

Land and Housing Policies in Europe and the USA

THIS book is another welcome addition to the ever-increasing range of publications making comparative studies of housing and land policies.

In many countries there has been growing pressure on land, and land use and planning policies have been under challenge. The book examines the relationship between urban land policies and the housing situation in a number of European countries and the USA. It discusses how policies for the public acquisition of building land, together with zoning, development control and land taxation, have affected the provision of housing.

The emphasis is on examining actual policies and assessing their effectiveness, rather than on theory. Six authors have collaborated in writing the book. However, this is not a book of six individual contributions; rather, the six have worked together under the editorship of Graham Hallett. Although the chapters are inevitably uneven to some extent, they do follow a consistent approach and make for fairly easy comparison between countries.

An introductory chapter by Graham Hallett and Richard Williams considers the criteria for the assessment of urban land policies. They argue that such policies should be judged according to the extent to which they:

- (a) Provide an adequate supply of land for housing.
- (b) Facilitate good town planning.
- (c) Improve access to land and housing for disadvantaged groups.

(d) Impose reasonable taxation on the gains from the ownership of real estate.

(e) Compensate property owners and tenants for actual losses resulting from town planning policies.

The chapter on *West Germany*, also by Graham Hallett and Richard Williams, notes that urban land policy is centred on local government, and has been characterised by continuity. The massive housing programme in the post-war reconstruction period was not based on public sector housing, but, rather, on the participation of a large number of private landlords and non-profit organisations.

By the late 1970s there was a recognition that there was no longer a need for vast numbers of new dwellings, and emphasis shifted to the renewal of existing urban areas, and to small scale redevelopment.

The authors conclude that land and housing policy has achieved a relatively harmonious relationship between market mechanisms and public intervention. The major challenge of rebuilding the destroyed cities was achieved in a way which is regarded as one of the undocumented triumphs in the history of city building. The main housing management problems have arisen in connection with one, untypically large, organisation, *Neue Heimat*, sponsored by the trades unions. It is noted that there is now a wide range of housing available both for sale and for rent, although housing is not cheap.

In the remainder of this century the

influence of the falling population will be increasingly felt. There will be no more large greenfield projects, and the emphasis will be on small scale development of an environmentally friendly kind. Owner occupancy is anticipated to rise, but a viable private and non-profit rented sector will remain.

In the chapter on the *Netherlands*, Barry Needham notes that the remarkable thing about that country is that it has the biggest land problem of any West European country, but that this results in fewer social and political problems than in most other countries. Land scarcity has not been allowed to create problems, and decisions are taken publicly about the desirable production and renovation of housing by type of housing, price, location, amount and timing.

The instruments have been created by the national government, but are applied almost entirely by local government. Local governments play a major role in the land market, and are, in effect, monopoly buyers and sellers of land.

The land use plan is the most important instrument for town planning — it is legally binding on both the citizen and the public authorities.

The authors come to four principal conclusions:

- (a) In a country where land is scarce it is not inevitable that private land owners can profit from that scarcity by driving up prices, extracting development gains and influencing the form of urban development. The connection

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between land scarcity and the power of private land owners has largely been broken by the municipalities playing a very active role in the land market.

(b) Municipalities can successfully pursue an active land policy with the aim of realising their housing and town planning aims.

(c) An active local land policy is financially very risky, as a number of Dutch municipalities realised very late in the day.

(d) There is a need for continuity in land policy.

'Pragmatic policy in France'

The chapter on *France*, by Jon Persall, notes that French policy has become increasingly pragmatic. Over the post-war period a variety of procedures have been made available to the public and semi-public authorities for the acquisition of land, and the control and direction of land use. These procedures have been developed incrementally in response to prevailing conditions, and often have remained in place even when conditions have changed. On the whole, however, there has been continuity of policy.

In the 1950s the emphasis was on large scale development by quasi-public bodies. From the 1960s onwards private developers have been given a much larger role, but nearly all new development of more than a few houses still involves the collaboration of public bodies. This principle has remained unchallenged.

French cities have for the most part avoided central city problems but social segregation is becoming more marked. Gentrification is widespread, and those authorities which have tried to restrain this process have been held back by the cost of exercising the available powers. Peripheral development of cheaper dwellings has encouraged home ownership,

although under present economic circumstances an increasing number of house purchasers are finding the move to owner-occupation overburdensome.

Yugoslavia is very different from the other countries covered in the book. The chapter, by Georgia Grzan-Butini, notes that there are two systems of development, a formal sector deeply rooted in the current structure of town planning practice, and the informal sector related to the private land market and the provision of self-build housing. The formal sector operates at city and regional level. There are at present no national policies regarding land development for housing.

Formally, local development in Yugoslavia has always been subject to local control. There is a strong relationship between the local administrative system, land development and the system of urban planning and design. A principal problem has been the lack of co-ordination between broader development policies and more specific local needs. This is specially true in the housing sector.

