

British Columbia.—Most of the local revenue is derived by a direct charge on land value. In 26 of the municipalities (city and district), improvements are altogether exempt; in 11 municipalities, land is taxed at full value as everywhere else (always whether it is used or not) and improvements are taxed at one-tenth to one-third of their value. In the remaining 25 municipalities, the rates are levied on the full value of land and on half the value of improvements.

Other Canadian Provinces.—In MANITOBA, ALBERTA and SASKATCHEWAN, the general practice is to levy local taxation in the rural districts on land value; by far the greater part of the local revenue is obtained in that way. In the cities and towns, all land is taxed on an assessment of full capital value and the tax on buildings and improvements is correspondingly reduced to two-thirds in MANITOBA, and to such an extent in the other Provinces as the local councils may decide. Edmonton, the capital of ALBERTA, relieves 40 per cent of building value from taxation; and in Regina, the capital of Saskatchewan, the relief amounts to 70 per cent of building value.

Pennsylvania.—In the cities of Pennsylvania, as in most American cities, land value is shown separately in the valuation roll. Pittsburgh and Scranton, under a special law, have been able to use this assessment to reduce the city taxes on buildings and correspondingly increase the tax on land value. The process has been carried through stage by stage since 1913 to the point of taxing land value twice as high as buildings. The result has been to transfer from buildings to land value no less than \$2,400,000 in taxation, a very considerable item out of a total budget of 15 millions. The effects are described in the pamphlet *The Pittsburgh Plan* (1d. or 5s. per 100) obtainable from the United Committee offices.

The British Municipal Movement.—The following are a few of the municipal authorities in Great Britain which in recent years have declared themselves in favour of Land Value Rating:—

Aberystwyth, Anstruther, Banff, Barrow-in-Furness, Battersea, Bermondsey, Bradford, Bury, Camberwell, Cardiff, Cleethorpes, Crewe, Darlington, Deptford, Dewsbury, Dingwall, Dover, Ealing, East Ham, Ebe, Galashicks, Glasgow, Glynecorwg, Grimsby, Hawick, Hull, Islington, Inverness, Jedburgh, Keighley, Leeds, Leigh, Leven, Lochgelly, Manchester, Merthyr, Musselburgh, Newcastle, Poplar, St. Pancras, Sheffield, Stonehaven, Swansea, Tottenham, Walsall, Warrington, West Bromwich, Wigan, Woolwich, Worcester, Glamorgan C.C., Isle of Wight C.C., Monmouth C.C., Pembroke C.C.

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SHEFFIELD CITY COUNCIL

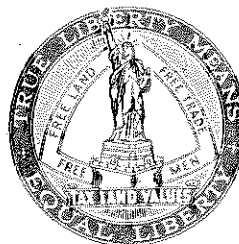
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LAND VALUE RATING

Text of the Official Report
Adopted by the City Council and
Issued to Municipal Authorities

SUPPLEMENT:

Application of the Land Value
Policy in Various Countries



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THE RATING OF LAND VALUES

Report adopted by the Sheffield City Council, 3rd October, 1928

(Prepared by Councillor A. Barton for a Special Committee of the Sheffield City Council.)

On the 3rd October, 1928, the Sheffield City Council by a vote of 35 to 25 approved the minutes of the Finance and Rating Committees and resolved:

"That the Reports be approved with the recommendation that the Council thereby pledges its support to the principle of the Rating of Land Values, and calls upon the Government to initiate legislation for the purpose;

"That the resolution be forwarded to the Prime Minister, the Chancellor of the Exchequer and the Sheffield Members of Parliament, and that the Association of Municipal Corporations be pressed to give adherence to the proposal;

"That copies of the Report be circulated to Municipal Corporations, the Press and organizations, and persons interested."

