

EXTRACTS FROM THE VALUER'S REPORT

The valuer's report consists of an introduction, an examination of the problem, the definition of site value that was used as the basis of the valuation, the field work and the valuation itself. There follows a comment on individual types of property, how the valuations were arrived at and a general exposition of valuation methods used. There are various appendices which describe some of the techniques used.

The valuer was at pains to state that his job was purely objective, to the extent of ignoring completely the merits or otherwise of site-value rating. Indeed, as he says, it could not be otherwise. Below are some extracts from his report, which are printed here by kind permission of the Land Institute, but readers are directed to the full report for a comprehensive view of the whole project.

THE FIELD WORK

THE field force consisted of six men, working in three pairs. Only one person had any previous knowledge of land measurement. The principles were grasped by all in one day of instruction and demonstration. Skills obviously increased as problems were met, discussed and overcome.

The field work started on 22 January 1973 and was completed in seven weeks except for one or two minor areas of new development for which the developers' plans were awaited from the local authority, and one or two agricultural areas, definition of which could only be completed by making appointments with individual owners.

The enormous saving in man-hours of field work, when compared with 1963, was due to two main factors:-

- (1) The availability of the 1963 survey work.
- (2) The use of a small but permanent, trained team.

Were site-value rating to be adopted, then of course constant and current revisions of land units, planning permissions, etc. would take place. We simply took the 1963 maps and details, "walked the streets" and identified the changes

If one makes the best comparison of man-hours spent in 1973 with those of 1963 the calculation would be as follows:-

1963 Volunteer labour: average field force of eight pairs doing a five-day week, but effectively doing a three-and-a-half day week (the first one-and-a-half days spent learning the job)

Time taken: 20 weeks

16 men x 5 days x 20 weeks = 1600 man days.

1973 Permanent staff: field force of three pairs doing a five-day week.

Time taken: 7 weeks

6 men x 5 days x 7 weeks = 210 man days.

While the field force were working, the indoor team consisted only of the draughtsman, two calculators, one administrator and a typist.

As the field work was accomplished so it became possible to bring one pair of men into the office to assist in clerical duties; one man ceased employment. The qualified surveyor acted as co-worker with the draughtsman and eventually the last pair were brought in to assist in calculations, clerical work, etc.

I was instructed in January 1973 by the Secretary of the Land Institute to do a new valuation of the Urban District of Whitstable on site value methods. To recapitulate briefly I had been previously instructed in 1963 by the Rating and Valuation Association to do a similar exercise then.* The intention then had been to prepare a site valuation list more or less at the same time as the appearance of the 1963 revaluation on the orthodox rating methods as done by the Valuation Office of the Board of Inland Revenue.

My instructions in 1973 were to do the exercise again but I was permitted by the kind permission of the Rating and Valuation Association to use the information, details, statistics etc. which I had prepared in 1963.

The field work was done with notable speed. The small indoor team, certainly, equipped with electronic calculators, produced results much faster than the corresponding staff managed ten years ago.

At an early stage in the exercise it became clear that the decision to have a small permanent field force rather than a volunteer one, as at the previous valuation, was paying dividends because the men, once trained, became highly expert, quick and efficient at dealing with the problems that they met on their inspections. It also became clear that the details of the 1963 survey were invaluable in forming the background to the 1973 exercise. What had taken many weeks of arduous labour in 1963 became a simple operation in 1973. That part of the town in which little alteration had taken place by way of land unit boundaries was completely surveyed in a matter of a few days.

It must further be placed on record that the assistance of the Whitstable Urban District Council, both members and officers, was greatly appreciated. They were able to provide developers' plans of estates and layouts for those areas which were not on the ordinance survey sheets and these were of great assistance. We were also able to obtain a mosaic of a 1972 aerial survey of the town.

Work started in January 1973 and was substantially finished in three months. Certainly the office work

* *Rating of Site Values: Report on a Pilot Survey at Whitstable.* Rating and Valuation Association, London, S.W.1.

continued, but it was only final adjustments which had to be made thereafter, and of course the final typing.

There was one essential difference between the 1973 exercise and that of 1963. In 1963 I was given a definition on which to work. This definition was taken verbatim from the old London County Council Site Value Rating Bill of 1938.

