

Valuation of Heritage Restricted Lands

Purpose: These instructions provide technical direction to rating and taxing contractors for the provision of valuations made under Section 14G of the Valuation of Land Act.

The instructions also provide guidance to LPI Staff in carrying out the audit of valuations made under Section 14G.

This document should be read in conjunction with the relevant Rating and Taxing Valuation Procedures Manual.

Responsibility: Rating and Taxing Contract Service Managers must ensure that all staff are familiar with the technical direction and that valuations are made in accordance with these directions.

The Valuation Manager Rating and Taxing must ensure that all LPI staff involved in the audit process have access to an up to date version of these instructions.

Any feedback for these instructions should be directed to the Valuation Manager Rating and Taxing.

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Valuation of Heritage Restricted Lands

1. Introduction

To assist in the conservation of items of environmental heritage, provision is made for owners to receive rating and taxing concessions through either the Heritage Act 1977 or the Valuation of Land Act 1916.

This instruction provides direction to rating and taxing contractors, objection contractors and to LPI staff in the interpretation of heritage requirements for determining valuations of heritage properties under both the Heritage Act and Valuation of Land Act.

This instruction replaces the previous Technical Instruction ‘14G Heritage Restricted’ in Appendix J of Rating and Taxing Valuation Procedures Manual version 6.3.

This instruction has regard to legislative amendments made on 28th November 2011 to both the Heritage Act and the Valuation of Land Act in response to the Land and Environment Court decision in the matter of In Adam v Valuer General, in relation to the cost of construction of heritage improvements.

Recent objections to large development sites subject to heritage listings has lead to a review of procedural requirements in relation to the Valuer Generals discretion to determine whether a property is heritage restricted under Section 14G(2) of the Valuation of Land Act and in relation to the definition of “*land that is heritage restricted*” to consider what lands should be subject to the heritage assumptions in Section 14G(1).

The review also considered the application of such principles in relation to Heritage Valuations made under Section 123 of the Heritage Act.

Advice on the application of heritage provisions was sought from Counsel and the Crown Solicitors Office to assist in developing this instruction.

This instruction provides for a significant departure in approach to some heritage valuations from the previous heritage instructions.

2. Provision of Heritage Valuations

Two types of heritage restricted valuations are recognised for rating and taxing purposes:

- Properties that are listed on the State Heritage Register are valued under the provisions of Sections 123 to 125 of the Heritage Act
- Properties that are identified as heritage restricted within an EPI are valued under the provisions of Section 14G of the Valuation of Land Act, provided the Valuer General has determined that it is reasonable to make the assumptions required in 14G(1) in respect to valuing the land.

3. Heritage Act: State Heritage Register

Properties listed on the State Heritage Register must have both a Land Value assessed under Section 6A of the Valuation of Land Act and a separate heritage valuation to provide rating and taxing concessions as required under Sections 123-125 of the Heritage Act. The Land Value under Section 6A of the Valuation of Land Act disregards any heritage assumptions required in the Heritage Act. The separate heritage valuation must have regard to the specific assumptions made under Section 123 of the Heritage Act.

Heritage valuations are determined only in the sequence set out in Sections 124 and 125 of the Heritage Act. Initially a heritage valuation is requested of the Valuer General by the Minister after a listing in the State Heritage Register (Sec 124). A heritage valuation shall then be made whenever a valuation is made for rating and taxing purposes (Sec 125).

The Land Value and Heritage Value must be supplied for each annual valuation.

Section 123 of the Heritage Act defines specific requirements relating to the term relevant date.

relevant date, in relation to a heritage valuation, means:

- (a) where that heritage valuation is made pursuant to a request made by the Minister under section 124 (1)—the date determined in accordance with section 124 (1) (a) or (b), or
- (b) where that heritage valuation is made pursuant to section 125—the date on which that heritage valuation is made.

There are no 'Relevant Date' provisions under the Valuation of Land Act. The Date Valuation Made pursuant to Section 14K of the Valuation of Land Act as recorded on the Register of Land Values is to be the 'relevant date' as required under Section 123 of the Heritage Act. The valuation must therefore have regard to the use of the land at the relevant date (date valuation made). In the case of a valuation made under Sec 124, the Date Valuation Made is to be the date of the appropriate occurrence under Sec 124 (a) or (b)

An interim heritage order can only run for a maximum of 12 months and no valuation action is required for interim heritage orders until it is converted to a listing in the State Heritage Register (SHR) as set out above.