The Report

The Report herewith is the outcome of a resolution passed by the Sheffield City Council at its meeting on the 6th April, 1927, as follows:—

"That seeing that the present incidence of rating presses hardly on the working class population as well as upon industrial concerns, and seeing that the value of land rises with the automatic growth of population, etc., and is therefore a communal value and should be available for public purposes, this Council instructs the Finance and Rating Committees to report (a) as to the various sites and properties acquired by the Corporation during the past 25 years, their purchase price and the rates payable before such purchase was completed; (b) as to how far a rate on the selling value of land would assist in taking off the burdens from tenants and industrialists; and to make such inquiries as may be necessary for the foregoing purpose."

Its object is to ascertain if there are reasons for a

reform of the Rating system on the lines of taxation of the unimproved value of land, especially in our great cities.

PRESENT METHOD OF RATING

The present method of rating is to take as a basis the annual value of property without regard as to how much is due to the unimproved value of land and how much to buildings or improvements. It is obvious that the difference in value of land is exceedingly great, and it is equally obvious that such difference is not accounted for by the difference in value of improvements alone, but is largely due to the position of the land, i.e., to the land as such apart from its improvements. A plot of waste land on the outskirts of a great city and a plot of similar size in the centre may show a difference ranging from £100 to £1,000,000 per acre. It is evident the renter or buyer pays for the position of the land and the value of that position depends on the growth of the city in wealth and population. It is not due in any shape or form to the owners of the soil. If the owner is a child or an imbecile, the value increases with the growth of the city just the same. Further than this, the value is directly increased by municipal improvements made at the cost of the ratepayers. A new tramway line immediately raises the value of contiguous property. A new park makes surrounding property much more valuable. Lighting, roads, and other amenities, all add to the value of land. As Thorold Rogers well said: "Every permanent improvement of the soil, every railway and road, every bettering of the general conditions of society, raises rent. The landowner sleeps but thrives. He inherits part of the fruits of present industry and has appropriated the lion's share of accumulated intelligence."

HOLDING UP OF NATURAL RESOURCES AND RESTRICTION OF EMPLOYMENT

One of the greatest disadvantages of the present system of rating is that it is an encouragement to the speculative holding up of the land of the city and preventing its proper use. In every great city there is a large amount of land that is deliberately kept waste or used in a very unsatisfactory way with a view to getting a better price when the owners feel it is ripe for develop-

ment. Thus waste land at Wadsley, three miles from the centre of the city, has recently been sold to house builders at a price equivalent to over £900 per acre and the case is worse as one approaches the centre of the city. It is quite evident that this holding up of land increases the price of all land coming into the market in the city. And in so far as it does that, while at the same time preventing the full use of natural resources, it restricts employment and causes poverty.

Now this state of things is a direct consequence of the rating system, which being based on the annual occupation value naturally exempts land and property (including houses) which are not in use, and producing no income. Thus a piece of land may be very valuable and yet not rated because it produces nothing.

A WORD ON THE DIFFERENCE BETWEEN ANNUAL AND CAPITAL VALUE

Capital value, which is usually the same as selling value, is generally calculated at 5 per cent or about 20 times its net annual value (or probably annual value). Thus a property bringing in £50 a year would have a capital value of £1,000. A property bringing in nothing but which could reasonably be expected, if properly managed, to bring in £50 a year, would have approximately the same capital value. A rate on the capital value of property would therefore not take into account the fact that a house was empty, unless it was due to lack of demand. In the same way a plot of land which can be let for £1,000 an acre has a capital value of £20,000, whether it is used or not. It will thus be seen that 1d. in the pound on capital value would be equal to 20 times that amount (or 1s. 8d. in the pound) on annual value. A tax on the capital or selling value of land would compel its owner to rent, sell, or make the best use of the land he possessed, as he could not afford to pay rates without getting a return. It would thus throw land on the market and reduce the price. It would be an encouragement to enterprise and promote greater opportunities of employment.

It is, however, important to recognize that the mere change from a basis of annual value to capital value is not sufficient. The capital value of land should be assessed separately from that of improvements in order that a large proportion of the rates be paid by the owners

of land, who do nothing but receive the growing increment of the development of the city.