I made several quite strong criticisms of the 1938 definition. The prime one was, in essence, that it had been drafted at a time before the crucial 1947 Town and Country Planning Act. Because of this and other criticisms recorded in the 1963 report I was instructed in 1973 to draft my own definition, after appropriate consultation, and, having drafted it, to submit it to the Land Institute Council for their approval. This was done: only minor amendments were found to be necessary.

Naturally the definition was also discussed with a number of interested and experienced persons and comment was encouraged from those with professional skill in the law, valuation, planning and administration. All but one agreed that the old 1938 London County Council definition seemed inappropriate.

Whilst it might be easier, and perhaps a little fairer, to use capital values, the instructions were quite clear and the production of annual values was a straightforward valuation exercise. The proposition behind site-value rating is that the *owner* should pay on the *site value* some form of taxation levied locally or nationally. The definition of owner must include the person not necessarily in rateable occupation as we know it at present.

The valuer has to have regard to a mass of evidence, included would be:-

1. The county development plan and
2. The town map: both presumably approved under the Town and Country Planning Act 1947.
3. Legislation generally.
4. Conservation areas approved or in published draft under the Civic Amenities Act.
5. Building preservation orders, tree preservation orders, building preservation notices, lists of buildings of special historic or architectural importance, both main and supplementary.
6. Government policy—"South East Study".
7. Government policy evidence by Ministerial appeal decisions.
8. Policies (stated) of the local and county planning authorities.

This list sounds more formidable than perhaps it is in practice. It is twenty-five years since the 1947 Act received Royal Assent, and town planning is a progressive science. Of the eight points, all except item 7 are of matters that have been sanctioned. In practice it is considered that the valuer will be able to make his own enquiries of the local planning authority for each site and, with comparative ease, determine the town planning position from the factual evidence.

Certain broad policy statements will be ignored by the valuer as they must involve "hope" value and not assist any site value determination as a result of dele-

gated powers. With all policy statements the valuer must determine as to whether the statement is a 'puff' or a solid fact directly affecting the immediate site value.

It is crucial to the valuer to regard positive town planning restrictions as limiting the site user of any

For clarity it is perhaps better to re-state that the purpose of rating site values is to tax ownership and not occupation though they very often overlap.

site just as much as increasing the potentialities of under-developed sites.

Town planning restrictions will not affect supply and demand unless the restrictions are backed by statute, or the equivalent.

It is submitted that any statutory 'guidance' as to the use and intensity of use of a site amounts to a restrictive covenant on that site.

If this loose definition is accepted, a great number of the difficulties and criticisms of the previous Whitstable report are negated. For example:-

1. Land on which lies a listed building is valued as if only that building—in terms of bricks and mortar—would be erected upon it. User may not be restricted but the "bricks and mortar" is.
2. In most cases churches are valued as clear sites with regard being paid to surrounding sites. Consecrated ground might (by statute) be in a different category for valuation but some churches in central areas have been demolished and redeveloped indicating that normal site values do in practice exist for such sites.
3. Private open spaces are valued exactly as green belt land, i.e. land with a restrictive covenant that the land shall not be used other than, say, for publicly accessible gardens or a golf course.
4. Public open space zoned land *owned* by a local authority is in no different category to 3 above. Values, on existing use bases, may differ, but they are limited by the fictional restrictive covenant limiting the use to public open space. This is not in practice much different to a field on the edge of a town designated as being within the green belt.
5. It may seem at first sight that land zoned as a public open space but not owned by the public is an anomaly. The valuer in my submission should not have regard to any alternative certificate of value. If the owner stands to get more compensation simply because his land is zoned as public open space rather than green belt, then this is a fortuitous result of legislation, *not* a matter that should be taken into account in assessing site values — for this exercise.

The valuer's problem is not too easy. If land is designated for development, the position is very clear. There will be many cases where appeal decisions, etc. indicate hope for redevelopment. It is a matter of *fact* alone for the valuer to decide whether the evidence should be ignored simply because it indicates "hope" value.

If these premises are accepted, the balance of the problems caused by, say, tree preservation orders fall into perspective. If they restrict the site value it must



be valued with that disability. The valuer must value as to hard facts at the date of value and as a matter of fact ignore the likelihood of the order being set aside or continuing — because an order is effectively backed by statute until challenged by way of appeal.

