

THE RATING OF LAND VALUES

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649392926

The rating of land values by J. D. Chorlton

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J. D. CHORLTON

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The Rating of Land Values

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MANCHESTER
AT THE UNIVERSITY PRESS
1907

81744

18/4/07

UNIVERSITY OF MANCHESTER PUBLICATIONS
No. XXIII.

PREFACE

THIS essay is an attempt to reduce to order a collection of notes made at intervals during the past three or four years. It is published in the hope that it will be of interest to those who are endeavouring to find a practical solution of a very difficult problem.

The especial thanks of the author are offered to Mr. E. J. Harper, the Statistical Officer of the London County Council, who has been good enough to read some of the proof sheets, and whose valuable criticism has led to the correction of many errors, and to a reconsideration of some portions of the work. It must not, however, be assumed that Mr. Harper shares the views expressed in this essay.

*2, Garden Court, Temple,
January, 1907.*

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The Rating of Land Values.

INTRODUCTION.

THE phrase "Rating of Land Values" (or "Taxation of Land Values") is suspected by landowners to mean confiscation of property. To many other people, by constant repetition, it has become a magic phrase, like "Open Sesame," with the help of which they hope one day to restore to the Commonwealth the treasure stolen from it by generations of ground landlords. The phrase is used here as a convenient expression denoting those proposals for the reform of our rating system which possess the common quality of involving the separate assessment of land and buildings. No practical purpose would be served by tracing the origin and development of these proposals; but for the purpose of ascertaining our present position it is necessary to review briefly the very recent history of the movement. When the late Royal Commission on Local Taxation was appointed in 1896, advocates of the rating of land values, and particularly the two bodies which had become specially identified with the movement, the London County Council and the Corporation of Glasgow, took advantage of the opportunity and argued their case before the Commission, giving valuable evidence in support of it. The majority of the Commissioners were unable to

assent to the proposals¹ so laid before them, or to any proposals of a similar character; but a distinguished minority, Lord Balfour of Burleigh, Lord Blair Balfour, Sir Edward Hamilton, Sir George Murray and Mr. James Stuart, signed a "Separate Report on Urban Rating and Site Values," in which they develop and recommend a scheme for the separate assessment and rating of land.² This Report was published in 1901. The following year a Bill based on the recommendations of the Commissioners was introduced in the House of Commons by Mr. Charles P. Trevelyan, but the motion for the second reading was easily defeated (February, 1902). The next year Dr. Macnamara introduced another Bill, differing in some details, which also failed to secure a second reading, though by an adverse majority of only 13 votes (March, 1903). And so, for the time being, ended this phase of the movement.

In the Autumn of 1903 a large number of Municipal and Rating Authorities met in Conference for the purpose of discussing the subject; and after the failure of Dr. Macnamara's Bill, they—or a Committee of delegates appointed by them—produced a new and

1. "The proposal of the London County Council was set forth in a series of resolutions which were explained and defended before us by the late Mr. Costelloe. The Council did not officially formulate a complete scheme for giving effect to their proposal. But such a scheme was put before us by Mr. E. J. Harper, at that time Assistant Valuer to the Council, who gave evidence in his personal capacity, but informed us that his scheme had been on a former occasion forwarded by the Council for the consideration of the Government." Royal Commission on Local Taxation, *Separate Report on Urban Rating and Land Values*, Section vi. Another scheme was put before the Commission by Mr. (now Lord Justice) Fletcher Moulton.

2. The signatories of the Report say "We feel bound for the reasons we have explained to condemn unhesitatingly all the schemes which have been put before us in connexion with the rating of site values." At the same time, the only substantial difference (though a very important one) between the scheme recommended in the Report and the scheme put forward by Mr. Harper lies in the treatment of existing contracts. Mr. Harper's scheme interfered with existing contracts; the scheme recommended in the Report does not.