LPI will advise contractors of any new State Heritage Register listings and the necessity for a new heritage valuation under Section 124. Contractors will then be responsible to provide subsequent annual heritage valuations under Section 125.

4. Valuation of Land Act – Heritage Listed under an EPI

Section 14G of the Valuation of Land Act recognises heritage restrictions imposed by an Environmental Planning Instrument (EPI). For the purposes of the operation of Section 14G, an Environmental Planning Instrument is to include Local Environmental Plans (LEP) and State Environmental Planning Policies (SEPP).

A valuation under Section 14G of the Valuation of Land Act is a heritage restricted land value, not a separate heritage value in addition to a land value as required under the Heritage Act. Where a heritage restricted valuation is made for a listing in an EPI, the heritage restricted land value is the only Land Value entered onto the Register of Land Values as at the 1 July at which the valuation is made.

14G(5) of the Valuation of Land Act requires that land that is listed on the State Heritage Register cannot also be determined to be heritage restricted under Section 14G of the Valuation of Land Act. Where land is listed on both the State Heritage Register and an EPI, the requirements under the Heritage Act take precedent.

It is the contractors responsibility to review EPI's, determine what properties are heritage restricted, record the correct valuation basis, provide heritage restricted valuations as per the heritage assumptions set out in Section 14G(1) and record the details of improvements, use, calculations, assumptions and rationale in a worksheet.

5. Determining what Land is Heritage Restricted

Section 14G of the Valuation of Land Act and Section 123 of the Heritage Act contain differing provisions related to the determination of land that is heritage restricted. The main difference relates to the Valuer Generals discretion under Section 14G(2) to determine whether land should be valued as heritage restricted, where no similar provision exist under the Heritage Act.

5.1 Valuation of Land Act

Section 14G(2) of the Valuation of Land Act provides the Valuer General with the discretion and authority to determine if a property is heritage restricted in respect to the operation of 14G(3).

- (2) *Land is **heritage restricted** as at a particular date if the Valuer-General has determined that it would be reasonable to make the assumptions referred to in subsection (1) in respect of the land as at that date because of any provision of a planning instrument concerned with the heritage significance or heritage value of the land or any building, work or other thing on or in the land.*
- (3) *The Valuer-General may, and on the application of the owner of land must, make a determination as to whether a particular parcel of land is heritage restricted.*

This discretion is applied to limit only those items specifically identified and listed in an EPI as being subject to a heritage restricted land value. A conservation zone and, therefore, properties within a conservation zone are not considered to be heritage restricted for the purposes of Section 14G.

The discretion allows the Valuer-General to decide at a particular date, that having regard to the provisions of the LEP or SEPP, whether it would be reasonable to make the valuation assumptions listed in Section 14G(1). Therefore, it is not automatic that all land identified in

a planning instrument as subject to a provision concerning heritage significance or heritage value, must be determined to be heritage restricted.

Section 14G commences with the words, "*land that is heritage restricted*" is to have its land value determined on the basis of the assumptions provided in 14G(1). This is as opposed to stating, "a parcel that is heritage restricted" Circumstances arise where it is apparent that only part of a parcel may be the subject of a heritage item, for example, a heritage chimney on a large development site.

In such circumstances, Section 14A(4) of the Valuation of Land Act, permits the Valuer General to identify a particular area within a parcel to be subject to the assumptions under 14G(1).

14A(4) The Valuer-General may separately value different parts of the same parcel of land, in which case this Act applies to each such part as if it were a separate parcel of land.

In determining what land is heritage restricted, regard must be made to the heritage listing to determine the nature of the heritage items and what land is considered to be subject to the requirements of that heritage listing. Where not specifically stated in the heritage listing, the heritage restricted land is to be determined as that area required to reasonably and adequately provide a curtilage that preserves the heritage item in the manner that the planning requirements would permit, whilst allowing development on the remaining parts of the land that is sympathetic to the protection of the heritage item.

