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# Housing The Nation

*Address by*

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Two important facts have been forced upon our attention recently and we have been promised that both will receive government attention in the post-war period. First is the fact that there is an acute shortage of some 150,000 houses in Australia owing to the curtailment of normal building activity during the depression. The second fact is the post-war need to provide work for an immense army of returned men in government schemes pending their absorption in peacetime industry. The Government has proposed to meet both these needs by employing the men in a comprehensive plan for building the houses. As a means of stimulating peacetime industry this plan is a good one. If money is to be spent in bridging the immediate post-war period it could not be spent to better advantage than with the building industry, which is a basic one and redistributes its income over a great number of other branches of industry.

But there is one vital point connected with this plan upon which too little has been said so far and which I want to deal with now. That is the matter of the sites upon which these houses are to stand. Where are they located and who is to provide them? This is a most important point, for the number of sites is extremely large, and if the government is supposed to buy them we will probably have an era of land speculation by patriotic citizens who are willing to sell sites at a very high price which will load the post-war generation with debt.

In any housing scheme we must bear in mind two separate items. One is the actual cost of construction of the house itself. The other is the cost of the site upon which that house will stand. Money spent on these two items affects the community very differently. Any outlay in actual buildings cannot fail to be of benefit to the community whether it be made by the government or by private industry. It means that there is a direct and immediate demand for labour to replace the materials used up in making the building, and that increased demand for labour gives increased wages and further demand for other classes of goods. The same is not true of the money spent in buying the site. This outlay does not mean more demand for labour for the land values bought do not entail any labour to produce them. This outlay is a socially wasteful payment whether the government or a private individual pays for it. Therefore the most important step that any government will have to take before putting a housing scheme into operation is to take any steps necessary to lessen the outlay required for land.

Let us keep clearly in our mind a picture of where our real interests lie. Any would-be home builder, whether a private person or the government, has only a limited amount of capital to spend. The more that has to be spent in buying sites the less there is to spend in the buildings themselves. The amount spent on the site gives no direct employment. The amount spent on the buildings gives great demand for labour, which multiplies itself several times over through the community. If we can reduce the selling

price of these sites, then we can build so many more houses with the saved money. This selling price of land is the great limitation which the Housing Commission has been faced with in this State in its efforts to provide cheaper housing. It is the price of land that makes housing uneconomic. If we could get the sites without capital outlay at all the best interests of the community would be served, for then we would find that young people wanting to start homes would not have to save up for anything from five years or more to get £200 to buy a site.

It is imperative then that the Government seek means to get the price of sites down. It is particularly necessary to do this in view of the Government having a housing scheme, for you will remember how land values rose after the last war as soon as the Government came on the market for land for soldier settlement. Let us remember our primary object must be to make land cheaper.

Now the Labor Party in this State has had upon its municipal and State platform for some years the means to accomplish this object. This means is the collection of municipal and other rates upon the unimproved value of the land instead of upon improvements. This proposal is not one that is theoretical and remote, for it has already proved its value. The municipal and shire councils have had the option of adopting it since 1920, and a third of the municipalities have made the change and are operating under this system. I do not think the remainder can know how successful it has been in those areas adopting it, and I do not think the members and branches of the Labor Party are aware of just how good this plank of their platform has proved in practice or they would have been far more active in demanding its extension, so let us look at the actual results in a number of the places that have adopted it.

The most important of these results has been in reducing the price of land. The cities of Brunswick, Caulfield, Camberwell, Essendon, Coburg and Oakleigh have all been operating on the system for 20 years or more. In all of these cases when they adopted it there were large areas of land held idle by speculators waiting for high prices. In all these cities the rating on land values forced this land to be thrown open and enabled those wanting houses to get sites cheaply. You can easily see why it discourages speculation by considering what would happen in the city of Preston if unimproved ratings were to be adopted. This city has a great proportion of land still held vacant for speculation. The average amount paid in rates on all blocks of land in this district is only 12/- a year, whereas each house pays on the average £4/12/- per year. But if the system of rating on land values were in force each block would pay £2/4/- whether it were vacant or had a house on it. Now you can see that while a speculator can easily afford to hang on to a block of land for years at 12/- a year, it is a different matter when it comes to paying £2/4/- a year. Not only would the land at Preston be made cheaper for those who want to buy, but the saving in rates of over £2/8/- a year over 50 years, which we may regard as the life of a house, would mean a saving of over £120, which would go a long way towards paying for his land or house, and thus assist building. Not only has the rating on land values made it easier for people to get sites, but it has prevented the speculation in land values which has proved such an evil in other districts.

In Camberwell, Caulfield, Coburg, Brunswick, Essendon and Oakleigh at the peak of the boom in 1929, the price of land had only risen by 57 per cent. over the 1922 figures, while in other corresponding districts rating on the old

system it had increased by 114 per cent. This releasing and cheapening of the locked up land has led to very great building activity in all of the cities which have adopted it. Just to take Camberwell alone; for the first five years after adopting rating on land values, the houses built rose from an average of 338 before adoption to an average of 870 for each of the five years after adopting it. Think what this enormous figure means in relieving housing shortage. It means that every year this one city was building more than two-thirds of the total dwellings in the Town of Horsham, or more than the whole Borough of Daylesford.

