



Gross Rental Value Valuation Policy 3.115

Vacant Lots within a Strata Plan

Background

A strata plan, as distinct from a survey strata plan, may include a vacant lot/s either through its original creation or as a consequence of the demolition of one or more of the original buildings that defined a lot/s. In the case of the latter occurrence, the *Strata Titles Act 1985* does not address the circumstances where there is a discrepancy between the actual lots that physically exist on the property and the lots as represented on the strata plan.

Situation 1

The strata plan has received all required approvals, but the building has not been completed and is still not habitable.

A building strata plan is subject to a number of approvals, the most significant in this situation being local government certification that the buildings are consistent with the building plans and specifications previously approved by the local council. Because local councils provide this certification prior to the buildings being completed, it is possible that the strata plan might be approved prior to the buildings being completed. While the strata plan apparently legally exists from the day that all of the necessary approvals are granted, Section 24(2) of the *Valuation of Land Act 1978* prevents the Valuer General from including any buildings in the Gross Rental Value that are not capable of occupation. It would appear to serve little purpose to have the strata lots individually valued (Gross Rental Value) on some form of vacant land approach for the brief period between their technical creation and their becoming individually occupiable buildings. For this reason, the Valuer General's Policy 3.111 states that building strata lots do not come into being prior to the actual completion of the building works that effectively create them. However, where there are a number of lots that are created as vacant lots that are marketed prior to building works being completed, it may be necessary to value all of the lots on the strata plan prior to the completion of the building works and then revalue the improved lots when the works are completed.

Situation 2

The total or partial demolition of any or all of the buildings that define the strata lot/s.

The *Strata Titles Act 1985* does not deal with the circumstance where some or all of the buildings that comprise the strata plan are demolished. There is no obligation to formally cancel the strata plan. There may be an argument that once the buildings are demolished it is self-evident that the strata plan no longer has any effect and the land should be valued as if the strata plan does not exist, in the same manner as any other vacant parcel. However, this approach cannot be applied unless all of the buildings are demolished, because otherwise it would be in conflict with the *Strata Titles Act 1985*, which requires each lot be valued and rated separately.



Despite the above, the Strata Titles Act 1985 requires that the Valuer General separately value (Gross Rental Value only) each lot. Thus, it is necessary that there be a policy to ensure that a consistent approach is applied.

Legislative Authority

Valuation of Land Act 1978: Section 23 and 24

Policy

A parcel of land subject to an approved strata plan shall continue to be valued according to the lots strata plan, regardless of the state of the improvements. If an owner(s) requires a single Gross Rental value as a vacant parcel, then the owner(s) must take steps to cancel the strata plan.

The Gross Rental Value for a 'vacant' building strata lot is determined using the same approach that is generally applied for vacant land, being an assessed value based on the lot's capital value.

In determining a capital value for a vacant strata lot, it is reasonable to assume that the owner could at least build again what was previously there (the building footprint being shown on the strata plan) or could reasonably build on the strata lot if the lot were created as a vacant lot.

The Gross Rental Value of a vacant strata lot is to be based on a capital value determined in the same way as the capital value is determined for a survey strata lot. This approach provides equity between both forms of tenure.

Date Policy Came into Force

1 July 2005

Date of Most Recent Review

31 January 2006

Authorising Officer

A handwritten signature in black ink, appearing to read 'G Fenner'.

G Fenner, Valuer General