Housing is produced in both the informal and the formal sectors. The formal sector covers housing built by construction co-operatives for renting and for sale to individuals, while the informal sector covers housing built legally by small firms for sale, but consists mainly of illegally built houses. Informal development takes place largely in peripheral areas of cities where there is a lack of master plans to control development, and where there are pressures for urban expansion.

The official policy towards informal development has changed over time. Initially, an attempt was made to pull down illegally built houses, but this has not proved effective. A more pragmatic approach has since been adopted. In conclusion, the author notes that although a large number of housing units have been constructed each year in the formal sector, these

have not met ever increasing demand as a result of which self-build housing schemes have been established as an alternative to the official system. There is now a wide range of housing types available.

In the chapter on *Great Britain*, Graham Hallett and Richard Williams note that the most striking characteristic of British land policy since 1945 has been its violent swings, depending on which political party has been in power. A dominant role has been played by instant legislation, and policies in this field have lacked political consensus. This contrasts Britain sharply with most of the other countries which are considered.

The changes in policy have been most apparent in respect of the taxation of development value. The post-war Labour Government imposed a development charge which was repealed by the Conservative Government in 1951. When the Labour party returned to power in 1964 it introduced a new tax, and it also passed the Community Land Act requiring all land for development to be acquired through local authorities. The Conservative government elected in 1979 repealed the Community Land Act and also the Development Land Tax.

The government has also weakened the role of local authorities

'Local authorities' role weakened'

in the housing field by encouraging the sale of public sector dwellings, and, also, the creation of urban development corporations and enterprise zones.

The authors conclude that Britain has experienced a continual see-saw in land and housing policy. Since 1979 policies have combined privatisation and deregulation, together with administrative centralisation. If the government continues on its present course then over the next five years local government powers will be severely reduced.

The chapter on the *USA*, by David Dowall, begins with the interesting statement that there is no land policy in America. However, a number of local communities do impose growth controls, and more recently attention has shifted towards promoting office and industrial development. Generally, however, it remains the case that the development of land is determined by market forces.

In the early 1970s America woke up to the fact that it was rapidly destroying its stock of physical

'No land policy in America'

resources, and various environmental protection measures have been introduced.

Graham Hallett concludes the book with a chapter on similarities and differences. He notes that there are similarities of urban land problems, but differences in response. The dispersal of economic activity and settlement arising from the growth of road transport and the accompanying urban sprawl and inner city decay began in the USA but is now discernible everywhere except Yugoslavia.

There have also been regional changes, and there has been a general growth in owner-occupation. In all countries there has been a switch from green-field development to urban renewal, and from comprehensive development to renewal of a more cellular kind, involving collaboration with private agencies.

Public intervention in the land market has ranged from the free enterprise spirit in the USA, to the German and French participatory systems, and the monopolistic arrangements for acquiring green-field sites in the Netherlands.

The USA and, more recently, Britain are nearest the market end of the spectrum. France, West Germany and the Netherlands have much in common with long established tradi-

tions of town planning and public intervention in the urban land market, although there are political differences.

Hallett concludes with 12 lessons from the experiences of the countries studied:

(a) Some measure of public participation in the land market can help to achieve some local and town planning objectives. However, a monopoly is often unnecessary and is likely to be undesirable. Public land banking has in the past been a good financial investment to local authorities, but it is not a get-rich-quick device, especially under present arrangements.

(b) Planners have made mistakes and need to approach their work with considerable humility. On the other hand the free market in urban development does not produce satisfactory results.

(c) To be effective and satisfactory in the long run, any system of town planning and public land management must be locally based, politically stable, and able to operate with continuity. Independent agencies can often serve a useful purpose, but only if they operate as agents of representative local government.

(d) Both the free-for-all and a uniformly discouraging policy towards housing and commercial development produce unsatisfactory results.

(e) Any development control system has to strike a balance between general impersonal rules, and discretionary power.

(f) Land and housing policy should be designed to encourage a fine grained urban texture with a variety of different types and tenures, and if possible, ages of houses.

(g) Some form of subsidised rented housing is necessary if everyone is to be ensured a reasonable level of housing, but it does not have to be council hous-

ing. Existing institutions should not be destroyed before others are able to cope.

(h) No particular technique or institution concerning land tenure should be regarded as a panacea. Similar outcomes can be achieved by a variety of techniques and institutions.

(i) Legislative processes need to be slow, as a result of checks and balances. A system which allows instant legislation does not pro-

'Strong case for property tax'

duce strong government, but rather a disruptive cycle of badly drafted legislation.

(j) In framing land taxes the aim should not be to find the ideal solution, but, rather, to strike the best balance between different, and sometimes conflicting, objectives of equity and efficiency.

(k) There is a strong case for taxing the imputed rental value of home ownership. If, however, a tax on imputed rent is abandoned then any general subsidies or tax concessions for home ownership should also be abandoned.

(l) There is a strong case for maintaining a local property tax, but there are political pressures for reducing or eliminating it.

Hallett wisely concludes by quoting Hayek: "The issues involved here are of great complexity, and no perfect solution is to be expected". ■

Land and Housing Policies in Europe and the USA, A Comparative Analysis, edited by Graham Hallett, Routledge, 1988.