If an acre site is restricted because of an ancient cedar tree then if a tree preservation order has been confirmed by the Minister, the valuer's duty is quite clear. If the order itself is subject to an undetermined appeal the valuer must determine on facts alone and consider the order binding. In practice if he is wrong then an appeal would lie against his assessment.

In conclusion the valuer therefore sees 'Town Planning' as imposing site restrictions or limitations. The line between hard facts and high hopes is faintly drawn but it is the valuer's duty to value on the facts as he sees them, *not* to prognosticate as a town planner.

THE DEFINITION

After consultation with the Land Institute a working definition was agreed as follows:-

The annual site value of a land unit shall be the annual rent which the land comprising that land unit might be expected to realise if demised with vacant possession at 1st April 1973, in the open market by a willing lessor on a perpetually renewable tenure up on the assumption that on 1st April 1973:-

- (i) There were no buildings, erections or works on or under the land unit except existing roads adopted by a public authority and existing public utility services.
- (ii) There were no encumbrances on the land save those registered under the Land Registration Act 1968.
- (iii) All planning considerations relevant to the development value to be reflected in the annual site value have been taken into account.
- (iv) Subject to (v) below there was not upon or in that land unit anything growing except grass, heather, gorse, sedge or other natural growth.
- (v) In the case of agricultural land, the land was unimproved and in a state and condition such that, under the provisions of the Agricultural Holdings Acts, neither claim nor counter-claim would arise upon a change of occupancy.

All these valuations however, produced capital values and these had to be converted to rental values *without* factual evidence of the relationship between the two. In 1963 rates of interest were comparatively low; in 1973 very high. The years 1972/3 saw some remarkable gymnastics in property value and yields. The argument could have gone on for ever but an *ad hoc* decision had to be taken, and eventually a flat six per cent return throughout was used. This percentage

A large number of transactions in real property were analysed, and the basic values for different localities. In a small town like Whitstable, with a population of about 25,000, land is sold per foot frontage and per plot. A mass of evidence was found relating to the sale of side plots which had been utilised before as gardens.

LAND VALUATION TOTALS

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| Orthodox List as at June 1973 | £2,703,667 |
| Site Value List | £3,695,589 |
| Site Value Excess | £ 991,922 |
| Agricultural Dwellings etc. | |
| Orthodox List | £ 3,520 |
| Agricultural Land etc. | |
| Site Value List | £ 32,569 |
| Site Value Excess Agriculture | £ 29,049 |
| Overall Site Value Excess | |
| Excluding Agriculture | £ 955,066 |

ties in with general commercial practice in March 1973; is capable of being reconciled with ground rents charged on shop and office redevelopments; is well within the limits found on analysing rents for housing land and land available for flats; and above all is acceptable within the decision and the judgements in Williams (V.O.) v Cardiff City Council at the Lands Tribunal in 1971 and, with the parties reversed, at the Court of Appeal, 1973 (R.A. vol 46).

Houses

There are a number of houses which have been recently bought and sold. There were a number of large gardens that have recently been sold off for development and there was no difficulty in dealing with the site values of residential properties. Strange to say the difference between sites on made up as opposed to unmade, unadopted, roads was very much less than the estimated cost of making up those roads to Private Street Works Acts standards.

THE AGRICULTURAL FRINGE ON THE URBAN AREA

In this general locality there has been an upsurge in the last ten years of riding schools, of land used for the grazing of horses and ponies and high rents are being paid. More recently there has been a sudden influx of sheep and cattle into the area and indeed there are more animals "on the marshes" now and indeed elsewhere than there have been for many years.

Clearly the land is being used to a greater intensity and the fringe land is comparatively more valuable.

LAND SCHEDULED FOR DEVELOPMENT

A great deal of the 1963 land that was coloured "pink" on the town map has now been built on. Some un-coloured land was included in the 1963 valuation as ready for development in the belief that planning permission would have been obtained had it been asked for. This is contrary to the basic principles of site-value rating, as explained earlier, in that a use cannot be taxed until that use is legally permissible. Therefore this approach has not been used this time. Consequently some land that was valued in 1963 as available for building this time has been valued as agricultural fringe. In 1973 there is comparatively little land scheduled for development which is left unbuild on. The Town Map is out of date, has been amended from time to time by the Minister on appeal, and has been regarded more as guidance than cast-iron doctrine.