

PRACTICAL POLITICS

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LAND PRONE TO FLOODING

Land (*terra firma*) can be or become liable to flooding frequently, rarely, or not at all. Readers will be expecting us, as proponents of the capture of the rental value of land (LVT), to pass comment on how our policy would deal with situations of the type encountered this winter. The Land Value Taxation Campaign takes no formal stance on matters beyond its limited terms of reference (self-imposed), but has nevertheless on this occasion placed an article on its website on the question of land management, which may be viewed by using the link

<http://www.landvaluetax.org/current-affairs-comment/the-need-for-large-scale-landscape-management.html>

Decisions on essentially environmental matters can be accommodated readily within the valuation procedure. Some land will have no economic use value but most will have a value which can range from small to very big, according to its overall advantage compared with all other land. Land prone to flooding is in almost all cases less valuable than good solid dry land. The market determines the relative values of neighbouring areas and of individual plots within them, according to all the usual criteria including flood risk. The valuer assesses land value/site value/location value accordingly (with of course proper opportunity for appeal). The annual land rental value charge takes the form of a uniform percentage levy on all land. General revaluations could be quadrennial but could be subject to annual re-assessment in special local cases, for example (in this context) where a new public flood control project comes into operation within the given four-year period or when a major natural intervention occurs wholly unexpectedly. Less significant adjustments, up or down, could well be made at the desk by statistical processes.

Experience from overseas in not dissimilar cases provides a useful precedent to apply to flood defences. Improvements such as levelling, clearing, and filling become virtually impossible to identify after a number of years, and at some point are considered to have merged with the land, because they have become permanent, are for practical purposes invisible, and require no maintenance. In Brisbane, Australia, an improvement of this type is deemed to have merged with the land after ten years or upon prior sale, whilst in the agricultural context Denmark allows agreed costs to be written off over thirty years.

Legislation can be written to provide a similar arrangement in respect of rehabilitating badly contaminated brownfield land in cases where the polluter cannot be made to pay. If, for some reason, central, devolved, or local government were to pay in whole or in part for site rehabilitation, then the owner would be allowed no abatement of the land value duty beyond the portion that related to his own contribution. LVT would recover government-funded clean-up costs from the moment the rehabilitated land again became available to the landholder. A comparable arrangement could equally well be made in respect of flood control measures. If land is so badly flooded that the costs of making good cannot be justified in economic terms (the annualised cost exceeds the attainable annual rental value) public authorities will presumably have to be given the power to decide to use public funds to rehabilitate the land on approved public policy criteria (health and safety?), or alternatively allow Nature to take its course.

This particular issue of planning and environmental management in the public interest is not a specific matter of revenue collection. Nevertheless, as we wrote at the outset, it can be accommodated readily within the LVT valuation procedure. The yield from the progressive increase in the percentage applied to the national Land-Rent (LVT) goes to fund the public revenue requirement, and to-day's penal taxes on production, on work, on trade, on saving and on spending are abated and finally replaced.

THE BURDEN OF INDEPENDENCE

Another subject on which our Campaign does not formally take a stance is the constitution. Scotland is to be given the opportunity to vote for or against continued membership of the United Kingdom. It seems to us astonishing that a referendum of this sort is to take place without prior definition of what independence is going to mean. The man on the Clapham omnibus would be inclined to think that independence means Scotland is to be allowed to break away and be treated like a foreign country in all respects – be out on its own, in fact, and prepared to take responsibility for charting its own destiny; yet the powers-that-be in Edinburgh seem to think that they can pick and choose what they want to keep and what they will discard. London appears to have no overall plan either. It all looks culpably sloppy.

Where our Campaign comes in to this is to pose a question to the Scottish voter-in-the-street. What will independence do for you – or, perhaps better, allow you to do for yourself? You will still pay the same rent to the same landowner as now, as will your businesses to their landowners. You will still pay the taxes you pay now. You might benefit from revenues from the North Sea for a while, but you will not be able to rely on subsidy from the rest of the U.K. In short, you will be left with

nothing but the rhetoric, and be as enslaved to the landed interest as you are to-day. Scotland is at present an extremity at the north of the U.K., which itself is a peripheral state off the north-west coast of the EU. To the European core you will matter little.

