FACT SHEET - COUNCIL SERVICES

Rating Valuations

Property Valuations

Historically, local councils have relied upon property valuations in the setting of the annual rates charge to fund their activities.

To be fair, it is important to have a consistent valuation base across the whole district.

That's why property valuations are reviewed at three yearly intervals. Property owners can object to the valuation at each review.

There are three parts to a rating valuation:

Capital Value

This is what the property would have sold for on the actual day of the valuation. It does not include chattels, stock, crops, machinery, goodwill or plantation trees.

Land Value

This is what the land would have been worth on the day of valuation. This includes any development work such as drainage, excavation, filling, retaining walls, reclamation, grading, levelling, clearing of vegetation, fertility build-up or protection from erosion or flooding.

Improvements Value

This is the difference between the capital value and the land value. It reflects the added worth provided by buildings, other structures or cropping trees and vines present on the property, and any landscaping.

The **rating valuations** (formerly the 'Government Valuation') generally occur every three years.

Re-valuations

Re-valuation does not increase the Council's rating income. What it can do is change how rates are charged between different properties - or the 'incidence' of rating, as it is officially known.

What does this mean for you?

If a property valuation goes up by 100% it does not follow that your rates will also increase by 100%. What matters is how your property value **compares** to other properties in the district, and in particular what change there has been in the **average capital value**. This is what determines how much your rates will go up or down.

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For example, if the average increase in capital values across the district is 20% and the capital value on a property increases by more than 20% then the property's share of the rates calculated on capital value will increase.

Similarly, if the value on a property increases by less than 20% then the share of value based rates paid on that property will decrease.

How do we determine future rates?

We do not know for sure how much the rates for a future year will be until after the Council adopts its budget for that year.

Remember, any rates that are set as a fixed charge, like the Earthquake Recovery rate, or rates based on land area are not affected by property values.

Valuations for the property market

Rating valuations are specifically designed to assist the Council in calculating its rates collection.

It is the result of a mass appraisal of market information, not individual property inspection. It can provide a reference point for such things as setting a price for the sale of a property, raising finance or to update an insurance policy.

In some cases, particularly in a fast moving property market, the valuation can become quickly out of date. This is not an issue when it comes to rating because the common valuation date ensures all properties remain on an equal footing.

But if you were relying on it for another purpose you would be wise to ask for an independent valuation from a registered valuer.

OTHER FACTORS THAT CAN AFFECT THE AMOUNT OF RATES:

- **Changes in the Council's budgeted rates income**
- **Growth in the rating base from new properties**
- **Any change to rating systems, eg the introduction of a new rate**
- **Where a property becomes liable for additional service rates, eg, rubbish collection.**

Note: More information on rating valuations is available on www.qv.co.nz

Find out more at waimakariri.govt.nz, or contact Customer Services on 0800 965 468.

160704063683 / CUS-08 /OCTOBER 2019