CAN THE INCIDENCE OF RATING BE ALTERED FROM PROPERTY TO LAND?

It is usually taken for granted that the present state of things, disagreeable as it is, is impossible of alteration. If rates are imposed on landowners, it is said, they will be passed on to the tenants as increased rent. That might be possible if all land were fully occupied, but that is far from being the case.* Supposing a rate was imposed on the full capital value of land, apart from its improvements, which would involve not merely all occupied, but also all unused or imperfectly used land. The owners of the latter, being unable to pay heavy rates on land which brought little or nothing in, would be compelled to rent or sell their land. But the owners of occupied land could not increase the rent of their tenants while cheaper land was coming into the market. The greater amount of the land in the market, the less the price or rent, so that the owner of the occupied land would have to pay the rate on land himself, and could not pass it on. The taxation of land values has the advantage over most other forms of taxation, that it cannot be passed over to the consumer.

HOW SMALL OWNERS, ETC., MIGHT BE AFFECTED

The chief argument will probably range round the small, or large, owner-occupier. In reply it should be borne in mind that the value of land grows as it approaches the centre of the city. In the case of most of the small owners of houses, such houses are not central, so that their proportion of land value rate will not be great, and they will be more than compensated by the reduction of the rates on improvements (or what is the same thing, prevention of a rise). On the other hand, a firm in the centre of the city which owns its own site, has an advantage over a firm which is compelled to rent one. The difference is clearly the rental value of the site, and should be specified and rated as such. In no case does it affect prices or wages, as demand, of which price is an index, determines rental value, and not the reverse. (To those who do not at once appreciate this fact, it is sufficient to say that thousands of citizens come into the high rented centre

* Not even in such case.—EDITOR, *Land & Liberty*.

SHEFFIELD'S TOLL TO LAND MONOPOLY

The accompanying Table is compiled from the "Statement as to Various Sites and Properties Acquired by the Corporation during the past Twenty-five Years," contained in the Sheffield Report on the Rating of Land Values, adopted on 3rd October, 1928.

