

55908 [P+ 13.3] Japanese Property Claims Commissioner



A P P E N D I X   I I

TO REPORT OF COMMISSIONER

BEING

REASONS ASSIGNED FOR RECOMMENDATIONS MADE IN ALL

SPECIAL CASES.

REASONS IN THESE CASES ARE BOUND IN

NUMERICAL ORDER

ACCORDING TO CLAIM NUMBERS LISTED IN APPENDIX I

1013-February 1   1016   1017   1023   1025   1029   1033   1034   1040  
1041   1048   1049-January 11   1049-March 2   1050   1054   1058  
1062   1066   1069   1070   1071   1074   1077   1078   1085   1087  
1089   1121   1127   1129   1136   1159   1181   1189   1196   1197  
1198   1243   1254   1264   1272   1285   1293   1302   1306   1310  
1312   1316   1337   1353   1358   1361   1369   1371   1372   1373  
1374   1376   1380   1381   1383   1387   1388   1392   1399   1400



SUMMARY OF APPENDIX II

REASONS ASSIGNED FOR RECOMMENDATIONS IN SPECIAL CASES

Memorandum re percentage chattels.

Claims relating to farms developed for greenhouse production.

Memorandum of sales of farm properties developed for bulb production.

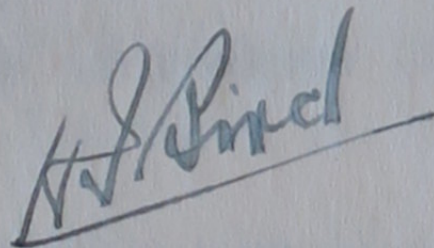
Claim Numbers: 3 13 19 31 32 38 46 50 51 56 58  
72 74 80 81 94 (96 809 1192) 99 102 106 110 118  
127 156 157 165 167 168 170 181 219 227 252-March 2  
252-Not dated 361-December 29 361-February 1 364 372 379  
403 404 415 443 472 474 475 478 489 490 493  
494-January 11 494-February 1 495 (497 and 498) 500  
501-December 29 501-February 1 507 509 510 511 521 526  
528-January 11 528-February 1 529 533 536 539 545 549  
556 568 578 587 588 591 614 615 620 630 634 639  
645 667 671 677 680 693 706 713 729 735 747 771-Sept. 27  
771-October 17 785 (788 and 732) 805 806 810 814 818  
819 827 828 833 836 840 850 852 856 868 872 881  
896 915 924 925 946 954C 984 991 998 1010 1013-Nov. 21  
1013-February 1 1016 1017 1023 1025 1029 1033 1034 1040  
1041 1048 1049-January 11 1049-March 2 1050 1054 1058  
1062 1066 1069 1070 1071 1074 1077 1078 1085 1087  
1089 1121 1127 1129 1136 1159 1181 1189 1196 1197  
1198 1243 1254 1264 1272 1285 1293 1302 1306 1310  
1312 1316 1337 1353 1358 1361 1369 1371 1372 1373  
1374 1376 1380 1381 1383 1387 1388 1392 1399 1400



MEMORANDUM RE PERCENTAGE - CHATTELS

Counsel having examined approximately 1300 out of 1400 claims, with a view to determining the percentage which goods sold at auction bears to the sum claimed for the same chattels, it appears that the general average shows 46.05 per cent.

I HAVE THEREFORE DIRECTED that the figure of 46 per cent. shall be made applicable to claims for lost, destroyed or stolen goods which have been declared by the claimant and/or found by the Custodian, for the purpose of determining the amount of loss sustained, as well as goods sold and not paid for, being the goods referred to in Page 8 of the proposed settlement dated 14th April 1949.



Commissioner.

January 13th 1950.



CLAIMS RELATING TO FARMS DEVELOPED FOR GREENHOUSE  
PRODUCTION.

Claims filed in respect of 12 farm properties situate in the Fraser Valley, as well as in the Gulf Islands, developed wholly or in part for greenhouse production, have been presented on the Inquiry. Such claims have raised questions of some difficulty in the determination of fair market value.

The evidence adduced on these properties discloses that,-

1. Except in one instance, no information on sales made in or shortly before 1943 by owners of land so developed was available to permit of comparison with selling prices realized by the Custodian.
2. The market for greenhouse properties was narrow, due to the highly specialized nature of such operations and the limited number of persons likely to be interested as purchasers.
3. In 1942-43 materials for greenhouse construction, and particularly glass and heating equipment, were difficult if not impossible to obtain.
4. In 1942-43 there was an abnormally strong demand for products such as bulbs, tomatoes and cucumbers grown in greenhouses, at prices higher than were realized for such products in and immediately prior to 1941.
5. There was an apparent conflict between witnesses called for the Government and for claimants respectively upon the existence in 1943 of a market for farm properties equipped with greenhouses. Certain S.S.B. Appraisers testified that such properties were relatively unsaleable at prices commensurate with the cost of greenhouse structures, whereas one Fatkin, a nurseryman and bulb grower of wide experience, called as a witness by Counsel for the



claimants, testified that because of the factors recited in paragraphs 3 and 4 there was a ready market in 1943 for greenhouse properties at prices equivalent to replacement cost of such structures, less depreciation.