Where the Valuer General considers it is reasonable that the heritage restriction would apply to only part of the parcel and unreasonable that it apply to another part, then the valuation of that part where it is reasonable to apply the assumptions of 14G(1) shall be valued as heritage restricted and the valuation of any other part of the parcel shall **not** have regard to the heritage assumptions.

Great care must be taken when considering the application of this discretion. For example, when considering a heritage cottage located on a 2000 sqm parcel where redevelopment of part of the parcel is considered as the highest and best use, the curtilage that preserves the heritage item may in some circumstances be the whole 2000 sqm, while in others this would not be the case. Verification of the parcel is mandatory to determine the correct approach.

For example:

1. If the heritage listing included the cottage and grounds as heritage items then it is reasonable to apply 14G assumptions to the whole parcel.
2. If the heritage listing included the cottage only, but the grounds, whilst not listed, are well established and are considered inherent to preserving the heritage cottage, then it would be reasonable to apply the 14G assumptions to the whole parcel,
3. If the heritage listing included the cottage only and the grounds are undeveloped, then it would be reasonable to apply the 14G assumptions to only that part of the parcel that provides a curtilage to the cottage, whilst the remainder of the parcel is considered on its highest and best use for redevelopment

Where reasonable doubt exists as to the heritage effect on possible development lands, the valuation should be determined in favour of applying the 14G assumptions to the whole parcel.

Where only part of a parcel is considered to be heritage restricted, some guidance in defining that part may be found in the heritage listing which may include reference to a specific area or curtilage.

The Valuer General's discretion to determine whether it is reasonable to apply the heritage assumptions is delegated to rating and taxing contractors on the Valuer General's behalf, subject to compliance with this instruction. It is therefore the contractors' responsibility to identify whether it is reasonable to apply the heritage assumptions in relation to the listing, or whether such assumptions should only apply to a part of the land. Any instance where such discretion is undertaken must clearly be identified and rationalised on the valuation worksheet.

It is noted that where the Valuer General determines that land should not be declared to be "heritage restricted" under 14G(2), there is no provision in the Valuation of Land Act for an owner to make objection to that decision of the Valuer General.

5.2 Heritage Act

In relation to land listed under the State Heritage Register, Section 123 provides definitions in relation to heritage valuations.

A heritage valuation is defined as;

***heritage valuation**, in relation to land, means a valuation of that land obtained by adding to or by deducting from a valuation for rating or taxing purposes of that land any allowance determined as a consequence of making the following assumptions with respect to that land.....*

A valuation for "rating and taxing purposes" is defined as;

***valuation for rating or taxing purposes**, in relation to land, means a valuation of that land made under a valuing law and which is the valuation on which a rate is made and levied or a tax is levied in respect of that land by a rating or taxing authority.*

Valuing Law is defined as

***valuing law** means the Valuation of Land Act 1916.*

The above provisions require that a separate heritage valuation is to be determined by adding to or deducting from the "Land Value" made under the Valuation of Land Act, an allowance for the heritage assumptions.

As stated, the Heritage Act does not provide the Valuer General with discretion to determine whether land, or part of land, should be valued as heritage restricted as is the case under Section 14G of the Valuation of Land Act. Rather, the Heritage Act provides for a heritage valuation to be made following a request from the Minister, following a listing on the State Heritage Register (Sec 124) and for subsequent heritage valuations to be made each time a new valuation of the property is determined for 'rating and taxing purposes' (Sec 125).

Advice from Counsel concludes that, as there are no provisions to elect whether the valuation of the land, or part of the land is to be subject to the heritage assumptions, then the heritage assumptions shall apply to all the land identified in the listing.

The only discretion available for a heritage valuation to consider that only part of a parcel is heritage restricted, is where the actual listing nominates the heritage restricted land as being only part of the whole parcel. In such instances, the heritage valuation shall have regard to the nominated lands being subject to the heritage assumptions, with the rest of the parcel valued on its highest and best use.

Where the listing nominates the whole parcel as heritage restricted but it is considered that such land is excessive to preserve the heritage item, the matter should be referred to LPI for consideration and for possible advice from Heritage Branch.

