WHY WASTELAND?
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A critique of urban land policy

By John Loveless

King's College, London

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THE AUTHOR

John Loveless is a lecturer in civil engineering at King's College, London, with a particular interest in innovative designs. Before this, he worked for consulting engineers Binns and Partners as a specialist water engineer, and was involved with the design of several different projects including the Dinnorwic Pumped Storage Scheme in North Wales.
"Whatever keeps down the produce of the land below what it would otherwise rise to, keeps down the revenue of the great body of the people still more than it does the proprietors of land."

(Adam Smith, *The Wealth of Nations*, Book V, Ch.II)
1. THE CAUSES OF LAND WASTE

Land is our greatest asset. It is the most fundamental generator of wealth for it is necessary to all forms of economic activity. Furthermore, it increases in value with any improvement, urbanisation, population increase, or local infrastructure provision. Green gold indeed!

It is strange, therefore, that a tour around any of Britain's cities reveals site after site and acre upon acre of derelict land. Indeed, some of Britain's greatest cities contain so much derelict land that they look as if they had only recently emerged from World War II instead of being forty years distant from that devastation. Two hundred thousand acres of urban land lie vacant in Britain today. That is over 300 square miles, equivalent to half of the area of Greater London. Every year, the wealth, the jobs, and the amenity of these acres is lost to the nation.

Why is there so much waste land in Britain? Who does it belong to? Why is it not being developed or used? Such questions deserve an answer, for such a waste demands an explanation. Clearly it is not really the owners of derelict land who are suffering, but every individual in Britain.

In all fairness it must be said that the problem has now been recognised by most of the people having some influence over it. A number of sensible government measures have been introduced since 1980 and several well publicised urban renewal programmes are well underway. However, by far the greater part of the job of finding a permanent solution to the problem remains.

Reasons for decay

It is not particularly difficult to see one reason why many of Britain's cities have decayed at the core. For many years there has been a population drift to the suburbs, and industry has also long been encouraged to move out of town. Railway yards, docks and canals have been closed and the facilities that have replaced them have frequently been sited away from city centres.
Furthermore, land close to the heart of the city tends to retain a high value, and the cost of clearing old railway lines, docks and suchlike is also considerable. So the effective cost of developing these sites is often too great to encourage private development. Local authorities have conducted major slum clearance programmes, but have, in many cases, failed to bring all the land back into use.

The phenomenon of urban wasteland is not unique to Britain, however. It has been recognised in many of the world's great cities and even has a term applied to it, being known as the "doughnut effect". The term describes the typical form of city development which is observed: a radial expansion into virgin land leaving an inner ring of run-down areas.

Since it is relatively easy to perceive this historical (or "natural causes") factor it is generally accepted as the major reason for the existence of derelict land. The truth, however, is that there are far more fundamental reasons for the continuing existence of derelict land.

**Land price inflation**

Land is a strictly limited commodity and in inflationary times it affords one of the safest protections against loss. Thus, in contradiction to one of the basic laws of economics: Less land is 'produced' to meet the demands of the market at a time of rapidly rising land prices. More importantly, a derelict site (in Britain) costs the owner practically nothing to maintain, whereas a developed site attracts a punitive local authority rate. Thus, under present conditions, it can be more profitable to speculate with an undeloped site rather than to develop it.

If areas of derelict land are to be reduced permanently, it would seem to be necessary that conditions are achieved in which greater economic advantage is always to be derived from development. Consequently, any solution to the problem of derelict land must take account of the key role of land price inflation, since it is inflation which, in the first place,
encourages the mere holding of land instead of its profitable use. In Britain, where successive governments since the war (with the honourable exception of Mrs Thatcher's government) have generated quite serious and continuing inflation, it is not surprising to find that the areas of derelict land seem to have multiplied, despite the efforts of many people to reduce them. Furthermore, it is not just inflationary policies at the national level which precipitate the problem. Local land price inflation, it should be understood, can arise in non-inflationary times, for example, as a result of specific pieces of government legislation. Most planning legislation, such as the designation of some areas as green belts and others as enterprise zones, has this effect.

Rates

Besides inflation, there are two other very potent disincentives to urban development in Britain. One is the system of rating and the very heavy burden of rates in some areas, the other is the protracted, frustrating, and often illogical system of planning permission required before any change.

A detailed study of the London Borough of Tower Hamlets by Coleman is illuminating, and shows clearly the effect of high rates on development. Between 1964 and 1977, there was a 44% fall in the area of land within the borough occupied by factories; a 25% fall in the area of land occupied by utilities; a 38% fall in the area of land occupied by residential, commercial and public buildings; and a 20% and a 37% fall in the area occupied by docks and railways respectively. This was a veritable rout of ratepayers, and in the same period there was a 296% increase in the area of derelict land.

Yet the council, seemingly oblivious to the exodus of their ratepaying patrons, continued to increase their spending. They incurred large debts in acquiring land and property; spent enormous sums demolishing houses (which people wanted), building flats (which people disliked), and subsidising new council housing. This led to a crippling 800% increase in the industrial rates in three years, more rates fugitives, and a near disaster in council finances.
Some people claim that rates are not a serious burden on businesses because they usually only amount to about 2% to 3% of a company's costs. However, it is their relationship to profits which is important, and here they can commonly exceed 35% of net profits. At this point a large rate increase may easily lead to a decision to cease trading or to move to a more amenable area. The problem is particularly severe for new businesses and, indeed, for all businesses during times of economic recession or transition, when margins are squeezed.

Another desperate remedy by industrialists faced with an insupportable rates burden is the recent practice of de-roofing. Any council honestly interested in the encouragement of industry in their area should agree with Baron Phillips* that: "...there could be no measure more beneficial to industry than to remove, once and for all, the burden of rates from buildings and other improvements."

The Thatcher government's proposals to reform the rates (most urgently in Scotland) will help a little by spreading the burden to more residents and therefore hopefully, taking some of the strain from industry. But nationally set business rates on property will still remain, and we must wait to see how significant the benefit will be.

