

What Has Land-Value Rating Done For Malvern?

This article by Mr. A. R. Hutchinson, B.Sc., A.M.I.E. Aust., Hon. Research Director of the Land Values Research Group, will be of particular interest to Malvern ratepayers in view of the poll to be taken next August to decide which system is to operate in future.

Malvern's municipal rating system was changed in August, 1955, to abolish local taxes upon buildings and improvements and base them upon the land value of the site alone. In municipal terms the system was changed from the Nett Annual Value (N.A.V.) to the Unimproved Capital Value (U.C.V.) basis.

With the change the Land Values Research Group commenced a survey of the effects upon Malvern's development. The object was to see how effective the rate-change proved in solving problems shared by Malvern in common with other inner municipalities, for which land value rating has been urged as a remedy.

The problems causing concern arise from failure to re-develop or even maintain the older properties which have been allowed to run down with formation of blighted areas. Result has been progressive loss of population from these inner municipalities to the outer suburbs. This has been accompanied by stagnation of the retail business centres which have been supporting fewer shops at successive retail trade censuses.

Malvern's Problem Area

The problem area in Malvern is the Western section between Kooyong Road and Tooronga Road. Here were blighted prop-

erties which figured in the 1933 Slum Abolition Report. There were virtually no vacant lots in this section but many mansion properties on large blocks capable of re-development. A case study has been made in this area illustrated with photographs showing conditions 'before' and 'after'.

The change to land-value rating reduced charges upon well-improved properties in the problem area while increasing them upon under-developed and run-down properties. Owners knew their rates would not be further increased because of any re-development they might undertake as under the old system.

Re-Development Accelerated

The case study showed re-development has taken place in this problem area on a scale which could not have been expected under the old system. This is evident from analysis of the building permits issued by the council for new dwellings, other new buildings, alterations and additions. Details of permits for substantial improvements valued at £1000 or more are published weekly by the "Building and Construction Journal". These were analysed according to location. The numbers issued within the problem area and their proportion to the total for the whole city are compared below.

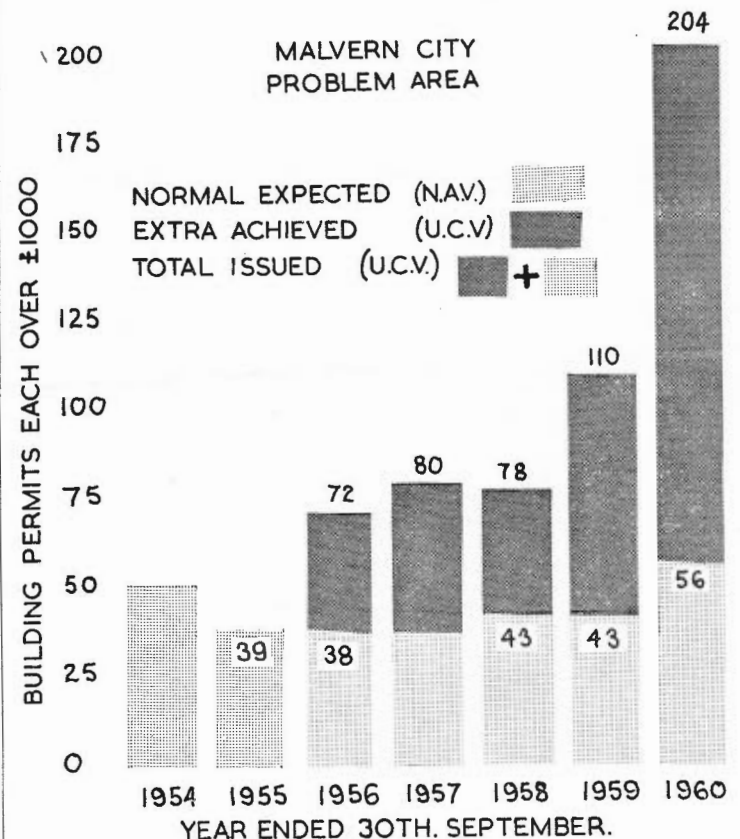
Year Ended 30th Sept.	Rating System	Permits in Problem Area as Proportion		
		Nos. of Permits Problem Area	Whole City	on total for whole city.
1955	N.A.V.	39	174	22%
1956	U.C.V.	72	206	35%
1957	U.C.V.	80	194	41%
1958	U.C.V.	78	210	37%
1959	U.C.V.	110	231	48%
1960	U.C.V.	204	432	47%

The problem area accounted for barely one-fifth of the whole city's building permits while buildings were subject to local taxes under N.A.V. rating. It now accounts for almost half, where buildings are tax-free. The proportion increased spectacularly with the first year of the changed system and has been increased since.