For example,

The Barrangaroo development site located at Darling Harbour comprises an area of approximately 21ha. The site is subject to 2 listings under the State Heritage Register, a seawall and a sewer pumping station, both of which comprise a small area that would not preclude development on the whole parcel. The listings both identify that the land that is heritage restricted is in fact only a small part of the site. The heritage valuation is correctly approached on the basis that those lands listed are heritage restricted while the rest of the parcel is valued with regard to the development potential.

However, if the listings had nominated the whole Barrangaroo site as heritage restricted, and the contractor identified the heritage items as only occupying a small area, then the contractor should refer the issue LPI for consideration and advice to correctly identify the land that is heritage restricted.

5.3 Statutory Assumptions to Determine Heritage Restricted Land Value

Where a heritage value is required, it is to be determined having regard to the heritage assumptions as provided in either Sections 123 of the Heritage Act if heritage listed on the State Heritage Register, or Section 14G(1) of the Valuation of Land Act if heritage listed under an EPI, provided that any part of a parcel not considered to be heritage restricted will have that part valued with regard to Section 6A, or other applicable sections of the Valuation of Land Act as appropriate.

The statutory assumptions that must be followed in determining heritage valuations under Section 123 of the Heritage Act and Section 14G(1) of the Valuation of Land Act are similar.

5.4 State Heritage Listings – Heritage Assumptions under Section 123 Heritage Act

123 Definitions

In this Division:

heritage valuation, in relation to land, means a valuation of that land obtained by adding to or by deducting from a valuation for rating or taxing purposes of that land any allowance determined as a consequence of making the following assumptions with respect to that land, namely:

- (a) that that land may be used only for the purpose, if any, for which it was used at the **relevant date**,
- (b) that all improvements on that land as at the relevant date may be continued and maintained in order that the use of that land as referred to in paragraph (a) may be continued,
- (b1) that all improvements referred to in paragraph (b) on that land are new (without any deduction being made because of their actual condition),
- (c) that no improvements, other than those referred to in paragraph (b), may be made to or on that land,
- (d) that the cost of construction of improvements on that land has no effect on its land value, with the result that there is to be no reduction in land value because of any difference between the cost of construction of the improvements referred to in paragraph (b) as new improvements and the cost of construction of other improvements used as a basis for comparison in the determination of land value

The Act was amended on 28/11/2011 to include subsection (1)(d)

5.5 EPI Heritage Listings – Heritage Assumptions under Section 14G

14G Valuation subject to heritage restrictions under EPI

- (1) Land that is **heritage restricted** on the date by reference to which its land value is to be determined is to have its land value determined on the basis of the following assumptions:
 - (a) that the land may be used only for the purpose, if any, for which it was used when the value is determined,
 - (b) that all improvements on that land when the value is determined may be continued and maintained in order that the use of that land as referred to in paragraph (a) may be continued,
 - (b1) that all improvements referred to in paragraph (b) on that land are new (without any deduction being made because of their actual condition),
 - (c) that no improvements, other than those referred to in paragraph (b), may be made to or on that land,

(d) that the cost of construction of improvements on that land has no effect on its land value, with the result that there is to be no reduction in land value because of any difference between the cost of construction of the improvements referred to in paragraph (b) as new improvements and the cost of construction of other improvements used as a basis for comparison in the determination of land value.

(1A) When the land value of heritage restricted land is determined on the basis of the assumptions required by this section, there is to be no deduction from or other adjustment of that land value on account of the effect on land value of any factor concerned with the land being heritage restricted land (other than the effect of those assumptions).

The Act was amended on 28/11/2011 to include Subsection (1)(d) and (1A)

6. Heritage Valuation Considerations

Heritage valuations under the Heritage Act and heritage restricted land values under the Valuation of Land Act are made having regard to the above assumptions. The effect of both Acts is to limit that part of the valuation determined to comprise the heritage restricted land to the extent of the existing heritage item and purpose.

Matters to be considered are:

- The existing use
- The current improvements may be continued and maintained
- The nature of the existing improvements including obsolescence of design, the location of the improvements on the land, the size of the improvements and other features that are not attractive in the market

Any allowance for these factors should be supported by market evidence in the form of vacant land or improved sales or rentals reflecting the nature of the improvements and their use.