What Scotland needs and deserves, in or out of the U.K., is LVT, the collection of the annual rental value of its land, progressively to replace all that is currently being taken from its working people in cities, towns, villages, and homesteads throughout the country. Offshore oil and gas revenues are, in political economy, termed Land. No man ever made those valuable hydrocarbon deposits. No man made *terra firma* either. On dry land, it is location that matters when it comes to explaining why land rents and prices are high in some spots but not in others. The location value of land arises from the bounties of Nature and from the presence and activity of the people who live, work, and take their relaxation on it. Used to fund the exchequer, it will do much for the commonweal besides: it will more than put Scots on that famous level playing field, it will bring independence of spirit too.

LAND VALUE TAX BILL

A Bill to require the Secretary of State to commission a programme of research into the merits of replacing the Council Tax and Non-domestic rates in England with an annual levy on the unimproved value of all land, including transitional arrangements; to report to Parliament within 12 months of completion of the research; and for connected purposes. Presented by Caroline Lucas [Green, Brighton Pavilion], supported by Adrian Sanders [Liberal Democrat, Torbay], Kelvin Hopkins [Labour, Luton North], and Martin Horwood [Liberal Democrat, Cheltenham].

Caroline Lucas, M.P., won a place in the draw for private members' bills in the House of Commons in 2012, and in mid-year her bill was duly *published by The Stationery Office Ltd.* and a date set for second reading. For the record, the Land Value Taxation Campaign did make offers of assistance, but was not taken up.

The second reading never took place. There was no debate, and the bill crashed to its death before last year's summer recess. There had been several postponements, but, for reasons at which one can only guess, a justification was each time found to ensure further deferment until it was all too late.

Two Liberal Democrats were amongst the sponsors. They seem to have had no assistance from their leadership, even though notionally their party has adoption of LVT for local government in its programme. We have nothing polite to write about this great LibDem silence. Labour these days is pusillanimous, all at sea, angry words but no policy. Conservatives have yet to see that dishonest capitalism based on private appropriation of the rent of land is destroying their case. This little bill merely sought to do some research. Who, and which parties, are guilty of protecting land monopoly, by action and/or inaction? Don't all shout – we know already!

LAND AND HOUSING

(i) "Canals are no longer dismal backwaters but desirable places to live... Now they have cachet, as homes alongside them can command an increasing premium...Developers now build apartments facing the canal instead of away from the water...Such is the demand that canal properties are being snapped up before they have even been built. At Indigo Wharf, a new Taylor Wimpey development in Chelmsford, Essex, which overlooks the Chelmer and Blackwater Navigation Canal, two of the 33 apartments were sold off-plan on the opening weekend. Prices start from £199,995 for a one-bedroom apartment" [a]. Cachet puts cash in landholders' wallets.

(ii) "The malfunctioning housing market, with its combination of copious subsidies to boost demand and umpteen restrictions to constrain supply, is probably the greatest area of failure in British post-war economic policy-making. It is at the root of the sharp booms and busts in the economy and of the perennial tendency for the economy to seek escape from its travails through inflation" So far as the Government's Help to Buy schemes go to aid new building "it is difficult to believe that this could not be done more effectively by intervening directly on the supply side, perhaps by taxing undeveloped land" [b].

(iii) As a result of Help to Buy, "prices are on the rise...making homes more valuable for those that already own them and more unaffordable for those who don't...Two things spring to mind: one is to reform Britain's ossified planning system and encourage conversion of unused retail property (of which there is going to be plenty in the years ahead) to residential use. The other is to abolish stamp duty – which everyone hates – and replace it with either a land tax or a levy on property profits" [c]. A property profits tax makes no sense: any tax on the actual building and other man-made developments around it is a direct penalty on the construction of new homes. Quite simply, the answer is collection of the land-rent, otherwise called land value taxation.

[a] Lauren Thompson, "Daily Mail", 3rd. May 2013 [b] Roger Bootle, "Daily Telegraph", 3rd. June 2013
[c] Jonathan Eley, "Financial Times", 8th. June 2013

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