

## IMPORTANT NEW DEVELOPMENT IN EAST AFRICA

### Capital of Tanganyika Adopts Land Value Rating

Since January 1, 1953, the local rates in the municipality of Dar es Salaam are being levied entirely on the value of land, all buildings and improvements being exempted. This reform has come about through the passing of the Local Government Ordinance which received the assent of the Governor on June 19, 1952. By that enactment, all municipalities and townships are empowered to assess the rates upon the "unimproved value of land" or, if desired, on the value of improvements.

The "unimproved value of land" is defined as: "The sum which the unrestricted freehold interest in such land together with possession thereto, if unencumbered by any mortgage or any charge thereon, might reasonably be expected to realize if brought at the time of valuation to voluntary sale on such terms and conditions as a *bona fide* seller might be expected to impose if the improvements, if any, thereon or appertaining thereto had not been made. The unimproved value of land shall include any value due to any licence, wayleave, easement, royalty, privilege or concession attached to the land for the time being."

After careful consideration, and on the advice of the Town Clerk and Municipal Treasurer, the municipality of Dar es Salaam boldly decided to scrap their old and inequitable "annual value" or "house tax" system of rating and to levy rates as from January 1, 1953, purely on the unimproved value of all land within the municipality. This meant that owners in future would be assessed for rates only on the market value of the land owned by them—irrespective as to whether it was built on or not—one of the main objects being to expedite development of large areas of valuable building land often held for speculation or occupied by shacks.

Meanwhile, Government, which is responsible for all valuations under the Ordinance, had with commendable foresight set up a central valuation office as early as April, 1950; and by August 1, 1952, the draft roll of Dar es Salaam had been completed without undue difficulty and laid before the local authority for inspection and objection. (There is one flaw, or departure from principle, in the Ordinance, namely, that agricultural land, the unimproved value of which does not exceed £150 per acre, is exempt from rates, a distinction as between the land value of one kind, or use, of land and another for which there is no justification.)

Dar es Salaam comprises some 32 square miles (partly sea and swamp) and has a mixed European, Asian and African population of about 100,000. Land values vary from less than £100 per acre on the outskirts of the city to more than £100,000 per acre at the centre, and have risen dramatically in recent years.

The total capital *taxable* value of the land (that is, apart from improvements) is £7,519,810 and the rate being levied is 1 per cent for the first six months and  $\frac{1}{2}$  per cent for the remaining six months of the year 1953. The Town Treasurer, in a report, has provided the following table of certain typical properties, comparing the impact upon them of the old and the new rating systems:

Description of Property	Rate paid in 1952 Old basis Shillings	Rate paid in 1953 New basis Shillings
(a) Old but substantial 2-storey departmental store in best commercial area ... ..	3,742	7,177
(b) Old but substantial 2-storey bank in best commercial area ... ..	1,110	2,028
(c) Modern 5-storey hotel on restricted site in good commercial area	12,379	1,465
(d) Old dilapidated 2-storey house and shop in good commercial area ... ..	395	733
(e) Old but substantial 2-storey hotel in good commercial area, extensive site ... ..	5,197	9,733
(f) Vacant site in best commercial area ... ..	nil	1,819
(g) House in second-class commercial area, restricted site area ... ..	196	198
(h) Superior residence in best outlying residential area ... ..	1,411	600
(i) Bungalow in poorer residential area, with limited services ...	347	120
(j) Large freehold block of building land ripe for development ...	nil	33,600
(k) Substantial 2-storey bank in good commercial area ... ..	5,931	6,796

We take the foregoing information from the statement ably given by Mr. P. H. Miller, A.R.I.C.S., in the August 31 issue of the fortnightly *New Commonwealth* and we are indebted to Dr. H. Martin-Leake, of Cambridge (himself a resident for some time in Tanganyika), for calling our attention to it. A picture shows modern 4-storey buildings in course of erection replacing shacks of the poorest description. Mr. Miller in his article remarks: "It is obvious from the table (of comparisons) that owners of valuable undeveloped plots—or of poorly-developed plots—have every incentive to develop fully, and this is now happening to the benefit of all concerned. Old bungalows still remaining in the centre of new commercial areas are being replaced by multi-storied buildings as indicated in the picture. There is now a tendency for undeveloped land to be forced on to the market, and, as a result of a much wider impact of site-rating, the owners of fully-developed commercial and residential properties have benefited considerably from reduced rates. Experience in Tanganyika has proved that the change-over from the old gross value system to the new unimproved site-value assessment can be carried through without great difficulty."

### A GREAT VICTORY IN NEW ZEALAND

As we go to press, we have the cabled news from Dr. O'Regan, President of the New Zealand Taxation of Land Values League, that as the result of a poll of ratepayers taken on October 31, the CITY OF DUNEDIN now alters its basis of local taxation so that the rates are levied on land values only, houses and other buildings and improvements being completely exempted. Dunedin now joins the great majority of the boroughs (104 out of 137) that levy rates on land values. Congratulations to our co-workers by whose indefatigable efforts this striking success has been achieved.