
Practical Politics No.79

We reproduce here a past issue of our journal.

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RUNNYMEDE, PAST AND PRESENT

As every schoolboy used to know, Magna Carta was signed at Runnymede in 1215. Fable has it that it was wrung out of bad King John by the good barons, and is the foundation of English liberties. What not many schoolboys know, or knew, is that it freed the barons from many of their feudal obligations to the Crown, marking the lifting of feu duties for thure of land and ensuring that the expenses of government had thereafter increasingly to be funded by taxes on goods and trade. "It was to prove the key, several centuries later, to the diversion of much of the benefits of the industrial revolution from those who work and manage in industry to those who merely own the land" (Edgar Buck, *"The Broken Trust"*, Land and Liberty Press, 1983).

Runnymede today "is home to some of Britain's wealthiest people" (Michael Fleet, *"Daily Telegraph"*, 30th April). The borough has the lowest council tax in Surrey. "That has been possible in no small part because of astronomical land values, with an allotment site sold recently for more than £5 million to developers who will build only 39 houses" [more than £128,200 for the land for each house!].

The proceeds from disposing of public land at Runnymede thus keep taxes down for the residents - for the time being, at least. It is a short-sighted policy. Low rates of council tax make the area even more attractive than it no doubt is, and this inevitably translates into bestowing on Runnymede's individual landowners the power to demand yet higher rents and prices for access. The borough would have been better advised to lease the land for development and arrange to recoup what would no doubt have proved to be a steadily rising ground rent from the housebuyers.

Meanwhile, her ministers should advise the successor to King John to resume in meaningful manner the Crown's position as supreme owner of all land in the realm, and require rents in full from all holders of land under her. The policy these days is known as LVT.

HOUSING

In Issue No. 76 we produced a calculation to see how much land was needed for housing. We took the UK population of 58,823,000, assumed an average household of 4 persons, took the housing density to be 8 to the acre (a much more spacious environment than is usual) and showed that everybody could be

very decently housed within a circle having a radius of little more than 30 miles. An alternative way of expressing it is to say that the housing requirement on this basis is for 2,872 square miles of land. The land area of Wales is 7,968 square miles. Thus all we need for comfortable living space is 36% of Wales, leaving the rest of it and all of England and of Scotland and of Northern Ireland for agriculture, industry, commerce, and leisure.

It is essential to have a proper perspective of the puny problem which finding room for houses represents. The difficulty resolves itself into the seeming inability of government to respect the unique role of land in the economy and to order public policy accordingly.

People may do active work and they may provide capital, but who seriously thinks that landowners, merely by virtue of holding a site, create and maintain its location value. There is no shortage of evidence of how the real world works. We reproduce a few examples below. Are we mature enough to address what really matters, or are we to go on gagging on the junk food of modern economics?

Plots All the following are advertisements from the "*Estates Gazette*" on the dates shown. "Berkhamstead, Herts. Site with detailed permission for 5 small detached houses. Guide price £375,000" (25th April). That's £75,000 for the land for each small house. "Prime site in S.E.London. Expired planning approval for 20 flats . . . £980,000 for quick sale" (25th April). £46,000 per flat, just for the land. "Greenwich, London, SE10, land plot with consent for 2 x 3-bedrm houses Guide price £150,000" (11th April). Again £75,000 for the land for a house.

Tubes An article in "*The Times*" of 28th March by Carrie Segrave gushes with excited good news for some London landowners, especially in the south-east. "The Jubille Line Extension and the Docklands Light Railway southern extension open next year . . . Greenwich has been on the brink of property fame for years and the DLR removes its last drawback . . . Lewisham is a busy shopping centre and an interchange for rail and bus routes . . . Blackheath and Lewisham property prices show 1997 rises of up to 40 per cent. Deptford may be on the brink of a change, with a DLR station at Deptford Creek. Lee has good houses but a poor train service; a bus to Lewisham DLR will expand its horizons. Catford, Sydenham and Eltham will all gain a new travel option." That option will be captured in higher land values and will be banked by landowners - something for nothing yet again.

Codes "Residents who moved into their new flats at Baltic Place were pleased to be told their postcode would be N1. This is a code normally associated with trendy Islington . . . but the Post Office allocated Baltic Place and E8 postcode, placing it firmly in Hackney" (Mira Bar-Hillel, "*Evening Standard*", 11th March). "The change could mean a difference of between £10,000 and £15,000 on the resale value of their homes". After much protest, the Post Office conceded, "quite exceptionally", to give the development a N1

postcode. The homes are unchanged, but now the location value shoots back up. Clearly landowners do not create the land value that enriches them. It is general public perception of what is trendy that counts. Mind you, when the Chelsea to Hackney tube line is eventually built, Hackney landowners' turn will surely come. [For overseas readers, "tube" is the London underground railway system.]

View A converted 1920s boathouse, a " wooden-framed building which looks more like a glorified beach hut", is to advertised in the summer. The owner "won't take less than £1million" (Amanda Stocks, "*The Mail On Sunday*", 8th March). Why are the rich and famous already clamouring for it? It occupies "one of the best waterfront sites on the South Coast, at the edge of Poole Harbour". It comes with "its own private beach", has "stunning views over Brownsea Island", and is "the perfect hideaway". Sit value, it seems, is all.

Down "The new wealthy are pulling down properties in Surrey and putting up their own modern piles" (Amanda Loose, "*The Times*", 14th January). "The value of the landplot in prime areas [in the stockbroker belt] is often much in excess of the value of its property." In prime locations in the Cotswolds too, "more people are considering demolition and replacement as an option." This is what happens in a distorted land market.

Noise " six months on the market at £425,000 a fine family house near Chichester, Sussex, "has yet to find a taker" (Ross Clark, "*Daily Telegraph*", 21 January). "The sticking point is that the A27 dual carriageway lies just 150 yards away from the front door" and nobody likes "the roar of exhausts, the squeal of brakes and the howl of the police siren . . . if the house .was up on the Downs it would be worth up to £550,000, or if it was south of the A27 but well away from the road itself it would fetch just under £500,000." It is a matter of location.

NEWBURY BYPASS - LATEST

First came the tree-top protests, now comes the money falling from the trees. "The most famous stretch of new tarmac in the land opens this autumn, providing direct access to junction 13 of the M4" (Cheryl Freedman, "*Estates Gazette*", 25th April). Conversely there is improved access to Newbury, and, according to a local agent, "The bypass is already having a significant impact on the property market." As congestion is perceived as a thing of the past, an increasing number of inquiries about the town as a centre for development and growth, is coming from regional and national companies. The agents "has seen rises in both residential and commercial land values."

STAGECOACH AIRBORNE WITH FEET ON GROUND

Stagecoach, the company known hitherto as a 'bus and train operator, is to buy Prestwick Aviation Holdings, owner of Prestwick Airport, Ayrshire, which for years has been close to closure. The "*Daily Telegraph*" City Command

column of 1st May explained, "The £41-million price works out at £15,000 per acre of development land." As Brian Souter of Stagecoach reportedly noted, "You don't need a Harvard MBA to tell that that's good value." This Souter has cobbled together a good deal.

NO SUCH LUCK

"In Brentwood, suburb of the super-rich . . ." *Et in Arcadia ego*. Your editor was now all attention. This was an article by Christopher Parkes in the "*Financial Times*" of 25th April. It was referring to mature avocado plantations. Curious! "Brentwood, suburb of the super-rich", it went, "there is one such orchard, waiting five years for the land market to rise to meet its owners' \$4million-plus asking price as a building site. " Collapse of dream: this was Brentwood, California.

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