The planning system

The effect on development of the need to obtain planning permission is harder to identify. But it must, by definition, add to the problems of development. Jones* has argued that most planning, and certainly detailed planning regulation, is actually harmful and unnecessary. The city of Houston has little or no public planning policy and yet it has developed much like other cities in the USA. The only difference is that Houston's planning expenditure is a small fraction of that spent in other cities. In Britain, even the simple delay occasioned by planning laws is a serious disincentive to development. For example, permission to build a 150-job factory takes, on average, four weeks in Canada, six weeks in Belgium, but eight months in
Britain - and, besides the delay, it is also a costly process.

In some places the delay and cost of planning is also linked with anti-development and anti-enterprise attitudes within the local council. Planning problems then become perhaps the most important cause of idle land. Yet the interests of ratepayers and the general public demands that urban councils should support local businesses in their area instead of driving them away. Of course it is possible to give the impression of being helpful without actually being so, a technique which raises the costs and uncertainties faced by potential business users yet further, leading to even more severe consequences than if the anti-development bias were stated outright.

Land hoarding by public bodies

There are several other factors, such as long-term regional trends, which contribute to the creation and persistence of derelict land, but only one other will be mentioned here.

In most of the localities where derelict land is extensive, public bodies own a high percentage of the total land available. Often, they have managed to force up prices by looking out large areas of land from development. An example of this was identified in the once near totally derelict Isle of Dogs Enterprise Zone where, at the time, two public bodies owned 70% of the land. The Economist newspaper said of the zone:

"Incredibly, land is also a problem. Most of it is publicly owned by the local authorities, the gas board, rail board and electricity board. It is not worth a lot. But if the area takes off and the City expands east, it could be worth a lot. These public sector giants are sitting on the land in the hope that it will - thereby thwarting any chance of growth."

Confirmation that there was a distortion of land values within the zone is provided by the results of research carried out for the magazine Land and Liberty which showed that land within the zone was worth £150,000 per acre, whereas nearby land values varied between £70,000 and £100,000 per acre. Some of this extra
value arose from the special advantages of the enterprise zones, such as exemption from rates; but by no means all of it. Undoubtedly, much of it derived from the hoarding policies of the public-sector owners.

Summary
It is concluded therefore that the principal root causes for the existence of urban derelict land are:

1. Land price inflation;
2. Excessive rates and the rating system;
3. The difficulty, delay, and cost of obtaining planning permission;
4. Land hoarding by public bodies; and
5. The high cost of restoring seriously derelict land.

Four of these five major reasons for the existence of derelict land are the fault of government. The first is the fault of central government; the next three are the fault of local government. Only the last factor is different and even this problem must, in most cases, be solved by combined central and local government action.
2. THE EXTENT OF URBAN WASTELAND

An indication of the scale of the derelict land problem may be obtained by reference to the land registers. These registers for each of the 364 district and London borough councils in England have recently been compiled for the DoE. They deal only with certain forms of derelict land in public ownership having an area of one acre or more. Table 1 lists the district councils containing the largest areas of derelict or underused land as recorded in August 1986. The total area of derelict land included in the registers was then 104,165 acres (163 square miles), an area greater than the combined areas of the metropolitan districts of Liverpool, Manchester and Sheffield, in which 1½ million people live.

Furthermore, this figure is really only the tip of the iceberg, since it was reliably estimated* that there were thirty square miles of wasteland in London, at a time when the land registers for London only accounted for eight square miles of it. In the borough of Tower Hamlets, for example, fifty-four sites were included in the register in 1982, totalling almost one square mile; but another study by Coleman¹ suggested that there were 400 vacant sites in public ownership in 1979, and her definitive survey of the borough in 1977 revealed no fewer than 1571 wasteland sites! So, in this case, only one in thirty of the wasteland sites was included in the register. One reason may be that the official definition of derelict land, for grant awarding purposes, is a narrow one: 'Land so despoiled by industrial or other development that it is rendered incapable of beneficial use without treatment', whereas Coleman's classification covers all 'dead or disturbed space'.

There are also many areas of derelict land in private ownership which do not enter the registers. Figures giving the relative proportions of derelict land in public and private ownership are hard to obtain, but the general consensus appears to be that about 60-70% of the derelict land is in public ownership. In the study of the London Boroughs mentioned earlier¹, the percentage
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<thead>
<tr>
<th>DISTRICT</th>
<th>COUNTY</th>
<th>AREA (acres)</th>
</tr>
</thead>
<tbody>
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<td>Shropshire</td>
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<td>Yorkshire</td>
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<td>Merseyside</td>
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<td>Tyne &amp; Wear</td>
<td>1257</td>
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<td>Humberside</td>
<td>1454</td>
</tr>
<tr>
<td>Glandford</td>
<td>Humberside</td>
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<td>Gr. Manchester</td>
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<td>Lancashire</td>
<td>995</td>
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<td>Tonbridge &amp; Welling</td>
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<td>Middleborough</td>
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<td>Manchester</td>
<td>Gr. Manchester</td>
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<td>Bolton</td>
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<tr>
<td>Lancaster</td>
<td>Lancashire</td>
<td>641</td>
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</table>

Source: Land Registers  
1 sq. mile = 640 acres
of derelict land in public ownership, in Southwark, Tower Hamlets, Lambeth, and Hackney was given as 95%, 87%, 64%, and 46% respectively.

Waste land outside England

The land registers, which may be inspected by the public, deal only with district councils in England. However, in Wales, Scotland and Northern Ireland the problem is at least as severe and in some areas it is more serious. In Swansea, for example, it is reported that 9% of the city consists of wasteland and much of it has remained so for more than ten years. Land registers are also being compiled for Wales but, at the time of writing, they are still incomplete.

A small number of councils have reduced the public wasteland in their areas, as recorded in the registers, between 1982 and 1986. These include Newham, Sefton, Stoke-on-Trent, Coventry and Tower Hamlets. However, the credit for this, in most cases, is due to the appropriate Urban Development Corporations.
3. PUBLIC MISMANAGEMENT OF LAND

Sadly, people are not generally aware of the deleterious effects of derelict land. Many are even unaware that there is a derelict land problem - let alone who is responsible. Others, who actually live in the worst areas, become resigned to it, as if it were an inevitable part of life.