Situation of Sites and Properties Acquired	Date of Acquisition	Area	Purchase Money Paid	At Date of Purchase		Purchase Price per Acre	Purchase Price as Multiple of Annual Rateable Value
				Annual Rateable Value	Year's Rates		
1. Near Forge Lane	Year	A. R. P.	£ s. d.	£ s. d.	£ s. d.	£	Multiple
2. Hamerton Street. (Council School Site)	1902	14 3 15	6,249 0 0	30 0 0	4 10 0	422	208
3. High Stairs and Dead Lane	1902	1 1 3	2,050 0 0	2 10 0	0 8 9	1,614	820
4. Dykes Lane. (For Council School Site)	1902	12 3 4	3,000 0 0	18 0 0	2 17 8	235	167
5. Langsett Road. (Street widening)	1903	1 1 2	1,700 0 0	2 10 0	0 8 4	1,000	680
6. Langsett Road, Flora Street, and Barrack Lane. (Street improvements)	1903	(51 sq. yds.)	110 0 0	Nil	Nil	10,439	—
7. City Road. (Street widenings)	1904	—	1,221 0 0	148 0 0	61 13 4	(?)	32
8. Bernard Road. (For Highways Depot)	1906	3 2 21	2,537 9 0	3 0 0	0 10 3	1,269	846
9. Salmon Pastures. (Council School Site)	1906	1 0 7	17,850 0 0	165 0 0	75 12 6	4,917	108
10. Hanging Water Road. (Addition to Whiteley Woods)	1906	1 0 7	2,231 0 0	Nil	Nil	2,145	—
11. Carrfield Farm and Carr Wood.* (For Allotments)	1908	5 0 28	1,500 0 0	11 5 0	1 15 7	290	133
12. Greystones Park. (Gift to City)	1911	49 0 10	7,145 12 6	99 0 0	18 13 1	146	71
13. Hanging Water Road. (Addition to Whiteley Woods)	1911	11 1 5	3,384 0 0	18 0 0	3 1 6	300	186
14. Greystones and Whiteley Wood.* (Addition to Whiteley Woods)	1912	2 8 15	1,500 0 0	8 0 0	1 6 4	538	187
	1913	34 2 20	7,826 0 0	78 15 0	19 15 6	228	99
15. Pickmere Road and Fitzgerald Road. (For Tramway Depot)	1917	0 8 3	1,117 0 0	Nil	Nil	1,450	—
16. Hastings Road. (For Playing Fields)	1919	13 1 1	6,000 0 0	22 10 0	4 13 10	456	267
17. Piper Lane.* (Housing Site)	1919	42 1 0	10,000 0 0	215 5 0	98 7 3	236	46
18. Bolehill Road, Heavycote Road.* (Housing Site)	1919	15 3 17	6,342 10 0	69 5 0	25 13 1	400	91
19. Abbeydale Grange.* (For Secondary School)	1919	3 2 22	3,500 0 0	104 0 0	55 18 0	990	33
20. Brushes Estate.* (Housing Site)	1919	69 1 15	22,500 0 0	290 5 0	124 13 4	324	74
21. Winobank Scofield. (Housing Site)	1919	17 2 9	4,085 18 9	24 0 0	5 4 6	238	170
22. Holt House, Abbeydale.* (Secondary School and Playing Fields)	1920	33 0 3	14,000 0 0	306 10 0	198 16 10	424	45
23. Acres Hill. (For Allotments)	1920	20 0 2	3,000 0 0	27 0 0	7 14 0	149	110
24. Redmires.* (Presumably for Housing)	1921	42 1 30	5,305 2 6	49 0 0	16 8 8	125	103
25. Hatfield House Lane.* (Housing Site)	1921	63 0 12	12,762 10 0	100 10 0	55 3 10	202	127
26. City Road, Manor Estate.* (Housing Site)	1921	470 0 0	47,000 0 0	532 2 8	265 6 3	100	86
27. Cricket Inn Road	1922	10 1 0	7,890 10 0	Nil	Nil	770	54
Houses on the Site. (Land purchased for Abattoirs)	1923	10 0 20	3,250 0 0	147 0 0	156 7 4	324	74
28. Myers Grove Lane. (Sports Ground)	1923	8 1 0	21,500 0 0	45 0 0	48 15 0	2,606	269
29. Attercliffe Common.* (Highways Dept.)	1924	19 3 0	4,542 0 0	26 0 0	5 4 0	230	175
30. Brush House Hill and Barnsley Road (Schools Playing Fields)	1925	4 3 14	1,956 0 0	51 5 0	38 7 8	403	38
31. Cricket Inn Road.* (Abattoir purposes)	1925	17 2 0	9,000 0 0	68 0 0	44 0 4	515	132
32. Dykes Hall.* (Housing Site)	1925	1 3 17	1,000 0 0	Nil	Nil	540	—
33. Darwin Road, Overton Road, etc. (Housing Site)	1925	8 1 15	2,484 0 0	11 0 0	1 6 7	298	226
34. Hatfield House Lane. (Council School Site)	1925	—	—	—	—	—	—

* Buildings were included in the purchase price in the following cases:—(11) Farm house and outbuildings; (14) house and buildings and three cottages; (17) mansion, farm, cottages, also woodland; (18) Walkley Hall and cottages; (19) mansion, lodge, vineries and stables; (20) mansion, farm and 15 cottages; (22) mansion, cottages and garden; (24) butts of Territorial Forces, but these were not rateable; (25) two houses; (26) several farms, outbuildings, cottages, etc.; (29) an inn; (31) houses; (32) Dyke Hall, etc. Greystones Park (No. 12) was purchased by the late Sir John Bingham and presented to the City.