Matters not to be considered are:

- The underlying zoning, highest and best use or any potential for a higher use (except as a base for determining any heritage allowance)
- The age, state of repair and cost of the improvements

The 2011 amendments make it clear that there is to be no consideration of the state of repair or cost of the existing improvements.

7. Purpose for Which it is Being Used

Subsection 1(a) requires that for lands identified as heritage restricted, the heritage value must be based on the assumption that *“that the land may be used only for the purpose, if any, for which it was used when the value is determined”*.

If at the date the valuation is made, steps have been taken to develop the site for a higher or more intensive use, these steps may be taken into account when determining the use of the land. However, when considering the use, the restriction or limitation of the existing improvements must also be taken into account.

The use and purpose must be checked on verification. Any changes in use or purpose that are identified on verification, or sooner should the contractor be aware of such changes through local knowledge or development applications, will be considered in determining the next new valuation made on the property.

The heritage value must be based on a clear interpretation and conclusion as to the purpose and use of the heritage restricted parcel or that part of the parcel determined to be heritage restricted.

The purpose should be viewed through the actual use, that is, if the property is used as a residential building then the use and purpose is confined to that use. Where the building is an office building the use and purpose is for an office building, similarly if the land is vacant land the purpose and use is as vacant land that may have a purpose and use for development purposes or a purpose and use only as vacant land.

8. Considerations in Relation to Existing Improvements

When determining the value of the land for heritage purposes it must be assumed that:

- The land is vacant
- The use of the land is restricted to the current purpose and confined to the nature of the existing improvements
- Any improvements to be built on the site must be new but with no additional costs for construction in the heritage restricted form
- Although new, any obsolescence and lack of utility due to the heritage design or materials is taken into account
- The “new” heritage building is of the same size and footprint as the current buildings that have been notionally removed
- No other improvements can be built on the land

These assumptions require consideration to what a hypothetical purchaser would pay for the land knowing that any development is restricted to improvements of the same size, design, functional obsolescence and within the same building envelope as the existing improvements.

Having regard to the above, Court precedence has found that a reasonable valuation approach is to determine the unaffected land value and deduct an allowance for the heritage restrictions to determine the heritage land value.

For office buildings, the proportional difference between the new modern rent for the lettable area of a modern building and the rent for the building with the heritage building obsolescence can be applied to obtain a heritage land value proportion of an unrestricted site.

In residential sites the difference between a full residential site that has unrestricted redevelopment potential and a restricted site that can only be developed to the extent as the heritage property must be determined. Ordinary sales evidence may not properly reflect the restricted nature of a heritage site and should be adjusted to take out any redevelopment potential where it is a factor in the market. For example, where a heritage cottage on a waterfront property was constructed within an unfavourable envelope and the design of the cottage was such that it did not take advantage of the water views, then that restriction would need to be considered.

The component factor approach will rarely be appropriate for heritage valuations except in circumstances where the market is well defined and the heritage restrictions are limited.

The approach to valuation outlined above should be followed in all instances.

9. Vacant Land Subject to Heritage Restrictions

Vacant heritage sites may be listed as an item on the State Heritage Register or individually identified in an EPI.

Heritage land may include Indigenous Heritage, Multicultural Heritage, Rural and Regional heritage or the colonial convict heritage. An example of vacant land may be the site of the convict uprising at Vinegar Hill. It is unlikely that this land will ever be developed and this constraint must be factored into the land value when determined.

In such cases the whole site would be considered heritage restricted. Until there are clear steps to plan or allow for a higher use, a statutory plan or actual development for a higher use having regard to the heritage significance of the site, the constraints precluding the land from any further development than the buildings, if any, already existing on the site have the effect of sterilising the land to the extent of the current development on the date the valuation is made. The basis of land value may well be restricted to passive open space or as additional land to an adjoining owner.

10. Conservation Zoned Areas

Heritage valuations are not to be made in conservation areas unless a property has specifically been identified as a heritage item either on the State Heritage Register or an Environmental Planning Instrument.