Misguided buying policies

The fact is that in many urban areas, the market for land has been virtually locked up by the local authorities and nationalised industries. In Liverpool, the city council alone was found to be in possession of more than 75% of all vacant land in the borough in 1973. The former GLC, although it owned many acres of urban wasteland, continued to buy land right up to the end. Land hunger is reported\(^9\) to be one of the two primary reasons why firms are buying land in the enterprise zones. They are moving in, not necessarily because of an increase in demand for the goods and services they produce, nor specifically to take advantage of the various benefits on offer in the zones, but because they were previously held back by a shortage of land.

To understand the reasons why local authorities have cornered the market for land in their area, one must first look at recent history. The inflationary activities of the governments of the 1960s led directly to the speculative land boom of 1968-73. This resulted in widespread condemnation of the land speculators, although in fact they only acted, primarily, to preserve assets, which successive governments were jeopardising. Many local councils, particularly those in the inner cities, began a crusade "to protect the people from speculators". At the same time they were conceiving very ambitious plans for council estates and seeking more and more control over all development. They started to buy large amounts of land; the boom however, was over.

Today, fifteen years later, the sorry outcome of this foray, by uninitiates, into the marketplace may be judged from the colossal debts which still saddle most local authorities. Tables 2a and
### TABLE 2a
Annual rate take required to service council debts for some councils in England and Wales

<table>
<thead>
<tr>
<th>Council</th>
<th>Enteable Value £ million</th>
<th>Accumulated Debt £ million</th>
<th>Rate Take Required to Service Debts(p)</th>
<th>Actual Precept 85/86 (p)</th>
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<tr>
<td>S. Tyneside</td>
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<td>215</td>
<td>150</td>
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<td>Merthyr Tydfil</td>
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<td>Oldham</td>
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### TABLE 2b
Annual rate take required to service council debts for some London Boroughs

<table>
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<tr>
<th>Borough</th>
<th>Enteable Value £ million</th>
<th>Accumulated Debt £ million</th>
<th>Rate Take Required to Service Debts(p)</th>
<th>Actual Precept 85/86 (p)</th>
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<tr>
<td>Newham</td>
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<td>Hackney</td>
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<td>Harrow</td>
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<td>164</td>
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* Assumes average debt charges are 11% p.a.

Source: Municipal Year Book 1986
2b show a selection of these local authority debt positions, together with an indication of the annual cost of the debts to local ratepayers. Only one London borough and a handful of district councils in England and Wales have reduced their overall debts since 1978. Most have increased them by more than 30%.

It is not true to say that there has been insufficient public investment in the inner cities in recent years. On the contrary, they have received some of the most intense planning attention and some of the most lavish investment of public funds in the United Kingdom. The trouble is, the huge investments made have too frequently been unsound. Perhaps the time may now have arrived for the government to set a limit on local authority borrowing. As a first step, a limit of nine times the total rateable value might be considered.

Perverse effects of grand schemes
The conclusion is that, in spite of all efforts, decay has generally advanced instead of being reduced. One reason is that councils are notoriously fond of grand and prestigious schemes. In the Wavertree district of Liverpool lie the enormous Belle Vale and Netherley council estates, schemes comprising thousands of homes. They were built as late as 1971 and 1974, but now they are almost empty and soon they will be demolished! Furthermore, in the Toxteth, Wavertree and Edge Hill areas of Liverpool, there were 138 acres of vacant land in 1975, of which a mere six per cent had been landscaped or maintained in any way. Three-quarters of this land was owned by Liverpool City Council and at least fifty per cent of it had been empty for more than two years. Today, Liverpool's district council area, as a whole, includes 1589 acres of derelict land in public ownership!

Too frequently a public body can blight a whole district into premature decay by maintaining large areas of land in a derelict state. Grandiose schemes for vast council estates mean that sites lie idle for years until enough land for the scheme can be accumulated.
It is worth remembering that the first major conclusion of the Durham Conference of December 1981 at the end of the Campaign for Urban Renaissance was that: "There is a strong aversion to large-scale, comprehensive redevelopment in towns and cities and strong support for small-scale rehabilitation." Councils could usefully forget their plans for wholesale redevelopment of an area and concentrate on the rehabilitation of the environment as it exists, and perhaps no demolition of buildings should take place until the subsequent use has been agreed. In Tower Hamlets, a block of flats needed roof repairs which were considered to be too expensive at £25,000. The block was therefore demolished (at a cost of £48,000) and twelve years later the site was still derelict with no prospective use in view. This is hardly a strategy for efficient land use.

The second fundamental way in which local government has upset the normal functioning of the land market is through planning and other controls. One four-acre site, belonging to the GLC in the London Borough of Southwark, was bombed during World War II and has stood derelict ever since. Whenever someone challenged the need to retain the land in public ownership the same excuse was offered: it was needed for public housing. Then in 1981, some lectures at the South Bank Polytechnic proposed an imaginative use for the land. The idea was to create a technopark on the site, which was adjacent to the Polytechnic. New firms coming to the technopark would bring jobs into the area and they would have access to high quality technical facilities. The project, after much effort, obtained £4.5m of private backing and was due to proceed until, in May 1982, a new group of councillors was elected in Southwark who decided to block the project in its present form. The site may have been "needed for public housing"; but the money to build it was simply not available! (The GLC had about 70 other vacant sites in the area, covering 124 acres, and the borough council owned 168 sites covering 680 acres, according to a 1977 Civic Trust report.11 The combined areas amounted to 95% of the vacant land in the borough.)
Too much power?
Local authorities have very wide-ranging powers concerning land. The 1965 Compulsory Purchase Act permits councils to purchase land provided this course of action is "in the interests of the community". They may purchase land already in housing use under the slum clearance powers of the Housing Act of 1957. Also, they have wide powers to control development, embodied in the Town and Country Planning Act of 1971. Taken together, these Acts enable a local authority to exert a fundamental influence on both the market for land and the nature of development if so desired.

