

city, and as they will be useful in considering how these two systems operate elsewhere we reproduce some of these figures below.

Improvement Ratios of Classes of Building

Class of Building	Value of Impvts.	Value of Land	Ratio of Impvts. V. to Land V.
Lowest and Highest Improved Buildings	(Average)	(Average)	(Average)
100 Lowest	1,861	6,235	15.13
100 Highest	20,253	2,148	943.37
Buildings Benefiting Most Under Each System			
100 most under U.L.V.	45,739	10,760	421.00
100 most under Capital	31,265	22,599	49.59
Office Buildings			
12 Modern	56,038	27,631	311.37
15 Old	15,936	21,449	59.75
Blighted and Slum Buildings			
40 Blighted Buildings	512	3,251	15.75
40 Slum Buildings	72	387	18.71
Residential Properties			
73 State Houses	1,024	159	645.00
126 Average Houses	3,026	295	351.00

It is seen that there is a very wide range in the improvement ratios. The types of buildings which each municipality wants are those with the highest ratios, while the blighted and slum properties, which any municipality should want to discourage, have very low ratios. In these slum buildings the value of the improvements is only a small fraction of the value of the site itself.

Clearly the rating system that is best will be the one that encourages the buildings with the highest ratios and discourages those with the least ratios. It may be noted that the residential properties in the list have relatively high improvement ratios.

The rates which would be payable under these two systems for each of the groups are given below:—

Payable Under U.L.V. and Capital Rating Systems

Class of Building	Average Rates (U.L.V. System)			Average Rates (Capital System)		
	£	s.	d.	£	s.	d.
Least and Most Improved						
200 Lowest Ratios	232	0	0	108	0	0
100 Highest Ratios	87	0	0	297	0	0
Buildings Benefiting Most						
100 most under U.L.V.	386	0	0	773	0	0
100 most under Capital	785	0	0	469	0	0
Office Buildings						
12 Modern	972	0	0	1548	0	0
15 Old	1106	0	0	645	0	0
Blighted and Slum Buildings						
40 Blighted Buildings	124	0	0	51	0	0
40 Slum Buildings	13	12	8	5	5	4
Residential Properties						
73 State Houses	5	16	4	16	19	6
129 Average Houses	10	10	0	17	19	6

It will be seen that in each of these classes the most improved properties (those with high improvement land value ratios in the previous table) are favored under the system of rating land values. On the other hand, these highly improved properties are heavily penalised under the capital or annual value rating systems.

The buildings which are most favored under the capital or annual value systems are those with the lowest improvement ratios. That is, the most decadent slum properties, which it is the object of all

LAND VALUE RATING IN NEW ZEALAND

Some important facts concerning the incidence of Land-value Rating as applied to Wellington, New Zealand, were given by Mr. H. B. Cowan, a visiting Canadian economist, in an address to the Economic Society of Australia and New Zealand (Victorian branch). Mr. Cowan has been engaged on an analysis of the effects of the rating systems for the International Research Committee on Real Estate Taxation.

Whether properties are poorly or highly improved is shown by the ratio which the value of the improvements bear to the value of the land on which they stand. Where the properties are most improved this ratio is high. Where the improvements are poor the ratio is low, and usually in these cases the value of the land exceeds that of the improvements.

The figures were given for various classes of properties, each of which is a type to be found in any

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councils to discourage, are the buildings most favored by these systems.

The most important class of building forming the great bulk of all buildings in any city or borough is that of the average dwelling. This class of building has a high improvement ratio (381 per cent.), and it will be seen that it is favored by the land-value rating system. The rates upon this class of building under the capital system are 81 per cent. greater than they would be under the land-value rating system. In the case of State houses, which are relatively more highly improved, the difference is still greater, the rates under the capital rating system being no less than 193 per cent. greater than under the land value rating system.

The capital and annual value systems of rating favor vacant land holders, slum and blighted area owners. They penalise those with new and highly improved buildings. In effect, they form a capital levy imposed upon the owners of those buildings. The knowledge that if buildings are remodelled or improved there will be an increase in rates tends to discourage making improvements, while the ability to finance the making of the improvements is impaired by taking away the margin available to the owner for maintenance.