

A Fairer Basis for Assessment

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ISUPPOSE the most striking feature of the Government's Green Paper on "The Future Shape of Local Government Finance" must be the fanatical lengths to which it goes in condemning land-value rating. Another feature is the faint praise given to rating empty property.

The advantages of the present system of taking revenue for local purposes are:

1. The rate is easily and cheaply collected.
2. The incidence is certain and evasion is impossible, and it automatically apportions itself among all contributing members of society, whether they receive the demand or not and whether they pay rent or give services for accommodation.
3. So long as assessments are fair as between all classes of ratepayer, it bears equally, so as to give no citizen an advantage nor put any at a disadvantage.
4. The list of assessments is open to public inspection and objection, with rights of appeal to the local valuation officer, local valuation court, Lands Tribunal and (on points of law only) the High Court.

The disadvantages are:

1. Improvement of property and economic use of land and services are penalised, and fixtures, fittings, plant and machinery, instruments or tools in the production of wealth are taxed to the detriment of the nation's growth.
2. Valuation tends to fall behind progress all the time because having to assess improvements as well as land results in whole classes of ratepayers being under-valued and produces an excessively high rate in the £, thus penalising those whose property is correctly valued.
3. The function of the Inland Revenue valuation officer is to value but not to seek out alterations in user or improvements made between preparation of valuation lists. The rating authority constantly fails in its duty of keeping him informed of alterations—or it may be unaware of them because they are not visible externally.
4. The effect of the definition of "gross value" for rating purposes is that the valuation officer must value what he actually finds on the site by reference to what the "hypothetical tenant" would be likely to agree with the "hypothetical landlord." So we may find, in metropolitan London, a football stadium, occupying nine acres of land, worth perhaps £450,000 without considering fixtures, fittings, plant and machinery, and with accommodation for 65,000 spectators, valued at £9,250 rateable, while a nine-acre estate of local authority flats

nearby may be valued at £40,000 rateable.

The *Peachey Corporation* case in the High Court; *Garrod v. Smith* in the Lands Tribunal; and the three cases known as *Ende v. Merriman and London Borough of Hackney and Others*, April 29, 1966, February 17, 1969, and October 20, 1969, respectively, have all shown the unsatisfactory state of the valuation lists as actually compiled. Your readers can refer to the last of these three cases and to the *Peachey Corporation* case to see what the valuation officer for Hackney claimed was the reason for under-valuation of the valuation list as relates to local-authority-owned and privately-owned post-war blocks of residential flats to a little more than half of the values actually passing in terms of "gross value."

In proceedings before the district auditor recently, the town clerk for Hackney stated that there are some 33,000 local-authority-owned flats, almost all of post-1930 construction. Taking the average accommodation of each at 2.9 rooms, I should put the total rateable value at about £3.5m. out of a total rateable value for the whole borough of nearly £15m. So they must be providing nearly a quarter of the total rates of the borough. If one adds to this all flats of post-1930 construction, the occupiers must be finding at least one-third of the total rates.

I have carried out a survey of 98 acres of Stoke Newington in the London Borough of Hackney, on the basis that the rateable value is to be taken as 6 per cent of the freehold value of the site in the period 1962-63. The summary is as follows:

	£
Present Gross Value	321,369
Present Rateable Value	245,359
Freehold value of sites	4,726,320
Rateable value — 6 per cent	283,154

Ignoring the public library and the primary school, the post-war purpose-built property in the area surveyed consists of 12 blocks of council residential flats, three blocks of privately-owned residential flats, a 200-room hotel with restaurant, banqueting, assembly and cafe facilities, and parking space for about 75 cars. These purpose-built properties occupy 12½ acres of land (measuring into the middle of the road) or about 1/8th of the total land-area, and about 1/12th of the total foot-run of frontages, but they are bearing more than 1/4th of the total rates at present.

This survey was carried out in terms of a proposed Bill which I have drafted for Parliament making a simple adaptation of the General Rate Act 1967 to land-value rating without altering the law of either valuation or rating. Readers can have a copy on application to BCM/TAE London, WC1V 6XX. Under this system, the survey indicates, post-1930 dwellings of four living-rooms or fewer would have reduced rateable values.

Readers who have seen the report on the Whitstable Survey made by the Rating and Valuation Association some years ago will not need any help from me in refuting fallacy after fallacy expressed in the Green Paper.

The above appeared as a letter in *The Estates Gazette*, September 25.