Local authorities have been given sweeping powers, and wide power in the wrong hands spells disaster. A detailed report on wastelands for Thames Television concluded: "It would be difficult to commend in almost any respect the way in which public redevelopment has been approached in Tower Hamlets." Yet this is only one council among many whose policies have had the perverse effects of spreading urban decay. Some councils, notably Durham, have acted prudently; but while the power remains, so does the danger. Few people now believe that we should be building massive council house estates like those of the 1960s and 1970s. Yet some local authorities are holding on to hundreds of acres of wasteland in the hope that some future government will shower them with public money to develop it.

Why management fails
It is by no means only these 'bêtes noires' who are managing their land and property assets badly. In a recent paper, the Controller of Audit, John Banham, admitted that in most local authorities, "the public estate is often not managed at all". The main reason for this seems to be that responsibility for managing the authority's land and property assets (which may frequently exceed £350 million in value) is not clearly assigned. Also, the ethos under which decisions are taken has a strongly possessive bias. Thus, again according to Banham: "Unused or under-utilised property is rarely disposed of, save under extreme financial pressure".
So we have the astonishing situation that:
(1) Councils are not required to draw up balance sheets of their land and property assets;
(2) Nobody within a council knows how much land and property the whole authority owns; and
(3) No proper management of these assets can therefore be undertaken. Thus, the Audit Commission concluded recently that local authorities own land and property, probably worth of the order of £200 billion, "which is nowhere properly accounted for". And that figure excludes the enormous item of council houses!

Solihull: An example of a good council!
If one were to look at any council in detail it is certain that many wasteful practices, in respect of land and property holdings, would be discovered. Let us take a typical, perhaps average, example. In Solihull, the council owns an industrial estate just north of the town. The ground rents amount to just £1,100 per annum, but, they are fixed, long-term rents. In all probability the cost of collection exceeds the rental income. Sensible management would suggest sale of the freeholds with the proceeds going to reduce the council debt.

The Solihull Housing Revenue Account, with an income of over £14 million from council houses, is expected to break even (just about) in 1986/87. A few more council house sales would help to realise at least some of this vast income potential and so facilitate new building programmes.

The council has set aside £1 million for land purchases this year, thus increasing its annual debt charges by £110,000. It is believed by some that areas of farm land are being bought by the council merely to control development and to ensure planning decisions cannot go against them.

Finally, Solihull, like many councils, has an ambitious town centre redevelopment scheme. To date this has involved the purchase of over 50 properties and parcels of land at a probable
cost of over £3 million. One 1.85 acre prime development site
now included in the scheme has been held dormant by the council
since 1968. Small-scale redevelopment, often preferred by
residents in any case, does not inflict these twin evils of heavy
borrowing and protracted idleness of prime land.

Solihull claims, with some justification, that it is by no means
bad when compared with other councils. Nevertheless, even here,
vast sums of money are locked up in assets which are not being
properly used. The Secretary of State has recently used his new
powers under the 1980 Local Government Planning and Land Act to
order Solihull council to dispose of one 1.75 acre site, but
according to the land registers, that will still leave over 200
acres of wasteland unsold. The council also owns about 500 acres
of farmland which is not on the land registers and it is still
buying. Maybe the councillors have an inordinate craving for
cabbages?
4. THE EVILS OF DERELICT LAND

The presence of much derelict land in an area has harmful economic consequences. Firstly, it reduces the rates base, thus throwing a greater burden on the productive users of land in the area. Secondly, it creates an artificial scarcity of land, which raises prices, making development more expensive and more unlikely. But it has far more important non-economic effects in addition.

Sociological depression

It is hardly necessary to state that the elimination of derelict land can provide great benefit to the amenity and environment of an area. But it is important to understand also that dereliction has a most harmful effect on people's morale. This is especially true of the young. A recent official study of inner urban areas concluded:

"For the young adolescents...the area around the home plays a significant role in their leisure activities. They are in contact with the physical environment and depend on it for psychological stimulation, in contrast to the home which is restrictive. However, the public environment rarely responds to these demands. There is very little space that the children can control or change. Many parts of the landscape are dangerous or inaccessible. Odd bits of derelict land they might have taken over for themselves get boarded up or built on, a vacant building gets demolished. The impermanent state of the inner city environment, constantly changing, was mentioned by a teenage informant, and may be this would increase the restlessness of youngsters and the damage that occurs."

Dereliction is like a blight. It destroys beauty, then growth, and ultimately community life itself. A businessman will never choose an area that is visibly decaying for his new premises—unless he has no choice or is given great incentives. He will always prefer an area about which there is an air of activity and
new development. Likewise, any person, given the choice, will prefer to live in pleasant surroundings rather than the grim and forlorn areas over which derelict land has cast its blight.

Lack of recreation space
A further deplorable feature of the waste of land by public authorities is that it often co-exists with a severe shortage of recreation grounds. The Lambeth Inner Area Study of 1975 found that the "lack of provision for play was the most criticised and the most requested of all facilities". Sunderland council reports having thirteen recreation grounds with a total area of 230 acres (a provision of one small recreation ground for every 30,000 people). At the same time, it has 1567 acres of wasteland listed in the land register.

Reliable information concerning the varying provision of recreation grounds in different areas is difficult to obtain, but the level of provision in inner urban areas is frequently inadequate. Table 3 lists some of the districts where the provision of recreation grounds appears to be poor, although this list is not a complete one. The National Playing Fields Association has had a target figure of six acres of outdoor playing space per 1,000 of the population since before 1955. When this target was last reviewed in 1971, only two of the 33 towns studied had more than four acres, and eight had less than two acres of recreation ground per thousand. Today, notwithstanding Britain's huge acreage of derelict land, the target has still not been met by many local authorities.

