



Tony Vickers MScIS MRICS
Ashmoore House 62 Craven Road
Newbury, Berkshire
RG14 5NJ, UK

making sense of the landvaluescape

Telephone/facsimile 01635 230046

e-mail: tonyvickers@cix.co.uk

Barker Review of Housing Supply
1 Horse Guards Road
London
SW1A 2HQ

30 July 2003

HOUSING SUPPLY REVIEW – ‘MAKING DEALS IN THE DARK’

I write on behalf of the Association for Geographic Information (AGI), of which I am a founder member, although the views expressed here are my own. The AGI was not aware of this review until I was told about it by a research colleague two weeks ago and has not had time to form a considered view. Its Director has asked me to put down a marker for consultation on this subject and requests that a copy of your draft report be sent to him. AGI's address is at the foot of this letter.

The AGI exists to help maximise the use of geographic information (GI) in the UK for the benefit of the citizen, good governance and commerce. It has over 1000 members, including companies and public agencies that produce and disseminate GI, as well as GI users in all sectors and people with a professional understanding of how maps combined with computer technology can empower and assist decision making. It is accepted that over 80% of all such decisions involve GI, such as a postal address. This applies to decisions about housing and land supply.

AGI is a young organisation, formed in only 1989, because widespread use of GI has only been possible since the advent of cheap data processing and the internet. An example of how dramatic the advances in GI have been is in local government finance. When policy was last comprehensively reviewed in the early 1970s (Layfield Committee report) the national map archive upon which planning and housing decisions depend was held on over a quarter of a million glass plates in a three-storey building the size of a football pitch. Maps printed on parchment paper were only revised on a 10-25 year cycle, depending on rate of change to mapped features. Five years **after** Layfield reported, the Managing Director of one of the world's largest computer companies said he could not see why people would want PCs!

Today the entire country, at the same highly detailed mapped scales, occupies three CD-ROMs which the Director General of Ordnance Survey (OS) can carry in her lap-top case! The archive at OS HQ is maintained continuously by overnight electronic updates from survey offices. Regular users are guaranteed supply of update information within a few weeks of it occurring and house builders' plans can be held alongside 'as built' survey information.

Until this year, exploitation of the national map archive by Government was held back by lack of investment in the technology to use it, largely because of high data prices and a public sector internal market. This made GI, which isn't 'used up' like other commodities, prohibitively expensive for new applications at their start-up stage, such as detailed housing land supply studies.

There is now a Pan Government Agreement (PGA) under which all agencies in the Civil Service Year Book have free access to OS data, funded centrally by ODPM. Local government already has a similar arrangement with OS. The number of applications for GI within Central Government has increased by 40% in the first year of 'pilot PGA', as a direct result of GI becoming free.

It will be several years before some of the agencies' officials to whom your Review will look for advice are able to inform themselves and their clients from this affordable GI. Then it will undoubtedly have a knock-on effect on several policy areas. Take the example of local finance again (because that is my personal area of research). The cost of conducting regular computer-aided property tax assessments will dramatically fall and the quality of those assessments and their accessibility (through on-line Value Maps) will make any tax system based on property values more transparent.

There is a particular relevance to your Review in this example. Most developed countries have a comprehensive land management system based on a 'cadastre', with details of the extent, ownership, use and value of all land parcels. This is usually held alongside maps of the physical terrain but can nowadays be readily combined with it.

Britain does not yet have a cadastre, although the EU will almost certainly require us to have one within six to ten years, under the INSPIRE directive signed last year. Northern Ireland's Valuation and Lands Agency is committed to completing a map-based database of land ownership by 2007. Her Majesty's Land Registry (HMLR) is able, if required, to complete its computerised map-based registers for England and Wales by 2010. Scotland's Land Registers are complete and computerised but not yet map-based.

For a review of housing supply policy to be comprehensive, it seems to me that there needs to first be a national land valuation combined with completion of cadastres. To quote a leading Swedish land management expert in this month's European journal *Geographic Information Management*: "A well functioning property market is generally considered as being fundamental for economic growth and prosperity. In order for the market to function properly it is necessary to have access to information about, among other things, ownership, encumbrances and property values" (my emphases).

