardigan

County Council, Conway, Denbigh, Glamorgan County Council, Llanelly, Merthyr Tydfil, Monmouthshire County Council, Newport (Mon.), Pembroke, Pembrokeshire County Council, Port Talbot, Rhondda, Swansea; Urban District Councils of Abercarn, Abertillery, Barry, Bedwas and Machen, Blaenavon, Connah's Quay, Cwmbran, Ebbw Vale, Festiniog, Gelligaer, Glyncoirwg, Llandilo, Llwchwr, Maesteg, Milford Haven, Mountain Ash, Neath, Neyland, Prestatyn, Rosca, Tredegar; and the Rural District Councils of Cowbridge, Colwyn, Dolgelly, Edeyrnion, Llanelly, Llantrisant and Llantwit Fardre, Ogwen, Pontardawe and St. Asaph.

The Key to Post-War Reconstruction

The Welsh League for the Taxation of Land Values recently submitted a Memorandum, in which the arguments for the rating of land values were set out, to the Welsh Advisory Council for Post-War Reconstruction. The Advisory Council will be carrying out the wishes

of the majority of the public authorities as well as of the people of Wales if they recommend the Government to deal with this matter without delay. Otherwise all their plans will certainly break down.

As things are, unearned fortunes will be made at the expense of the community in the peace that succeeds the war.

IMMEDIATE STEPS MUST BE TAKEN TO PROVIDE FOR THE RATING OF LAND VALUES WITH CORRESPONDING REMISSION OF RATES ON HOUSES AND OTHER BUILDINGS AND IMPROVEMENTS! SECURE FOR PUBLIC REVENUE A PUBLIC FUND THAT RIGHTFULLY BELONGS TO THE PUBLIC! GIVE EVERY INCENTIVE AND ENCOURAGEMENT TO PRODUCTIVE ENTERPRISE BY ENCOURAGING EVERYWHERE THE BEST USE OF LAND!

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