Open-type parks and recreation grounds are of greatest benefit to the community. When properly designed, they are versatile, easy to maintain and nearly vandal-proof. At the minimum level of provision, all that is required is a fairly level area of grass. The cost of topsoiling and seeding a derelict site would be minimal; levelling could be carried out with the help of the 100% grants that local authorities are able to obtain.
<table>
<thead>
<tr>
<th>Poor Provision</th>
<th>Moderate Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,000-15,000 persons/recreation ground</td>
<td>5,000-10,000 persons/recreation ground</td>
</tr>
<tr>
<td>Oldham</td>
<td>Bradford</td>
</tr>
<tr>
<td>Wigan</td>
<td>Stockport</td>
</tr>
<tr>
<td>Stockton-on-Tees</td>
<td>Coventry</td>
</tr>
<tr>
<td>Haringay</td>
<td>N. Tyneside</td>
</tr>
<tr>
<td>Cleethorpe</td>
<td>Walsall</td>
</tr>
<tr>
<td>East Yorkshire</td>
<td>Bristol</td>
</tr>
</tbody>
</table>

**Very Poor Provision**

<table>
<thead>
<tr>
<th>15,000-20,000 persons/recreation ground</th>
</tr>
</thead>
<tbody>
<tr>
<td>Langbaurgh (Cleveland)</td>
</tr>
<tr>
<td>Kingston-upon-Hull</td>
</tr>
<tr>
<td>Blackburn</td>
</tr>
<tr>
<td>Doncaster</td>
</tr>
<tr>
<td>Lambeth</td>
</tr>
<tr>
<td>Tower Hamlets</td>
</tr>
<tr>
<td>Southwark</td>
</tr>
</tbody>
</table>

**Totally Inadequate Provision**

<table>
<thead>
<tr>
<th>more than 20,000 persons/recreation ground</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunderland</td>
</tr>
<tr>
<td>Hammersmith &amp; Fulham</td>
</tr>
<tr>
<td>Glandford (Humberside)</td>
</tr>
<tr>
<td>Beverley</td>
</tr>
<tr>
<td>Dudley</td>
</tr>
</tbody>
</table>

*Note: An area of 25 acres has been taken to equal one recreation ground. Source: Municipal Year Book.*
The clearance of derelict land and the proper provision of recreational facilities would do wonders for the morale of the youngsters in our cities. Vandalism and other forms of public disorder would be reduced and the dangerous nature of most derelict sites to the very young would be eliminated. Recreation areas of the right size allow youngsters to let off steam and provide a much needed focus for the whole community at a local level. The village green is just as capable of performing its ancient role within the city as outside it.
5. THE ADVANTAGES OF REDEMPTION

Urban waste destroys the countryside

Observe how a nation treats its land and you may predict its future. Britain is blessed with a climate that makes the country at once both beautiful and bountiful; our countryside contains not just a rich variety of scenery, but of produce too. However, this precious countryside is being destroyed at an alarming rate. In the four years between 1970 and 1974, some 300,000 acres of the farmland in England and Wales were lost – an area equal to the whole of Bedfordshire.

It does not require great insight to detect the connection between the growth of urban wasteland and the loss of farmland at the urban fringes. With a population density as high as one person per acre in Britain there will always be conflict between town and country over the use of land; but if we would only use our urban wastelands, the destruction of the countryside could be reduced. It therefore reinforces the case that Britain’s urban wasteland should be redeemed, for we will thereby be saving not only our towns and cities, but the countryside too.

As has been stated already, it is not the owners of derelict land who are suffering, but the whole community. Adam Smith well knew this long ago when he remarked that: “Whatever keeps down the produce of land...keeps down the revenue of the great body of the people still more than it does the proprietors of land.” He went on to explain that lands in public rather than private ownership were almost invariably less profitably managed and that therefore it would be better “to divide the lands among the people, which could not well be done better, perhaps, than by exposing them to public sale.”

Wider distribution of wealth

The first benefit to arise from a policy of active sale of derelict land in public ownership would be the healthy diversification of land ownership. Access to land would become easier and cheaper and people wanting to set up a business would
have one less problem to contend with, that of the intransigence
of the public sector owners. Another immediate benefit would be
the increase in employment, since wherever vacant land is taken
into use there is always some employment created, first
temporarily and then permanently. When this land is situated in
the city, the levels of employment created are often very high,
as in the case of office developments.

Reduction of local authority expenditure
Possibly the most dramatic, but least understood benefit of the
sales of waste land is the effect they would have on local
authority finances. Let us examine a hypothetical example to
find out what would be the effect, on a typical local authority
budget, of selling 200 acres of their stock of waste land.
Providing that a small percentage of the land was used for
offices and industry it should yield at least £8m, and it ought
then to start to produce in addition a rates income of about £2m
annually. As we have seen, most local authorities have to
service enormous debts, the cost of which frequently accounts for
more than 25% of their total expenditure. Assuming that these
asset sales would be used to reduce the authority's debt, we
would foresee something like the example in Table 4. It should
be noted that other items of council expenditure could be
expected to show reductions. Fewer people would be required to
service the remaining council-owned land and any increase in
running expenses should be more than offset by savings. (It has
been calculated that in 1978 Tower Hamlets had to maintain thirty
miles of corrugated iron around their wasteland sites.)
Consequently, the council would then enjoy a net surplus which
could be used to improve services or for building council houses.

It may be argued that forcing councils to sell off wasteland
might mean the land was sold for less than it was originally
purchased. However, the fact that a council has, in the past,
wasted public money by imprudent land speculation is no reason to
propose that it should continue to waste public money. Councils,
like the rest of the nation, should be using every opportunity to
produce their services at the lowest possible cost.
TABLE 4  
Hypothetical example of the benefit to council finances arising from the sale of 200 acres of waste land

<table>
<thead>
<tr>
<th>Description</th>
<th>Before Sale</th>
<th>After Sale</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government grants</td>
<td>£60</td>
<td>£60</td>
</tr>
<tr>
<td>Rates</td>
<td>£40</td>
<td>£42</td>
</tr>
<tr>
<td>Rents</td>
<td>£15</td>
<td>£15</td>
</tr>
<tr>
<td>Other income</td>
<td>£30</td>
<td>£30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>£145</td>
<td>£155</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>£75</td>
<td>£74.8</td>
</tr>
<tr>
<td>Running expenses</td>
<td>£50</td>
<td>£49.7</td>
</tr>
<tr>
<td>Debt charges</td>
<td>£20</td>
<td>£19.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>£145</td>
<td>£151.5</td>
</tr>
<tr>
<td><strong>Net surplus</strong></td>
<td></td>
<td>£23.5k</td>
</tr>
</tbody>
</table>
The efficiency of cities

Using wasteland helps to keep cities and towns reasonably compact and therefore efficient. It is unnecessary and wasteful of agricultural land to continue the policy of providing green-field sites for new industrial, commercial or housing developments when urban wasteland will suffice. Most areas of wasteland have considerable advantages of location, and frequently still have all the major services on, or close to, the site. It would therefore seem to be quite unjustifiable to permit more green-field developments which permanently damage good agricultural land.

