

on unimproved value. Just before that I had sold the five houses, so that I only had left 44 ft. of the land. On that I had three houses and shops which cost me between £1,300 and £1,400. They are insured for £1,200 at the present moment. For these improvements the last valuation allowed me £525, and the capital value was put at £1,845. That allowed £30 a foot for the value of the land. On appeal I got that reduced to £25 a foot. Having been a valuer I can see how the Department is tied up. They are bound by a section in the Act which is inequitable in its operation. It does not allow for money spent in filling up nor for the value of improvements being deducted from the total value. They assume a property being absolutely naked, and what it would realize as that if sold in the ordinary way. Is it fair to people who are rated on the unimproved value that they should only get credit for one-third of the value of the improvements effected? The total value of my property at £1,845 is not very far wrong, because it is producing interest and some sinking fund on that sum. If the producing-value is the real test, the value of the improvements should be deducted from the land. It depends, too, on what they consider is depreciation. Part of the buildings was twenty years old, but the two shops were only nine or ten years old. I think a mistake is made in many valuations in this way: a few people buy land at high rates, and because of those few sales the valuers think it sufficient ground to put up all the values in the locality to those rates. That will not apply generally. Take this particular street I am referring to. Just opposite my property are eleven shops, which cost, I believe, about £9,000. An average of three, and probably four, has always been unlet. The rentals, as supplied to me by the agent, come to £608 a year. The improvements are valued at £8,330, and the whole property only produces 7 per cent. on £8,225, or a little over £100 less than the buildings themselves cost.

2. Without making any allowance for the three shops unoccupied?—Yes. Because a man's buildings do not suit the modern taste he should not be compelled to pay on the modern taste.

3. How do you think the unimproved value should be arrived at, taking the definition in the Act as it is?—It would be difficult to lay down a general rule. Any practical valuer knows that values differ not only in different streets, but in different portions of the same street. There has been no real increase in the value of land in Christchurch, except in the business part and in a few residential parts, in the last thirty years.

4. *Mr. Campbell.*] Do you mean that land will not bring more now?—Some parts will produce more.

5. I mean the selling-value?—The selling-value and the producing-value are quite different. If I were a valuer I would set down all the properties in a particular locality that were reasonably occupied with buildings, and ascertain, first of all, what they are producing. Then, if they were sound and let for all they were worth, I should say that the value of those properties was that amount capitalized.

6. *The Chairman.*] At what rate of interest?—At the rate current at the time. If I found that sales were a good deal higher than these were letting at I should probably put a little on to the capital value as fixed by the rental process, but should never think of putting the capital value at the extreme value other places were sold at.

7. How would you arrive at the unimproved value?—Having got the total value, I should then deduct the value of the buildings.

8. Do you think that process would have the effect of making the unimproved values different per foot or per section in the same street?—Yes. Take Sydenham: it has more than doubled in the last eight or nine years, and yet the rents are not, as a rule, 10 per cent. higher than they were fifteen years ago.

9. How do you account for that? You are speaking, of course, of the real values?—Yes. It is accounted for by the fact that there is a craze for a house in the bungalow style, and unless a house is of the bungalow style people will not live in it. People also like new houses, and the result is that they buy off speculative builders at prices that are too high.

10. Do they get a fair return?—Yes, at the start, but not after the polish goes off.

11. If rents have only gone up 10 per cent., how can property have increased two or three times in value?—It is the fictitious value given by people who do not know the value.

12. By people living in the houses?—Many of the sales are on deferred payment, and in many cases the people who buy are not people who understand values.

13. If you were valuer under the definition you have stated to us, how would you arrive at the unimproved value, bearing in mind that the Act says, "the sum the land would be expected to realize if offered for sale on such reasonable terms and conditions as a seller would be likely to impose"?—As the Act stands I would probably find myself bound as the valuers are bound, and fix the values at something like they are fixed at; but the valuer should make a large discount off the sales that take place.

14. Assuming that you take the selling-value, not the extreme value: then you value the improvements, making all proper deductions for depreciation, and you add that to the selling-value of the land, and the two together come to more than the selling capital value for a place in that position, how would you proceed?—I should modify the Act as far as I could contrary to law, and get an average of values, and see how they compare with the selling-values, and probably split the difference.

15. Assuming you have found the unimproved value by reference to sales, but that you do not take the extreme selling-value, and then you value the improvements separately and add the two sums together and find that they come to more than the true capital value of the property, what would be your next step? Would you value the properties at more than the capital value if you were a district valuer?—No.

16. How would you bring it down to the true capital value?—I should probably bring it down to the value at which sales have taken place.