6. S.S.B. Appraisers, when appraising greenhouse properties, uniformly depreciated their estimates of value of such structures, irrespective of age, by 50 per cent., this policy of depreciation having been adopted due to the specialized nature of such operations and the limited number of prospective purchasers.

Upon consideration of the testimony mentioned in paragraphs 5 and 6, I conclude that, although a strong market for greenhouse products existed through 1942-1943, there was not as in the circumstances might have been expected great demand for farms equipped with greenhouses, attributable in part to the limited number of persons available - whether engaged in such business or not - who had the qualifications and financial ability to operate them or to extend existing operations, and in part to the shortage of labor available for operation.

If these conclusions are sound - and the only available evidence satisfies me they are so - the apparent conflict in the testimony of these reputable and well-qualified witnesses is reconciled, though I think that S.S.B. Appraisers have over-emphasized limitation of the market in their estimates of fair market value of such properties, while Fatkin has overlooked the existing market condition to which reference has been made.

In view of the absence of the comparison factor mentioned in paragraph numbered 1, I have considered the question of fair market value of greenhouses in terms of depreciated replacement cost, as calculated by S.S.B. Appraisers and by Fatkin; that of other buildings and the



land under cultivation upon the basis adopted in relation to V.L.A. farm properties generally, which has been examined in detail under the V.L.A. head of this Report. I have accepted the calculations made by Fatkin in respect to replacement cost of greenhouses, in preference to those of the S.S.B. Appraisers, since I conclude that he had greater knowledge of and wider experience in the construction of such buildings and the cost of required materials. I have rejected the conclusion of S.S.B. Appraisers that such structures add only 50 per cent. of replacement cost to the value of the farm. Fatkin testified that the replacement cost in 1942-1943 of a greenhouse 15 to 18 ft. wide by 100 ft. long was \$15.00 per lineal foot, to cover construction of the house as well as installation of the glass and heating apparatus. This basis of calculation has been taken as a denominator for houses of a lesser or greater width and length, and is subject to deduction for depreciation of 25 per cent. in case of buildings 10 years old, 15 per cent. for buildings 6 to 9 years old, and 5 per cent. for buildings 3 to 5 years old.

Since I have reached the conclusion that the market for such properties was unusually limited in the period of 1943, I consider that a deduction must be made from such replacement cost <sup>of greenhouses</sup> so calculated of 20 per cent., for the purpose of determining fair market value.

The value so ascertained, in my judgment, is equivalent to the sum which the former owner might reasonably be expected to have been prepared to pay rather than to be ejected from it. (Diggen Hibben v. Regem, not yet reported in C.L.R.).

*H. J. Bird*  
Commissioner.

December 15th 1949.



MEMORANDUM ON SALES OF FARM PROPERTIES DEVELOPED FOR  
BULB PRODUCTION.

Sales of farm properties where the claimants had substantial quantities of bulbs under cultivation at the date of evacuation were made by the Custodian, without regard to the value of bulbs in the ground. Consequently various claimants seek to recover the value of the bulbs at the date of sale.

It has been shown that the Custodian made no attempt to protect such bulbs from deterioration, nor to recover the same during the period when such properties were vested in him.

Evidence was adduced to establish that in the period 1942 to 1943 approximately 70,000 bulbs per acre had been planted on these properties; that sound commercial practice prescribes that bulbs be lifted annually, subjected to treatment for protection against pests, and thereafter replanted; that failure to pursue this practice results in rapid deterioration in the quality of the bulbs during the second year in the ground, and may result in total loss by the end of the third year.

The evidence further establishes that in 1942-1943 the demand for good quality bulbs produced in British Columbia was very great, due to the absence of imported products, and in the result bulb prices showed a substantial rise; that in this period bulbs sold at from \$20.00 to \$35.00 per thousand, depending upon type and quality; that the cost of lifting, treating and preparing bulbs for shipment was \$6.50 per thousand. In 1944 the Custodian, in response to complaints made by various claimants, caused an investigation to be made of the whole situation, and was informed that bulbs then in the ground had deteriorated through lack of treatment to such an extent that only a small recovery could be made. The Custodian was successful in some instances in recovering



a percentage of such bulbs, which were sold and credits passed to the account of the former owner of the land.

The recommendations made in the various bulb claims have been based upon the evidence outlined above.

*H. J. Birch*  
Commissioner.

December 29th 1949.