

Auckland Council

General Revaluation update - June 2011



To: real estate agents

The Auckland Council General Revaluation 2011 is underway.

Valuers from Auckland Council, assisted by QV, are in the process of valuing some 510,000 residential, commercial, industrial, rural and civil use properties across the Auckland region. Property owners will receive their valuation notices later in the year.

While council revaluations are normally done every three years, some of the former councils in the Auckland region had different valuation cycles, which means some properties have been revalued more recently. This is set out below:

Legacy Council	Rating Units	Last Revaluation Date	Rating Base	Valuer
Auckland City	175,000	1.07.08	Annual Value	Auckland Council
Franklin District	20,700	1.07.09	Capital Value	QV
Manukau City	103,000	1.09.08	Annual Value	QV
North Shore City	81,200	1.09.08	Land Value	QV
Papakura District	17,300	1.09.09	Land Value	QV
Rodney District	45,200	1.09.07	Land Value	QV
Waitakere City	66,800	1.09.07	Land Value	QV

Auckland Council is consolidating the process with the region-wide revaluation this year.

Rating Valuations

We'd like to remind you that the property values established by the council are Rating Valuations. They are used for calculating how much each ratepayer should contribute to the overall rates revenue collected by the council.

While other sectors of the market may use the Rating Valuations for a myriad of reasons, their underlying purpose is as a rating base for council. Often, in the absence of a private valuation, council rating values are used to determine a property's value

The 'Market Value' of a property is established by what a buyer is prepared to pay and a vendor is prepared to accept on the day of sale. Council valuation notices will reflect the estimated market value of the property as at 1 July 2011, not the current market value at the time you receive your valuation notice, or at any other date.

Also, rating valuers from Auckland Council use a mass appraisal valuation technique, which involves different methodology than that used by a registered valuer when assessing the current market value for individual properties. The Rating Valuations should reflect the market value of the property as at the effective date of valuation. However, they may differ from a registered valuation in that the rating valuer is not required to inspect the inside of every house for mass appraisal purposes, whereas this is one of the requirements of the registered valuer, who must meet the standards set out in the Property Institute Valuation Guidelines. There is also a statutory right of objection for all Rating Valuations.

To help clarify to your clients the status of the council's Rating Valuation, we'd like to encourage you to reflect the council valuation figures in your marketing materials like this:

Rating Valuation: \$300,000 (as at 1 July 2011)

Where you are quoting the Rating Valuation from legacy councils, which you will be if you are quoting the previous valuation, you need to check the date of the last valuation of that council. Say, for North Shore you would say:

Previous Rating Valuation: \$280,000 (as at 1 September 2008)

It may also be useful to your clients to use this explanation in your marketing materials:

"Auckland Council will establish Rating Valuations for properties every three years. These valuations are used by council to apportion the amount of rates each property will pay. The Rating Valuation is determined by using sales data but is only a snapshot of the value of the house on that day. It is not designed to represent the sales value of the property after that date."

We hope that this will help you be more accurate in your communications with your clients.

Revaluation Timeline			
25 Oct 2011	New valuation notices will be sent to property owners and the new values will be publically notified.	25 Oct 2011	Objection period begins. During the objection period ratepayers can view any Rating Valuation in the Auckland Council should they want to.
16 Dec 2011	Objection period ends.	1 July 2012	Rating Valuations take effect for the new rates year.

Find out more: phone 09 301 0101
or visit www.aucklandcouncil.govt.nz

Glossary of terms

Annual Value (AV) – 5 per cent of the property's capital value or the estimated gross rental less 20 per cent (or 10 per cent if there are no buildings on the land).

Asking prices – a reflection of what the owner hopes their property will sell for. The Rating Valuations are based on what sales have actually occurred and what asking prices have been met by an informed, prudent purchaser. High asking prices don't necessarily reflect higher sale prices.

Capital Value (CV) – the assessment of the probable price that would have been paid for the property (including buildings, carparks, swimming pools, layout etc) if it had sold on 1 July 2011.

Government Valuation (GV) – this terminology is no longer used. It was used to refer to the valuations assessed by Central Government on behalf of councils for rating purposes. In 1998 the role of Central Government assessing valuations for rating purposes was devolved to individual councils and the Government Valuation Department (known as Valuation New Zealand) became known as Quotable Value New Zealand.

Land Value (LV) – the assessment of the probable price that would have been paid for vacant land as at 1 July 2011. It includes development work such as drainage, retaining walls and levelling, but disregards any buildings or other improvements to the property.

Market value - market value is established by what a buyer is prepared to pay and a vendor is prepared to accept on the day of sale. The Rating Valuation is an estimate of the market value of the property on 1 July 2011.

Objection – all property owners who receive a rating valuation can lodge a written or online objection quoting what they think the value should be and why, however if the valuation is to be changed the onus of proof lies with the objector. All objections must be received by 5pm, 16 December 2011. Information on how to object to the valuation is provided on the back of the valuation notice. Late objections will only be accepted in extenuating circumstances.

Quotable Value (QV) – an SOE which is one of several valuation service providers in New Zealand. Since 1998 councils have been able to choose who does their valuations and while QV retains approximately 90 per cent of the rating valuation work in New Zealand, there are a few new valuations firms who councils have opted to use.

Rating Valuation (RV) - a mass appraisal valuation of a property used for rating purposes by councils and is required to be assessed in accordance with the Rating Valuation Act 1998.

Valuer General (VG) - the Valuer General must certify that the proposed values meet the minimum standards set out in the Rating Valuation Rules. These standards include a statistical analysis of data, checking of valuation methodology, the use of thematic mapping for value relativity purpose and checking for regional consistency. He will also audit the council's revaluation process to ensure its robustness and that it meets all legal requirements. Only when the Valuer General, who may require changes to values, is satisfied is approval to publish the valuation roll given.

More information

If you would like more information about the Auckland Council Revaluation 2011, please contact us on (09) 301 0101 or email shae.skellern@aucklandcouncil.govt.nz