Conservation areas are subject to a statutory zoning and, as with any other Land Value, are to be valued in accordance with the zoning conditions prevailing at the date the valuation is made. The effect of the restrictions within a Conservation Zone will be reflected in the market by sales for these properties. It is the market that determines the land value.

Conservation areas should be treated as follows:

- Under Section 6A of the Valuation of Land Act buildings that are not listed as heritage items would notionally not exist, and the land value is to reflect the conditions of the zoning.

- The existing use value for commercial, residential flats, industrial uses etc. may exceed the land value for the underlying conservation zoning. In these cases the land value is made under Section 6A(2) of the Valuation of Land Act.

11. Recording of Information

Due to the different considerations and assumptions that have to be made in order to correctly assess a heritage value, all information, assumptions, workings, conclusions, evidence and rationale must be documented and kept in a worksheet.

12. Heritage Valuation Examples

Legislation Examples

Example	Heritage Restricted valuation under Valuation of Land Act	Heritage Valuation under Heritage Act	Valuation Requirements
Property listed on State Heritage Register	No	Yes	Land Value under Sec 6A and separate Heritage Value under Sec 123, 124 and 125 of Heritage Act
Property listed as a heritage item under LEP or SEPP	Yes	No	Heritage Restricted Land Value under Sec 14G of Valuation of Land Act

Zoning Examples

Example	Heritage Restricted valuation under Valuation of Land Act	Heritage Valuation under Heritage Act	Comments
Conservation zone	No	No	Value under the statutory zoning
Conservation zone, property listed as either an item 1 or 2 under a planning instrument	Yes	No	Heritage Restricted Land Value under Sec 14G of Valuation of Land Act
Conservation zone, property listed on State Heritage Register.	No	Yes	Land Value under Sec 6A and separate Heritage Value under Sec 123, 124 and 125 of Heritage Act.

Any generic zoning, property listed as either an item 1 or 2 under a planning instrument	Yes	No	Heritage Restricted Land Value under Sec 14G of Valuation of Land Act
Any generic zoning, property listed on State Heritage Register.	No	Yes	Land Value under Sec 6A and separate Heritage Value under Sec 123, 124 and 125 of Heritage Act

13. Application of Principles

Residential Cottage: 600sqm parcel in Residential Zone. Heritage item is underdevelopment of the parcel.

Heritage Item: Cottage.

Existing Improvements: 2 bedroom heritage cottage, 100sqm in size, of brick construction with established gardens.

The highest and best use if vacant is as a single residential cottage which would typically comprise an area 200sqm with 4 bedrooms in this location. The heritage cottage is considered an under development of the site.

Valuation considerations

Listing under LEP: Having regard to the nature of the existing improvements and grounds, it is reasonable to determine that the whole parcel is heritage restricted.

The valuation must be made on the assumption that it may only be used for the purpose of a small 2 bedroom cottage of the same size and design and within the same building envelope as the existing building and no other improvements may be made on the land.

Listing under SHR: The whole parcel is heritage restricted

The heritage valuation is made on the same basis as above.

Residential Cottage: 600sqm parcel in Residential zone. Heritage item equals optimum development of the parcel

Heritage Item: Cottage

Existing Improvements: 4 bedroom heritage cottage, 200sqm in size of brick construction and established grounds.

The highest and best use if vacant is as a single residential cottage which would typically comprise an area 200sqm with 4 bedrooms in this location. The heritage cottage is considered to be full development of the land.

Valuation Considerations:

Listing under LEP: Having regard to the nature of the existing improvements and grounds, it is reasonable to determine that the whole parcel is heritage restricted.

The valuation must be made on the assumption that the land may only be used for the purpose of a 4 bedroom residential cottage of 200sqm and no other improvements may be made on the land. As the existing improvements are considered to be the full development of the site, the heritage restriction would be minimal. An adjustment may be considered for any obsolescence in design if appropriate and for the assumption that no further improvements may be made to or on that land

Listing under SHR: The whole parcel is heritage restricted

The heritage valuation is made on the same basis as above.

Residential Cottage: 1,500sqm waterfront parcel in Residential zone. Heritage item of obsolete design

Heritage Item: Cottage

Existing Improvements: 3 bedroom heritage cottage, 200sqm in size, small living areas and of brick construction set within established grounds. Cottage is built to the road frontage with no windows overlooking the water view.