Some wasteland could, with sensible selection, be used to advantage in improving roads in our towns and cities. Unfortunately, because urban roadbuilding and improvement is an emotive issue, it has not received the level of investment that it deserves. The efficient and convenient movement of goods and services throughout a town is vital to its economic well-being. If industry and commerce are to be encouraged to return, better urban road communications will have to be provided, and, no doubt, existing waste land can be used to help. Make a journey from the M1 or M1 to the east end of London and one can readily understand another reason why it decayed: inaccessibility.

Increased housebuilding

Perhaps the most significant immediate benefit arising from the reclamation of derelict urban land is that it would provide a much-needed boost to building and construction work. It is almost invariably the building and civil engineering sector of the economy which leads a nation out of recession. The present unemployment dilemma need be no exception, and the government need make no inflationary compromises, provided only that our waste lands are brought back into full use. In 1930, only 114,000 homes were started by private builders, but in 1934 the figure had risen to 270,000 and the depression had begun to ease. Every new house built provides directly about 2.5 jobs per year and indirectly many more. There is little doubt that unemployment could be reduced dramatically if Britain's builders
were given the chance to repeat the success story of the early 1930s. They are certainly willing, since it has been reported\textsuperscript{11} that "the big residential developers are currently and actively seeking former industrial land for housebuilding".

In fact, the possible uses for urban waste land are precisely as wide as the ingenuity and imagination of developers. It is only public policy (particularly in local government) which thwarts these uses. Where just one feature, such as access, is hindering development, it is well to remember that very few such problems cannot be overcome if there is a will to succeed by all parties. Land made derelict by chemical contamination is perhaps the only really difficult problem. But when one compares the enormous technical difficulties that have been overcome by private enterprise in the extraction of oil from the North Sea, the problems of clearing such derelict land begin to look very simple.
6. PROGRESS IN RECENT YEARS

The establishment of public registers of wasteland owned by local councils and other public undertakings was embodied in the Local Government Planning and Land Act 1980. The aim of the Act was to encourage the sale of derelict land by public bodies, and it gave the Secretary of State powers to order land sales if necessary on the open market. As such it represents the most significant piece of legislation so far enacted with respect to derelict land. Further government action was embodied in the Derelict Land Act of 1982, which provides for grants to be made for the improvement and recovery of derelict sites. Specific areas have been, or can be, designated as improvement areas, development areas, or enterprise zones, whereupon they then enjoy further special concessions.

Another important part of the Local Government, Planning and Land Act 1980 defined the provisions for Urban Development Corporations (UDCs). Initially only two of these were set up in London docklands and Liverpool, but the establishment of four more UDCs has recently been announced by the Secretary of State. These are to be in Manchester, on Teeside, in the Black Country and also in Tyne and Wear.

New towns
The government has taken action to speed up the sale of assets belonging to the Commission for the New Towns (CNT). They instigated a major re-organisation in 1982 and redefined the Commission's remit through the New Towns and Urban Development Corporations Act in 1985.

Henceforward, the Commission was to be a 'winding up' authority, not a 'holding' authority, for land. The Secretary of State has also been given powers to dissolve the CNT when its work is completed. In all probability the remaining new towns, which are still at present the responsibility of their development corporations, will be handed over to the Commission sometime in 1987. Since a number of new towns appear in Table 1 among some
of the worst offenders, with respect to derelict land, obviously this new legislation will help.

How developments start

There is evidence now that since 1983 real progress has been made in several areas. Since July 1984, notices to dispose of land have been issued by the Secretary of State in respect of 131 unused or underused sites in public ownership. Twenty-four thousand acres of wasteland have been sold and the government intends soon to bring in new legislation to streamline the whole disposal process. Local authorities are beginning to realise the benefits of partnership schemes whereby they co-operate with housebuilders in order to secure grants from the Urban Development Corporation and some local authorities have taken a positive attitude towards regeneration themselves. For instance, major restoration work has recently been carried out in Bristol docks and in Salford another major dock reclamation scheme is underway. The Salford Quays development was made possible because the Manchester Ship Canal Company sold the area cheaply to the council. The council then set about clearing the area with the help of derelict land grants; they undertook to renew the infrastructure, and now the private sector is queuing up to invest.

Four factors are always vital to progress:

(1) The sale of the land at a moderate price;
(2) Local authority willingness to use derelict land reclamation grants;
(3) Infrastructure renewal; and
(4) An untroubled ride through the planning jungle.

Other public bodies who own large areas of derelict land are also beginning to take action. For example, the Thames Water Authority has formed a new company with the objective of restoring its 8,000 acres of derelict land in London and the home counties.
Streamlined planning

In metropolitan areas the abolition of the metropolitan counties has streamlined planning procedures since the local council or borough is now in virtual control of the process instead of sharing responsibility. The government also plans to remove the requirement to produce Structure Plans from county authorities and this will have a similar beneficial effect.

Thus, progress is certainly being made by the government but, because of the nature of local government corporations and because of the way laws are currently framed, constant vigilance will be necessary to maintain momentum.

Voluntary effort

Voluntary organisations have tried to get together to produce action and, through the Wasteland Forum, much activity has resulted. Literature is available to give advice to individuals wishing to clear or use derelict land in their area. Coleman, however, has argued that nearly all this voluntary effort is cosmetic; it rarely stimulates real and lasting economic activity which will lead to genuine urban regeneration. Usually, the organisation is allowed only temporary use of the site, and 98% of the schemes implemented merely involved landscaping or cultivation without any building.
7. THE RADICAL SOLUTION

What then are the central issues of the problem of derelict urban land? What can we learn from the results of current policies? And, since law shapes behaviour, what changes would seem to be required to achieve both justice and a lasting solution?

