



Town and Country Planning Act 1962

1962 CHAPTER 38 10 and 11 Eliz 2

PART VI

COMPENSATION FOR PLANNING DECISIONS RESTRICTING NEW DEVELOPMENT

Unexpended balance of established development value

97 Reduction or extinguishment of balance in consequence of severance or injurious affection

- (1) Where in connection with—
- a compulsory acquisition to which the last preceding section applies, or
 - a sale of an interest in land by agreement in circumstances corresponding to such an acquisition,

compensation is or was payable, or an amount is or was included in the purchase price, in respect of an interest in land other than the relevant land (in this section referred to as “the interest affected”), for damage sustained by reason that the relevant land is or was severed from other land held therewith, or that any other land (whether held with the relevant land or not) is or was injuriously affected, then (subject to the following provisions of this section) for the purpose of determining whether that other land or any part thereof has or had an unexpended balance of established development value at any subsequent time, there shall be deducted from the original unexpended balance of established development value of that other land an amount calculated in accordance with the following provisions of this section, and the original unexpended balance of that land, or of the part thereof in question, as the case may be, shall be treated as having been reduced or extinguished accordingly immediately before that subsequent time.

- (2) In the case of an acquisition or sale in pursuance of a notice to treat served, or contract made, on or after the thirtieth day of October, nineteen hundred and fifty-eight, the amount to be deducted, as mentioned in the preceding subsection, shall be the amount (if any) by which the compensation payable, or amount included in the purchase price, as therein mentioned exceeds or exceeded the compensation which would have

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been so payable, or the amount which would have been so included, if the extent of the damage sustained in respect of the other land in question had fallen to be ascertained on the assumption that planning permission would not be granted for any new development of that land, but would be granted for any development thereof other than new development.

- (3) The following provisions of this section shall have effect with respect to any such acquisition or sale as is mentioned in subsection (1) of this section, being an acquisition or sale in pursuance of a notice to treat served, or contract made, before the thirtieth day of October, nineteen hundred and fifty-eight; and any such acquisition or sale is hereinafter referred to as an acquisition or sale to which this subsection applies.
- (4) No such deduction as is mentioned in subsection (1) of this section shall be made in the case of an acquisition or sale to which the last preceding subsection applies unless—
 - (a) where it was a compulsory acquisition, an amount was paid by way of compensation as mentioned in the said subsection (1);
 - (b) the amount which was so paid, or, in the case of a sale by agreement, was included in the purchase price as mentioned in the said subsection (1) (hereafter in this section referred to as “the sum paid for severance or injurious affection”) exceeded the loss of immediate value of the interest affected; and
 - (c) where it was a sale by agreement, the other land in question was held with the relevant land.
- (5) Subject to the last preceding subsection, the amount to be deducted as mentioned in subsection (1) of this section, in the case of an acquisition or sale to which subsection (3) of this section applies, shall be the amount by which the sum paid for severance or injurious affection exceeded the loss of immediate value of the interest affected.
- (6) The following provisions of this subsection shall have effect, in the case of an acquisition or sale to which subsection (3) of this section applies, where so much (if any) of the sum paid for severance or injurious affection as was attributable to the loss of immediate value of the interest affected was less than the depreciation in restricted value of that interest, that is to say.—
 - (a) the amount of the difference shall be ascertained, and
 - (b) for the purpose of determining whether, at any time after the acquisition or sale, the land in which the interest affected subsisted or any part thereof had or has an unexpended balance of established development value (whether or not that land or any part thereof would apart from this subsection have had an original unexpended balance of established development value) a claim holding with an area consisting of that land and a value equal to seven-eighths of the amount of the difference shall be deemed to have subsisted immediately after the time when the adjustment of claim holdings was completed.
- (7) In this section—

“the loss of immediate value” means the amount (if any) by which the difference in the value of the interest affected, immediately before and immediately after the acquisition or sale, exceeded the loss of development value;

“the loss of development value” means the amount (if any) by which the value of the interest affected immediately before the acquisition or sale, if calculated on the assumption that, until such time as the land in which that interest subsisted might reasonably be expected to become ripe for new

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development, no use whatever could be made of that land, would have exceeded the value of that interest immediately after the acquisition or sale if calculated on the like assumption;

“the depreciation in restricted value ” means the amount (if any) by which the value of the interest affected, immediately after the acquisition or sale, would have been less than the value of that interest immediately before the acquisition or sale, if both values were calculated on the assumption that planning permission would not be granted for any new development of that land, but would be granted for any development thereof other than new development;

“the relevant land ”, in relation to an acquisition or sale, means the land in which the interest acquired or sold subsisted.