Notes:—1, 2, 3, 4, 7, 12, 34: These parcels of land belonged to a greater assessment, and the figures in respect of assessment and rating are estimated; (5) Foreclosures purchased for street widening, no rateable value in the case of (9), (27), (33), the land being unoccupied and not enclosed; (15) Was part of a quarry and brickyard then derelict and was not in the assessment.

of the city in order to save on the prices of their goods. A decrease of rent under existing circumstances would simply mean that the present occupier would get it instead of the landowner. The consumer would not benefit in the least.) Therefore inasmuch as the value of the small owner's improvements greatly exceeds that of his land, the change in the rating system would be greatly to his advantage.

RATING OF LAND VALUES MORE JUST THAN THE PRESENT SYSTEM

Apart from the point that land was created by no one and that any value due to it, apart from improvement, should belong to the community rather than the individual, it is obviously only fair that those who reap the benefit of communal improvements and the value given by the growth of a city in population and trade, should be the chief contributors to the cost of public benefactions and amenities.

The Rt. Hon. Lord Balfour of Burleigh, Earl Kinross, Sir E. W. Hamilton, and Messrs G. H. Murray, C.B., and James Stuart, M.P., as Members of the Royal Commission in 1901 said:—

"There is a feature of urban site value, which appears to us to be almost, if not quite, peculiar to it, that is the increase of value due to the expenditure of public authorities on improvements. We think that the general truth that the benefit of improvements attaches to the site is a powerful argument for making the necessary taxation proportionate to the site value.

"Site value and building value being of different and opposite characters in many respects, it appears to us that a system which treats them exactly alike, as our present rating system does, is *prima facie* unfair and unwise."

PROPOSALS OF THE PARLIAMENTARY LABOUR PARTY

As it is not improbable that the Labour Party may form part, if not the whole of the Cabinet after the next General Election, it is of interest to know the views of that body.

"The Advisory Committee set up last year by the Chairman of the Parliamentary Labour Party, to consider the Land Question, reported as follows:—

"(1) An effective Land Valuation Department be re-established and a National Land Valuation be put

in hand. This valuation should be public and should include all land and minerals. It should show (a) the unimproved or site value, and (b) the total value of land, and improvements. The valuation should be kept up to date, and all land should be re-valued at least once every five years.

"(2) A National flat rate Land Tax at the rate of 1d. in the £ be imposed on the unimproved (or site) value, whether the land is used or not. The tax should be collected from the owners, either directly or by deduction from rent. Provision should be made for charging part of the tax upon lessees where these enjoy an element of land value.

"(3) Local authorities should be given the power to levy a local flat rate of any amount on all land values within their area. This rate to be either in partial or complete substitution for the present rates, and to be paid by the owners of empty houses or unused land just as by those owners who are using their property.

"(4) The Land Value Taxation which we propose should be regarded, primarily, as a means of (a) collecting the economic rent for the community; (b) deflating land values and so cheapening land; (c) promoting the improvement and the most profitable use of land; and (d) facilitating the acquisition of land by public authorities."

But the advocacy of the principle of Land Value Taxation is not confined to any particular political party. Prominent statesmen of all shades of opinion have expressed themselves in its favour, and by many who are not convinced of its general utility it is felt to be applicable to urban areas.

SHEFFIELD'S TOLL TO LAND MONOPOLY

The Statement, given on pages 6 and 7, as to the various sites and properties acquired by the Corporation of Sheffield during the past twenty-five years shows that:

The total figure paid for 1,010 acres of land was £245,540. The previous amount of local rates levied on that land was £1,329 annually. The total price works out at 89 times the previous assessed rateable value.

APPLICATION OF THE LAND VALUE POLICY IN VARIOUS COUNTRIES

The case put forward by the Sheffield City Council that the value of land is public property and should be a special source of public revenue has the support of numerous municipalities and other local authorities in Great Britain. Land Value Taxation for national and local purposes, and in town and country alike, is the means to get rid of rates and taxes on buildings and improvements, to set trade and industry free from existing tax burdens, direct and indirect, and to liberate labour and capital from the exactions of land monopoly. Testimony to the social and economic benefits of this policy comes from many countries where it has already been put partly into operation. The following is a brief summary of progress made, which in some of the countries named is considerable, especially in regard to local taxation.