Two good starting points for any subject in the political sphere are the well-known maxims:

(1) The greatest happiness of the greatest number is the foundation of morals and legislation; and

(2) The best government is that which governs least.

If it be agreed that these dictums point the way to progress with justice then two important general conclusions follow. First, since it is access to land which is the genesis of any wealth-creating process, anything which tends to keep the price of land down and makes access to it easy must be good for the economy and therefore the majority, just as keeping the price of bread down must be good for the majority.

Second, planning legislation should be kept to a minimum and its provisions should be proportionate to the extent and severity of the impact. Against this, however, must always be set the protection of the legitimate rights of minorities. There must be some planning, if only because of the need for order rather than chaos.

Taxing land values

As legislation currently stands in Britain, there is no tax whatsoever upon the undeveloped value of land. Therefore, land costs the owner nothing to maintain, provided that it is kept in a derelict state. With this fact, it must be remembered that land price inflation is always a possibility even in non-inflationary times. Thus, all owners of land, whether public or private, will tend to hold land in the expectation of a price rise. These rises, which can on occasion be astronomical, make the incentive to hold land, very strong. Agricultural land around
London is worth about £2,000 per acre; but, with planning permission appended, its value jumps to £200,000! Even land in London’s docklands has gone up in value, on average, by about 600% in the last four years, with some of it now changing hands at a price of £1,250,000 an acre.

Land speculation is, of course, publicly abhorred by all shades of political opinion, but it goes on unchecked just the same. Faced with this situation, democratic governments can try two approaches: the carrot and the stick. Interestingly, most choose the stick. Thus, central government has, through various directives, been urging local authorities and nationalised industries to use or dispose of their surplus land since the early 1960’s, but progress has been painfully slow. The carrot, however, is in most cases a better motivator. To abate land price inflation and land speculation, the proven tool for the job is land-value taxation. Also, a tax on the value of land alone unlocks the land market by making development more attractive. No other measure would have such a beneficial effect on the urban wasteland problem. Furthermore, it would bring many other benefits to the whole economy by making land cheaper and easier to obtain. Some countries such as Denmark use land-value taxation as do some cities such as Sydney and Pittsburgh. Where it is used, it works. Urban wasteland is virtually eliminated, appropriate development is quickly put in hand and the cost of new houses is reduced.

Introducing the measure

Since rates are to be abolished, this could be a good time for the government to introduce a tax (of, say, 0.5%) on the value of land alongside the proposed poll tax, which could, as a result, be reduced. There is evidence that the great majority of the public would gain dramatically from such a change. When Pittsburgh City Council adopted land value taxation in the late 1970s they were able to offer tax relief to the bulk of home owners and progressive businesses, while at the same time increasing city revenues. The City also enjoyed a dramatic downtown renewal, and housebuilding remained healthy right
through the recession when construction across America came near to a standstill. The reasons why land value taxation works, and why it is also fully in accord with justice, have been worked out in detail by Henry George1. Certain lands (e.g. Crown Lands) would obviously be exempted.

Taxation of land values should not be mistakenly thought to be a socialist concept nor be confused with land nationalisation, though it does have supporters in all political parties. Its opponents, as might be expected, are nevertheless powerful and numerous.

If the government retreats from this measure because it is so radical a change, there are of course other less effectual methods of attacking the problem. The first step in any redemption programme will always be the encouragement of new jobs, preferably productive jobs, into an area. Service jobs and housing will then follow naturally.
8. CURRENT LEGISLATION AND NEW PROPOSALS

The Land Registers
The establishment of the registers of urban wasteland held by public bodies has been of great benefit in exposing the extent of the problem. It has also encouraged the Secretary of State to order, through the DoE, the sales of certain notorious wasteland sites. The House-Builders Federation, however, say that local authorities are in many cases still evading the net. Having examined 63 registers, they concluded that some local authorities were manipulating the rules to avoid releasing many of the best sites. They claim that in reality only 11% of all the land in the registers is available and suitable for housing. Furthermore, even with the best will in the world, the centralised records become out of date.

The system is also too dependent upon vigilance and harassment from the centre, and it must be questioned whether a large government bureaucracy, in the shape of the Department of the Environment, is really the best mechanism to ensure that the registers are kept accurate and up to date, and are compiled in a way which serves their original purpose.

Accordingly, there may be a strong case for establishing an independent monitoring unit to provide the scrutiny function on a contract basis. Experienced private-sector surveyors and civil engineers, forming a private company and sending representatives in to each local authority, could provide a cheap and efficient monitoring service. There may be a case for taking the contracting principle further down, and to require the compilation of the registers by each local authority to be put out to tender. This would reduce costs, raise efficiency, and prevent politically motivated manipulation of the rules.

Grants
Urban development grants and grants for the reclamation of derelict land are clearly beneficial. In the case of many recent reclamation programmes they have been vital to forward progress.
Naturally, the payment of any such grant has a consequence for taxation levels, but the reclamation of derelict land is a capital investment which helps expand the tax base and reduce taxes in subsequent years. There may be scope for innovative public-private financing arrangements which would make more such capital investment attractive to a fiscally cautious government.

Enterprise zones

Ministers, by pointing to the development going on within the enterprise zones and other areas given special concessions, may claim progress is being made. However, regions just outside the favoured zones frequently suffer as their most mobile industry is drawn into the zone. Hence this method of eliminating the black spots can actually produce new 'grey' spots. The question is, has zoning increased overall development? As a temporary expedient, they are beneficial since they clearly assist the worst affected areas. But it is evident that the original concept of enterprise zones, to establish test areas with radical reductions in planning costs, taxation, and regulation, has been watered down. As the economy generally picks up because of lower taxes and the deregulation of small businesses, the argument for retaining enterprise zones (really more like islands of subsidy) grows less, and thus their continuance should be reviewed from time to time.