It is not only Camberwell that shows this remarkable growth. If you take the six original cities rating on land values you find that over the twenty years from 1920 to 1939 these six cities had built 40,466 houses while the 10 cities corresponding in distance and type built only 41,293. That means that each city rating on land values averaged 6,744 dwellings built, while those not rating on land values built only 4,129. That is, there were 64 per cent. more dwellings built in each city rating on land values than in those without it. The difference is even greater when you take account of the area available for building, for then we find that the cities rating on land values had built 2.12 times the number of houses per acre available. That is, those districts rating on land values had 112 per cent. greater building activity per acre available than the districts not rating on land values.

Now see how this enormous difference affects our housing problem. We are told that Victoria's share of the 150,000 houses short is 40,000. But if these 10 cities in Melbourne which do not now rate on land values had been rating on that system and showing the same building figures per acre as the districts now rating on land values, instead of the 41,293 houses which were actually built there would have been 88,000 houses built. In other words, there would be 46,700 more houses in these districts alone. So it is clear that the reason why there is a housing shortage in this State is simply because most of the State has not yet adopted rating on land values. Consider what that extra 46,700 houses would have meant to you. If you are renting a home, it would have meant cheaper rent for you because it would have meant less intense demand for housing. It would have meant that you could rent a house more easily and with greater range of choice. If you own your own property it would have meant less rates to you for the burden would be spread over so many more people. And if you are a worker, as most people in this country are, it would have meant much to you in better wages and conditions, for those 46,700 houses at an average of £1,000 each would have meant an additional £47,000,000 spent in the building industry, and this amount would have been multiplied four times over in its distribution to other industries. It would have meant employment for 58 per cent. more carpenters, bricklayers, plumbers, plasterers, painters, tilers, electricians and others employed by the building industry. It would have meant 58 per cent. more demand for timber, iron and steel, cement and bricks, and other materials used in the industry. It would have meant improved conditions for all classes in our community.

Now consider for a moment where the sites are available for all these houses that we want. Do you know that there are no less than 83,400 vacant blocks within 11 miles of the centre of the city? More than that, most of these blocks have sites for several houses, and when you take account of the area they contain, there are sufficient sites vacant to

build 237,000 houses of the most modern type, held vacant because the rating system favours speculation and penalizes improvements. Do you know that there are 15,000 vacant blocks in Preston, 14,000 vacant in Heidelberg, 11,000 vacant in Moorabbin? Perhaps you think of Footscray as a well-built district within four miles of the centre of the city? Well, there are 4,400 vacant blocks in Footscray, and 2,500 in Northcote. Why? Because a vacant site in Footscray pays only £1 a year rates while a house pays £5/13/-.

Now here we see the means which is open to the government to make sure that land is available cheaply to those who want to build on it and also to get the sites for the housing scheme in the places where they are wanted most. Whatever form the post-war housing scheme may take, we need to make the rating on unimproved land values compulsory in all cities, towns, boroughs and shires throughout the State. We need to put our Board of Works and all other local rates upon land values, instead of improvements, and even extend the scheme further into the State and Federal fields. We need to make this plank in the Labor platform a dynamic one. So clear is the case for rating on land values instead of improvements that its support is not confined to the Labor Party. The Country Party adopted it as part of its programme at the last Annual Conference, and the original bill making its use optional was passed by a Nationalist Government. With this united opinion on all sides, if not vitiated by party politics, the aim can readily be attained. But to Labor branches and groups in particular I would say—Don't just sit back comfortably in the thought that this measure is on the party platform. It can very well be forgotten there. It needs constant agitation to be brought to the forefront of policy. You will get only what you demand and what you show there is a public demand for. If you live in a district that is not rating on land values, why not take steps to have it adopt that system? Why not make a deputation to the council, and if that is unsuccessful, why not demand a poll of ratepayers on the subject? If you get 10 per cent. of the ratepayers to sign a petition for a referendum to adopt rating on land values, a poll must be held by the Council.

In conclusion, let us look over the points we have established in this talk. We have seen that the success of any re-housing scheme depends upon getting the price of sites down and making available the vacant blocks now held for speculation. We have seen that the means are available to do this in the system of rating upon unimproved land values. We have seen that this system has proved spectacularly successful in doing both tasks in the areas which have adopted them so far. We have seen that not only has this system prevented speculation in land values, cheapened land, and made available sites for houses, but that it has brought about double the building development. We see that further action in extending this principle of rating on land values will be essential for whatever housing scheme the government has in mind, and will have the additional advantage that it will stimulate private building as well, thus tackling the housing problem at both ends. We have seen that this measure is capable of wider application in the Municipal, State and Federal fields.