

# Centre for Land and Natural Resource Policy Studies SA

RESOURCE ALLOCATION · VALUE CAPTURE · TENURE ANALYSIS

Notes For Parliamentary Hearing  
2 November 2004

Graph of Land Prices in Japan

Can every South African afford to buy land?

Under indigenous law (prior to van Riebeeck) there was no sale of land but it was available for use. Land was abundant and there was more than enough for everyone to live off the land and build themselves a house.

Land starts to have a value where there is not enough to go around. Newlands and Rondebosch are popular. More demand for land than there is. Why does a plot in Newlands now cost up to R2m? What are the generators of land value?

Lands prices are due to nature, good government, public infrastructure and services and the growth of settlements.

AGENCIES	VALUE TRIGGERS
Nature	Views, weather, fertility, rivers and oceans, habitats and the spectrum
The State and Provinces	Good economic policies, low inflation, police, defence, national roads, hospitals, schools, airports, public transport, harbours and airports, telecommunications, electricity generation and distribution, title deed security departmental services.
Municipalities	Local roads, services and amenities-and their proximity.  This includes the City plant and equipment and pipes and all the Departments and offices without which there would be no City to support land values.  The consumption of water, electricity and drainage does not generate land value.

Land prices are not influenced by land owners.

What happens is that the attractiveness of the City and its amenities increases as more is spent on improving it and maintaining it.

The prices which are generated by nature and the community benefit the owners of land. This is a gift from the community to the owners. My house price has increased by nearly ten times since 1994 without any effort on my part. It is like I have been given money by others and that is what has happened.

At the same time that I profit from this bounty the state takes it away (or part of it) through taxes on my labour, savings and trade.

The state does not have to do it this way. It could relieve me of all my taxes but charge me for the use of my land. Like rates and taxes.

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In this way land will have no selling value but a charge which reflects the advantages and disadvantages of ownership. No selling value means much, much easier access to land for houses and smallholdings

So the Ministry of Housing and the Ministry of Land Affairs can devise all sorts of scheme to make it easier to deliver houses or to gain access to land but in fact the Minister of Finance holds the key to these land reforms.

And why not? The preamble says that South Africa belongs to all who live here and that everyone is equal. We cannot cut up SA in equal portions but it is possible to make the cost of entry affordable to everyone if Mr Manuel stops favouring land investments above work, savings and trade

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