

SVR would cost more to operate, be more difficult to levy and would need larger staffs to administer than the present rating system.

None of these charges can be substantiated. Hector Wilks, the professional valuer who conducted the Whitstable land valuations, said "It is clear to me that the field work involved in valuing site only is very much less than valuing site plus improvements. . . the speed of the work in the office is considerably greater than on the orthodox method."

The Valuer General of New South Wales has stated that having to value sites only would enable a revaluation to be carried out every two years. When buildings also had to be valued (for separate levying of water rates) it was possible only every six years.

It would be easier to evade payment of rates under site-value rating.

Land cannot be concealed, and the size of a plot cannot be misrepresented. There would be no opportunities for evasion. If the owner could not be traced, the rates would become a charge against the site, to be recovered at a subsequent sale, if necessary, a compulsory sale.

Because land values are rising so quickly, it would be impossible to obtain a uniform country-wide valuation. Market values at the end of the revaluation would be higher than those at the beginning.

The tendency could well be the reverse because under SVR vacant land would no longer be free of rates and, anticipating this, there would be an increase in the supply of land coming on to the market which would tend to keep the price down.

In any event, the valuation need not take long to complete if carried out simultaneously by local surveyors in private practice as agents for a Central Board of Assessments, as is done in Denmark.

(One way to achieve a valuation quickly is to require each land holder to submit his own valuation to the local authority. This would later be checked by the valuer, and any under or over payment of rates adjusted. This was the method used to introduce the Commonwealth Land Tax in Australia in 1910.

Frequent revaluations would be expensive, and if valuations were not frequent, relative values would get out of line.

Frequent revaluations would involve less work as more values would remain unchanged in the shorter period and there would be fewer physical changes (subdivisions of land, etc.) to deal with.

To simplify revaluations, it is only necessary to require that particulars of every transaction in land, including of course the price or rent agreed, together with all planning permissions affecting land use, be notified to the local valuation authority. This would

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cut down considerably the work at the revaluation.

Between valuations a site-owner would be able to apply for a re-assessment if the value of his site were substantially affected by the opening of a by-pass, closing of a street to traffic, etc.

Who would receive the rate demand, land owner or occupier?

The rate demand would continue to be sent to the occupier, and where he was not the owner he would pay the full amount of the rate to the local authority and would then deduct the land owner's share of the rates from his payment of rent. The land owner's share of the rates is:

Ground rent actually received	X	Amount of rates demanded

Assessed annual site value		

The problems of site valuation might well lead to serious difficulties.

"It seems to me as a valuer that the difficulties are likely to be no more complex nor intractable than those met and solved under the present orthodox system. In Whitstable perhaps 99 per cent of sites were valued without difficulty." - Mr. Wilks, valuer of Whitstable, in his 1963 Report.

Site-value rating is in operation in various parts of the world; in these countries any difficulties are satisfactorily overcome.

Evidence of actual site value is scarce.

There was sufficient evidence of site value in Whitstable in both 1963 and 1973 for Mr. Wilks to make a complete site valuation of that town. In his 1963 Report, Mr. Wilks noted: "There was a welter of evidence of selling prices of vacant plots of land in the residential areas." Where direct evidence is not available, as it was not in the shopping centre of Whitstable, site value can be computed by other methods. These were explained in Mr. Wilks' report.

In contrast, evidence of the rental value of houses as required for the present rating system, is almost non-existent. This lack of evidence of house rents was given as the reason for postponing the 1961 revalu-

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ation for two years.

Valuation for site-value rating differs from valuation under the present system in that the hereditament under the present system is the property as it stands, whereas in a site valuation the valuer has to visualise the hereditament as different from what he sees, i.e. without the buildings. For this reason a site valuation is likely to be less accurate.

This is not true. Under SVR, the hereditament is the site, and the site is there whether covered with a building or not. Removing the buildings in the imagination does not make the valuation artificial - it is the site that is being valued. For reasons given elsewhere, a valuation of sites would be more accurate than a valuation of buildings.

Valuing on the basis of the potential worth of the land only is a hypothetical exercise which can lead to misunderstanding and unfairness.

Valuation is the art of ascribing a value to a given property on the basis of known values for similar properties. This is the basis on which a valuation for SVR would be done, and valuations under the present rating system are done. However, the valuation for SVR, of land value only, would produce much more accurate results, for the following reasons:

The value of a plot of building land, given a certain planning permission, depends primarily upon its location, its size and its shape. Once the value of certain plots is known, from actual sales or lettings, the values of other plots can be determined largely as a matter of arithmetic. As long as unit land values are correct and calculations are correct, the value of each plot must be correct, both absolutely and in relation to other plots.

This is not true of buildings, however, for the number of variables is so great - size, floor area, method of construction, standard of fitting out and decoration etc. - that no accurate valuation can be made without visiting each individual property. This the valuer cannot, and does not do (for present rating valuation) as can easily be verified by visiting a few properties with a copy of the valuation roll. Enormous discrepancies are obvious even to the layman.

There is no question but that a site valuation would

be much more reliable than valuations under the present rating system.

Neither would it be hypothetical (in the mis-used sense of that word) for the valuation would be founded on, and related to, actual market transactions. In Britain, as opposed to other countries where site-value rating is in operation, considerable difficulties of valuation would arise because of:

- 1) *the complicated system of land tenure*
- 2) *the artificial restrictions by contract or by statute which inhibit the full enjoyment of the development value of land*
- 3) *the imprecise nature of Development Plans, which must of necessity remain flexible*
- 4) *the lack of reliable evidence upon which valuations can be based.*

None of these need present any serious difficulty.

- 1) There is no complicated system of land tenure. In England and Wales all land is either freehold or leasehold, and whether it is one or the other makes no difference to its full annual value.
- 2) The value of land can be restricted by covenant or by statute, but this is true today, without SVR. This land is readily valued if it is to be sold or leased today. Land has always to be valued in the light of any restrictions affecting its use.
- 3) The present planning system, particularly the designation of areas for development in the future, might cause some initial difficulties, but certainly not insuperable ones, and these difficulties should not last long. The problem arises at the moment only because demand for land so exceeds available supply. If effective supply of building land is increased - and this is one of the side effects of site-value rating - the problem becomes much less acute because "hope value" will largely disappear. SVR does not militate against flexible planning.
- 4) There is far more reliable evidence of land values than there is of rents for valuation under the present rating system.

Proponents of site-value rating have often said that a valuation of site values is easily done if scientific methods, i.e. land-value maps, are employed. However, land-value maps do not in themselves make difficult valuations easy nor do they provide a substitute for evidence of actual transactions as a basis of valuation.

No one claims that the use of land-value maps makes valuation any easier. Such maps are merely an administrative convenience, and allow the valuation to be shown pictorially and comparisons to be more readily seen. Neither, of course, do they make good a lack of evidence, but, as has been pointed out elsewhere, there is no overall lack of evidence of land values.