A major reason for Britain's deficient housing market is the lack of detailed information about housing land supply, potential use and value. As Kevin Cahill has pointed out in his book *Who Owns Britain?* last year, we actually now know less about land ownership and value than we did 150 years ago!

If the market for GI in land is failing, the market for land itself is bound to also fail. Vendors and buyers at every stage lack the information they need to achieve best value and consequently hold back from deals. This particularly applies where land is in transition between uses that carry very different values. These are the very areas where housing is most needed: inner city and urban fringes. Hence my sub-title: the market is operating in the dark!

The most common source of property value information in all countries is the property tax roll. Periodic tax assessments are largely derived from property market transaction

information that vendors, buyers, lessees and their agents have to supply the tax authorities by law. Because of the conditions of confidentiality under which this information is supplied, its use for other purposes even by Government is constrained.

GI can provide a means by which confidentiality can be protected whilst the use of the data is maximised for the benefit of all. Taking a parallel from physical mapping, surveyors record ground height at many scattered points (real ‘transactions’) but these are mapped as contours (market information, obscuring the surveyed points). By aggregating raw transaction data, applying smoothing algorithms to the ‘raw’ value surface and then displaying it in map form for public access, the market will be better informed and operate more efficiently.

Another misfortune of this country (in this context) is that our property taxes come in two different forms which are extremely difficult to map together: Council Tax (a very rough expression of capital value of housing); and Business Rates (notional rental value to occupiers). There are also huge gaps where no tax records exist, because we fail to tax – and therefore do not currently assess for tax - vacant urban land, empty buildings or farmland and forests. Again, the very areas that the housing market targets – ‘brown fields’ and low value rural land – are deficient in public-access GI.

In my own research, it has proved extraordinarily difficult to validate from public records the plausible assertion (in the book *Taken for a Ride* by Don Riley) that the construction of the Jubilee Line Extension caused property values in the areas around new stations to rise many times more than the capital cost of the project. Large areas of land in Inner London with potential for housing had no tax records for the period of interest.

This is not the place to debate the merits of different property taxes but the fact is that our tax system makes it very hard for the UK Government to assist the property market. Yet the RICS has said that a national land valuation could be carried out within the space of one Parliament and last month Professor John Muellbauer reported to Treasury that a tax based on house values (of which between 25% and 60% is land value) could be effective in dampening the rise in house prices.

Few would dispute that it is the job of governments in general to ensure that GI is made available, even if the private sector actually carries out GI production and dissemination. Sovereignty is defined by place, not by people. It has been said: “Societal GI is the next [public] utility.” In this country, central government has traditionally retained custodianship of even the most detailed GI. Therefore it is for the UK Government, which commissioned your Review, to act in this matter and enable Societal GI.

Valuers know a great deal about the market in all types of land and property and only need leadership and legislation from Government to adjust their practices, such as when and on what terms to supply value information to whom. There are private sector sources of property value information and the business of assembling and selling GI products to the property industry is growing. However lack of a cadastre has resulted in a severe shortage of GI skills among potential users of land value data. My own University at Kingston is possibly the first in the UK to introduce GI to the curriculum of undergraduate valuation surveyors. In Australia, North America and most of Europe, cadastral work using GI is the bread-and-butter of large numbers of surveyors.

I will conclude this brief overview of the potential role of GI in housing supply and the status of GI in this country with an assertion. However thorough your Review is there will remain some doubt as to its validity in the absence of information about land ownership, use and value to match the excellence of OS’ physical maps. We are bound

by EU law to get there in the end, probably within ten years. If your Review acts as a spur to Government to step up the pace of applying GI to the property industry, I am sure AGI will want to assist.

The address for AGI (Director: Mark Linehan) is:

Block C, 4th Floor
Morelands
5-23 Old Street
London EC1V 9HL

Tel. 020 7253 5211
Fax 020 7251 4505
email info@agi.org.uk
Web: www.agi.org.uk

I attach my own CV. References to the documents mentioned above can be supplied. Most of them relate to my ongoing PhD research project at Kingston: ***Visualising Landvaluescape: Developing the Concept for Britain***

Yours sincerely

TONY VICKERS