Multi-Occupied Houses and High Rise Flats— Apportioning the Rates

(Answer to an enquiry)

IN the Jan./Feb. issue of LAND & LIBERTY, with its notes on the comparative Whitstable surveys of 1963 and 1973, I can find no answer to two particular objections:

1. In areas such as Southall, even within the Council's upper limit of heads per house/toilet, considerable variations will occur in the numbers from house to house in an absolutely comparable series of house-sites. It is unclear to most people how site-value rating would be any fairer than the present system; rather they consider that rating should take numbers of occupants (and therefore users of council facilities) into account, not just the value of the site or the rentable value of the house. Two houses with the same rentable value might have three to seven occupants respectively. Why should they pay the same rates?

2. The same principle or problem arises with blocks of flats, especially high-rise blocks. The ground area rateable under site-value rating would have to be at the rate of adjacent housing of the two-storeyed type and would give the owners a vast bonus, compared with the owners of such houses. For the ground area of two houses they might be drawing rents from twenty families.

Perhaps I have not correctly understood the detail of the SVR proposals but I find no answer to this point in the Jan./Feb. issue.

Taking the two points raised in turn:

1. Site-value rating in no way conflicts with the principle that individuals should pay equally for local services received — provided one accepts the equally valid principle that the value of land is brought about, sustained and increased by the presence, activities and enterprise of the community generally and by the expenditure of public money on roads, highways and other public services. Remove all the foregoing and you have a virtual desert with no land value at all.

Since land value is a public value (buildings are a private value) it seems only proper that the value attaching to land or sites should be shared equally among the community who create and maintain it. Rather than make an actual distribution of this land value, what better way than to use it as revenue to pay for local services that will be equally (or fairly equally) enjoyed?

The site-value rate, it must be remembered, is not merely *based upon* site value, it falls upon the *owner of the site,* in proportion to his landholding or his interest in landholding. Non-landowners are exempt.

2. It is correct that two adjoining sites of equal value would attract the same site value irrespective of how they were developed — provided the owner of the site with the smallest development had planning permission to develop to the extent that his neighbour had, e.g. to put a block of flats on his cottage site. If no permission were forthcoming then the *existing site use* would be the basis of the valuation for a site-value tax.

If planning permission were given, then it would be up to the owner to take the fullest advantage of his opportunities — as he almost certainly would do today without a site-value rate, unless he was holding off in anticipation of selling at a high price.

There is another point. Under site-value rating the developer of the high rise block of flats, knowing that the site-value rate would be shared among the flat owners and would for each be relatively less than for a house, would include this "bonus" in his price. Putting it another way, the flat developer would say to the tenant or prospective purchaser, this is a very modern flat, it has lifts, it has refrigerators built in, etc. and then he would add to the advantages he was enumerating the fact that it attracted a very low site-value rate. In short a flat dweller, although paying a lower rate, would have paid a higher price for his flat or would be paying a higher rent for his flat as the case may be. Then of course it must be remembered that the site value which comes to the landlord via his rent would be paid over in part in his site-value rate liability.

LARGEST LAND LEASE

R. Gary Barth, — *Real Estate Review*
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IN A NEGOTIATION which took eight months to consummate and was preceded by several years of technical preparation, Columbia University, the landowner, and Rockefeller Centre, Inc. (owned by trusts set up for the Rockefeller family), the tenant, reached agreement in late October 1973 on the renewal of the ground lease on the 11.7 acre land tract in midtown Manhattan which is the site of the world-famous building complex. The agreement resulted in the first substantial change in the $3.8 million annual ground rent since John D. Rockefeller Jr. and Columbia entered into the lease in 1928.

The transaction was unique in many respects. It