The highest and best use if vacant is as a single residential cottage of 250sqm with 5 bedrooms, built with large living areas taking advantage of the extensive water views. The heritage cottage is not considered the optimum development of the land.

Valuation Considerations:

Listing under LEP: Having regard to the nature and location of the existing improvements and the grounds, it is reasonable to determine that the whole parcel is heritage restricted.

The valuation must be made on the assumption that it may only be used for the purpose of a 3 bedroom residential cottage of 200sqm of the same size and design and within the same building envelope as the existing building, having regard to the fact those improvements do not take advantage of the views available on the site and that no other improvements may be made on the land.

Listing under SHR: The whole parcel is heritage restricted

The heritage valuation is made on the same basis as above.

Residential Cottage: 4000sqm parcel in Residential Zone. Whole of parcel is heritage restricted

Heritage Item: Cottage and grounds

Existing Improvements: A good example of a large 5 bedroom heritage cottage, 250sqm in size of brick construction and within established mature landscaped grounds.

Valuation Considerations:

Listing under LEP: Having regard to the heritage items, the nature of the existing improvements and grounds, it is reasonable to determine that the whole parcel is heritage restricted.

The highest and best use if vacant is for residential subdivision however as the whole parcel is determined as heritage restricted, the valuation must be made on the assumption that it may only be used for the purpose of a 5 bedroom residential cottage of the same size and design which could only be erected within the same building envelope as the existing building and no other improvements may be made on the land.

Listing under SHR: The whole parcel is heritage restricted

The heritage valuation is made on the same basis as above.

Residential Cottage: 4000sqm parcel in Residential Zone. Only the cottage is listed as heritage item

Heritage Item: Cottage

Existing Improvements: 5 bedroom heritage cottage, 250sqm in size of brick construction located in front corner of parcel. The parcel is generally undeveloped, not landscaped and considered to be not integral to preserving the amenity of the heritage cottage.

Valuation Considerations:

Listing under LEP: Having regard to the heritage items, the nature of the existing improvements and grounds, it is reasonable to determine that the land that is heritage restricted to be only part of the parcel comprising an area of 1000sqm to provide a suitable curtilage to preserve the heritage cottage. It is unreasonable to determine that the remainder of the site is affected by the heritage assumptions.

The highest and best use if vacant is for residential subdivision. As only part of the site is considered to be land that is heritage restricted, the land value would be made on the assumption that 1000sqm is heritage restricted and on that part the only development can comprise a cottage of the same size and design, erected within the same building envelope as the existing building. The remaining 3000sqm is not determined to be heritage restricted and is valued on the highest and best use for residential subdivision. Regard must be made to any normal planning restrictions on development of that land that would be required to protect the heritage item.

Listing under SHR: If the heritage listing describes the whole parcel is heritage restricted then the valuation is made on that basis.

Although the highest and best use if vacant is for residential subdivision, as the whole parcel is determined as heritage restricted, the valuation must be made on the assumption that it may only be used for the purpose of a 5 bedroom residential cottage of the same size and design which could only be erected within the same building envelope as the existing building and no other improvements may be made on the land.

If the heritage listing describes that only part of the land is heritage restricted, then the valuation will be made on the assumption that the part described is heritage restricted and the remaining land valued on its highest and best use.

Development site: 2ha parcel in Commercial Zone. Heritage item located on a small part of the parcel

Heritage Item: Chimney

Existing Improvements: 1880's brick chimney. located in centre of the site.

Valuation Considerations:

Listing under LEP: Having regard to the heritage items, the nature of the existing improvements and of the development site, it is reasonable to determine that the land that is heritage restricted to be only that part of the parcel comprising an area of 500sqm to provide a suitable curtilage to preserve the amenity of the existing heritage item. It is unreasonable to determine that the remainder of the site is affected by the heritage assumptions.