Denmark.—Valuation of the whole country is made and revised every five years, showing separately the capital value of land apart from buildings and improvements. Under the Act of 1922, a small and uniform national tax is levied annually on the assessed value of all land, urban and rural. Under the Act of 1926, the local taxation on landed property is now levied at a higher rate on land value than on buildings and improvements. In the country districts, adding parish and county taxation together, the land value rate averages 4*d.* in the £ of capital value (equivalent to 6*s.* 8*d.* in the £ of annual value); the result is to give corresponding relief to improvements and to local income tax payers. In the towns, the local land value rates may go up to 1½*d.* in the £ of capital land value, which is the rate now in force in Copenhagen.

New Zealand.—All land value is assessed in town and country alike for the purposes of the Dominion land tax. The levy of local taxation on land value depends on the decision of the ratepayers themselves. The Act of 1896 permitted the transfer of most of the rates to land value. By the Act of 1911 this power was extended to all local rates. The system is now in operation, with partial or total exemption of improvements, in 77 of the 120 boroughs, in 54 of the 123 counties and in two-thirds of the road districts and local boards. Wellington, the capital city, levies all its local taxation on land value, the same being the case in the 81 other boroughs, counties, etc., that have had successful polls of ratepayers since 1911.

New South Wales.—The Acts of 1903 and 1906 required all municipalities and shires to levy their general rates on the value of land apart from buildings and improvements—at least 1*d.* in the £ of capital land value in the municipalities

APPLICATION OF THE LAND VALUE POLICY

and at least 2*d.* in the shires. By those Acts, local councils were given the option to levy the rest of their rates on land value and speedily did so, with the result that over the whole State, with very few exceptions, local taxation raised by municipal and shire councils is on land value only. The city of Sydney under a separate law began to apply the system in 1908 and carried it fully into operation in 1916. How Sydney has benefited by the change is well told by the Mayor of Strathfield, Mr J. R. Firth, in the pamphlet *Land Value Taxation in Practice* (1*d.* or 5*s.* per 100) published by the United Committee. In New South Wales, the only local taxation still levied under the old system is that raised by the independent Water and Sewage Boards serving the districts around Sydney and Newcastle. A strong agitation is now in progress to bring those Boards into line with all the local councils by levying the water and sewage rates, like the council rates, on land value alone.

Queensland.—Since 1902 all local authorities, whether urban or rural, have been obliged to rate land value only and in the assessments buildings and improvements are entirely ignored. This system of obtaining the local revenues applies also to the rates for water and sewage in the metropolitan area. Thus in Brisbane, the capital city, the rating of land values provides for the payment of all local services of whatever nature.

Other Australian States.—In VICTORIA and SOUTH AUSTRALIA, municipalities and shires or district councils have power to rate land value and a number of local authorities have made use of the option, including eleven municipalities and three shires in VICTORIA and thirteen municipalities in SOUTH AUSTRALIA, where also various district councils (rural areas) have adopted land value rating by the votes of ratepayers who are mostly farmers.

South Africa.—All assessments are made so as to show separately the capital value of land. In the TRANSVAAL, municipalities and village councils are required to levy a rate of at least 1*d.* in the £ on land value, and no tax may be put on improvements that is not equalled by an additional land value rate, which may be further increased for the further relief of improvements. Many local authorities levy on land value alone, including Pretoria, the capital, and Johannesburg, the largest city. In the ORANGE FREE STATE, where optional powers are given, Kroonstad has decided to adopt the land value system. In NATAL Durban levies 3*d.* in the £ on improvements and 6*d.* in the £ on capital land value. In the CAPE PROVINCE, East London levies its rates so that buildings are taxed only half as much as land value. In these as in all cases mentioned in this review, the value of the land is assessed and taxed whether it is used or not.