Permits Expected Under N.A.V.?

We require to compare the

permits that could reasonably have been expected in the same years had local taxes on improvements continued in force. This is given by taking the pre-change level of permits in 1955 as base year and applying to it the same growth factors for the successive years as shown by permits for dwelling units over the whole metropolitan area. Results are shown graphically below.



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From this it is seen that the development under U.C.V. has been at a level approximately three times what could have been expected under N.A.V.

Regeneration of Run-down Streets.

Regeneration has covered a wider field than shown by the building permits, although the three-fold increase in these since the change is spectacular. Maintenance operations such as new fences and repainting do not require building permits. There were many Malvern streets with small properties which had been allowed to run down. These included Gordon, Egerton, Gladstone, Clarendon, St. Georges, St. James and Elizabeth Streets. It would be hard to find any timber properties in these streets in which the owners have not taken advantage of the exemption of improvements from rates to at least re-paint or re-fence since the change. The whole tone of the neighborhood has been lifted in these areas. In some cases slate or iron roofs have been replaced with tiles, while in others new brick houses have been built around old timber ones while still in occupation.

New Deal For The Shopping Centres.

Double-frontage lots and large mansion properties have been subdivided to build fine new homes or blocks of flats. This has brought many new families into the area as potential customers for the shops where few could have been expected before.

Even excluding the boom 1960 year, which partly reflects the effects of removal of rent controls, the annual level of permits for new dwelling unit construction in this problem area over the first four years following the rate-change was approximately three times that with buildings taxed.

What this build-up of new family-customers has already meant to the Malvern business community is seen from the change in retail-shopping census trends.

Due to the loss of population to other areas the Glenferrie Road and High Street shopping areas had been deteriorating for years before the rate change. In this they were no different to those of Melbourne, Hawthorn, Prahran, Richmond and St. Kilda. For these there was an average decrease of 3% between the retail census of 1949 and 1953 in the number of retail shops supported. Malvern's decline in this period was 3.6%. By the 1957 census the decline had continued in all these other centres rating nett annual value to average 7.3% below 1949. Malvern alone, having removed local taxes from buildings, reversed the previous trend and increased the number of retail traders supported to bring its nett drop on 1949 to only 1.2%. Its total turnover of retail trade over 1949 increased by 160% compared with the average of 140% for the others.

These trends cover only the effects of two years' development since the rate change. The effects of the major re-development over the last three years will not become evident until results of next year's retail census are available. But it is clear that the multiplication of new dwellings and customers at the back door of these shopping centres has already given a new deal to the shopping community in Malvern.

Shopping Centres Modernized.

That business has been improved since this change is evidenced by the modernization effected in the Glenferrie Road and High Street shopping centres. Most shops have put in new cantilever verandahs or modern fronts, or both, partly because there is more trade about to warrant it, and they know that their outlay in improvement would not increase their rates.

The extent of this modernization is seen below comparing the classification of each of the shops in the Glenferrie Road, High Street and Station Street centres at the time of the change in 1955 with that five years later. Most of the changes shown occurred before mid-1958.

Classification	Before Change 1955	After Change 1961	Difference
Modern	174	278	+ 104
Semi-Modern	162	73	- 89
Obsolete.....	60	43	- 17

Modern features are cantilever verandahs and metal-framed windows. Shops with both are classed modern. Those with only one of these are classed 'semi-modern.' Those with no verandahs and with wood or stone-frame windows are classed 'obsolete.'

Malvern city by-laws outlawing pillar type verandahs have had no appreciable influence on the position above. Where such improvements are taxed shopkeepers simply pull down their pillars and do without verandahs instead of erecting cantilevers. This was found with High Street, St. Kilda, and Toorak Road, Prahran, and other places.

**MALVERN
RATE POLL RESULTED**

Favor U.C.V., 25,681

Favor N.A.V., 10,140

All booths and the postal votes favored retention of U.C.V., giving proportions ranging from minimum 57% to maximum 94% of the booth totals.

Reprinted from "Malvern Advertiser, 20/7/61, for the Malvern Rating Reform League, which recommends a **NO** vote to the proposal to return to local taxes upon buildings and improvements, at the poll to be taken on Saturday, 26th August, 1961.