The highest and best use if vacant is for commercial development. As only part of the site is considered to be land that is heritage restricted, the value would be made on the assumption that 500sqm is heritage restricted and on that part the land can only be used for the purpose of a chimney. The remaining area of the parcel is not determined to be heritage restricted and is valued on the highest and best use for commercial development. Regard must be made to any normal planning restrictions on development of that land that would be required to preserve the heritage item.

Listing under SHR: If the heritage listing describes the whole parcel is heritage restricted then the heritage valuation would require that the valuation must be made on the assumption that it may only be used for the purpose of a chimney within the same building envelope as the existing building and no other improvements may be made on the land. This effectively negates the consideration of any further potential development. The matter should be referred to LPI for consideration and to obtain advice from Heritage Branch.

If the heritage listing describes that only part of the land is heritage restricted then the valuation will be made on the assumption that the part described is heritage restricted and the remaining land valued on its highest and best use.

Commercial building: 1000sqm parcel in Commercial Zone. Improvements comprise full development of parcel

Heritage Item: Office building

Existing Improvements: 1900's 4 story brick office building constructed on the whole building envelope.

Valuation Considerations:

Listing under LEP: Having regard to the heritage items and the nature of the existing improvements, it is reasonable to determine that the whole parcel is heritage restricted.

The current planning provides an FSR of 4:1. The Highest and best use if vacant is for commercial office development. The existing development is consistent with the allowable FSR however the existing building is obsolete in design.

The valuation should have regard to the difference in sale price or rental achievable for a new non heritage building and the sale price or rental achievable having regard to a new heritage building that takes into account the reduced NLA and obsolescence of design due to existence of heritage features such as columns, large staircases, narrow windows etc, to determine a heritage restricted land value.

Listing under SHR: The whole parcel is heritage restricted.

The heritage valuation is made on the same basis as above.

Commercial building: 1000sqm parcel in Commercial Zone. Improvements comprise underdevelopment of parcel

Heritage Item: Office building

Existing Improvements: 1900's 4 story brick office building constructed on the whole building envelope.

Valuation Considerations:

Listing under LEP: Having regard to the heritage items and the nature of the existing improvements, it is reasonable to determine that the whole parcel is heritage restricted.

The current planning provides an FSR of 10:1. The Highest and best use if vacant is for commercial office development. The existing development is obsolete in design and at 4 stories is an underdevelopment of the site compared with allowable FSR.

Although the highest and best use, and existing planning controls may allow for development of the airspace stratum above the existing heritage building, the whole parcel is still considered heritage restricted. It is not appropriate to adopt the principles that only that part of the land comprising the stratum of the existing building is heritage restricted as development of any stratum above the existing building is not applicable if the heritage assumption that, "no other improvements can be constructed on the land" is followed. i.e. to build above the heritage building would require substantial changes to the improvements of the heritage building.

The valuation should therefore have regard to the highest and best use of the land as a site with an FSR of 4:1, then the difference in sale price or rental achievable for a new non heritage building and the sale price or rental achievable having regard to a new heritage building that takes into account the reduced NLA and obsolescence of design due to existence of heritage features such as columns, large staircases, narrow windows etc to determine a heritage restricted land value.

Listing under SHR: The whole parcel is heritage restricted.

The heritage valuation is made on the same basis as above.

Vacant land 1,000 sqm parcel with heritage listed tree

Heritage Item: Tree

Existing Improvements: Vacant land in Residential Zone

Valuation considerations:

Listing under LEP: The highest and best use of the land is as a single residential cottage which would typically comprise an area 200sqm with 4 bedrooms in this location.

The location of the tree on the site will need to be considered to determine whether the whole parcel is to be valued as heritage restricted or only part of it.

Where it is unreasonable to determine that the whole site is heritage restricted then the valuation must be made with regard to the highest and best use of the land for residential purposes with any development limited to a building envelope that provides for the preservation of the heritage listed tree.

Where the location and nature of the tree precludes potential development of the land, the whole site is to be determined as heritage restricted. The heritage value would be made on the basis that no dwelling was permissible and the highest and best use of the land is likely to be considered as open space or additional garden area to adjoining lands.

Listing under SHR: The whole parcel is heritage restricted.

The heritage value would be made on the basis that no dwelling was permissible and the highest and best use of the land is likely to be considered as open space or additional garden area to adjoining lands.