Urban Development Corporations

Urban development corporations are certainly beneficial when they supplant anti-development and anti-enterprise councils. Progress is accelerated by the streamlined planning processes allowed and, because the corporation's efforts are focused entirely on development, more attention is paid to the needs of businessmen and present or potential residents. The example of the London Docklands Development Corporation in setting devastated areas of East London moving again after decades of deliberate blight is certainly one which should be applied elsewhere. However, as essentially undemocratic institutions, UDCs can have no long-term justification in a democratic society, and like the New Town Development Corporations, they should be given a limited lifespan and be required to dispose of their assets at the end of it.
Rates reform
The prospect of a more radical change in local property taxation has been discussed in the last chapter. The government's current proposals for rates reform, based on a poll tax and a new method of setting business rates, certainly spreads the burden of support and thereby ensures that a much greater proportion of the population has an interest in sensible financial management within their local authority - including sensible planning policies. However, the burdens on business are not likely to be changed as much as many would desire, and it could turn out that the poll tax is difficult to collect or that special interest groups clamour for exemptions that destroy the original principle. Care is therefore needed. However, while the proposed reform might produce more representative and liberal planning attitudes, the pressures for land speculation will still remain strong.

New local government measures
Derelict sites appear to cost a council nothing, but in fact they are perennial social loss-makers. Not only do they deny the economic development of their potential and their rateable value to the local polity, but their physical ugliness drives away the renewing growth essential to a thriving town. In addition, there is the cost of making them safe and policing them against vandals.

By redeening these waste lands to the commercial market, we would not merely convert them into social profit-makers, but our local authorities would reap an extra dividend as they yielded up their sale price. That price, seemingly a once-only boon, would be a consistent and annually recurring benefit to the people of an area if it were set prudently against the principal of the municipal debt. Pressure must be maintained on local authorities over the problem of urban wasteland and certain new provisions, to improve efficiency, seem justified. These provisions, which have been discussed in previous chapters, are:
(1) Local authorities should be made to produce balance sheets of all their land and property holdings;
(2) Better management of these assets should be required; and
(3) A limit to local authority borrowing should be set. Initially this limit might start at, say, nine times the gross rateable value.

Rate Support Grant modification
A local authority's entitlement to Rate Support Grant is in part determined by the gross rateable value of the area. If the gross rateable value increases from one year to the next there is a compensating reduction in grant. This is unfortunate because it reduces the incentive upon the council to encourage the development of the area. The search for a more effective system of rate support is already underway, and this seems to be an important element that must be modified in any reform.

Abolition of rent controls
The abolition of rent controls would help to solve the urban wasteland problem since new developments for private letting, which are urgently needed in most cities, have for twelve years been deterred by rent controls. Tenant accommodation is most profitable near to city centres just where the worst wasteland problems exist. The arguments in favour of rent control have been shown to be misguided by Hayek and others, but besides this, the existence of a flourishing private rented sector improves the mobility of labour, which is so lacking in the Britain of today. Of course, the threat of concerted opposition from those immediately affected by a global policy of decontrol has long made politicians unwilling to grasp the nettle. However, a more robust move to decontrol new lettings - the major problem - could have very sizeable positive effects which might then give legislators heart to do more.

Encouragement of land sales
Public bodies should be discouraged from hoarding more land than they immediately require or can sensibly make use of. Adam Smith was of the opinion that the only lands which needed to be in
public ownership were "parks, gardens and public walks, etc." It may be argued that there are other justifiable reasons for the public ownership of land, today, but the area of land presently held by public bodies far exceeds what is necessary. Not only is at least 15% of the area of the UK owned by public and semi-public bodies, but regrettably, this figure is still increasing.

Local authorities on the fringes of the metropolitan areas are still buying farmland. One reason seems to be their frustration with the DoE for overturning local authority planning decisions. Preservation of the green belts, however, is a widely supported policy and so-called "green" policies are generally popular.

The government seems now to have retreated from earlier moves to permit major new developments in green belt areas, but local authorities, determined to resist any new threat, now feel that they have an excuse for holding large tracts of land in the green belt. This is a pity because, when they own the land, their temptation to develop it is actually even greater. Thus, in Solihull, to take our example again, large areas of farmland which were bought by the council in the 1970s are now new housing estates. The people who live in them have most probably moved out of central Birmingham. Thus one can see here the classic "doughnut effect" (mentioned in the first chapter) in action, resulting simply from the fact that local authorities are still allowed to buy farmland.

Opportunity for the public to act as a catalyst
The registers of urban wasteland were set up in 1981. Although the public have had access to them, few individuals have availed themselves of this right. Environment ministers, however, could do much more to involve the public, if they were to offer individual citizens this promise: Anyone writing to the minister about a specific plot of land which has been derelict for more than two years, would be guaranteed the following action. If the land was found to be publicly owned, the Secretary of State would either order its sale or explain its imminent use. If the land
was privately owned, Section 65 of the Town and Country Planning Act 1971 (which has probably never been used) would be applied. This provision enables local authorities to order the clearance of privately owned derelict sites. However, some local authorities might find it an embarrassing law to apply if they too were shown to be similarly guilty!

New measures to streamline planning

Finally, a latter-day Solomon is needed to sort out and simplify planning legislation. Difficulties and delays must be reduced. Some measures are already in hand, but others can be tried if they fail. However, perhaps the most urgent change required is that the extent of the scrutiny and sanctions applied should be related to scale and significance of the change being sought.

Conclusion

Clearly there is already legislation in place to encourage the reclamation of our urban wastelands. Local authorities are overflowing with powers and grants to deal with the problem, but progress is slow. Coercion, it has been shown, is not inevitable, but without further changes to legislation of the kind proposed it will have to remain. The main target of further government action will also have to remain: Local government incontinence, with debts, local government intransigence, with land, and local government inefficiency, with most things.

Footnote

It is amusing to reflect that 900 years ago William the Conqueror had a better grasp of the vital importance of land to the economy than many present day planners, politicians and economists. He had better information, through the Domesday Book, about land ownership and land values than any government since. Int, he operated a unitary system of taxation, the geld, which was at once the most efficient, arguably the fairest and the least liable to evasion of any tax system yet devised. Where did we go wrong?
REFERENCES

8. Thirty Square Miles of Wasteland, op. cit.
15. Adam Smith, The Wealth of Nations, Book V, Chapter II.
17. See, for example, J. Lobbenberg, Using Urban Wasteland, Bedford Square Press 1982.