

### 13. REVALUATION OF BANKS PENINSULA WARD OF CHRISTCHURCH CITY COUNCIL

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#### PURPOSE OF REPORT

1. The purpose of this report is to inform the Council of the results of the recent revaluation of Banks Peninsula Ward.

#### EXECUTIVE SUMMARY

##### Reason for the Revaluation

2. The Banks Peninsula ward of Christchurch City has been revalued to align with the rest of the city, with a valuation date of August 2004. This will allow rates to be set on a common basis from 1 July 2006.
3. This special valuation of this area is a result of the abolition of the Banks Peninsula District Council and its inclusion within Christchurch City. The Rating Valuation Act 1998 requires the Council to have a common valuation roll, that is with the same valuation date. Previously the District Council had a valuation date of 1 July 2003, and therefore the percentage increases are for 13 months. The next revaluation for the city (including the Banks Peninsula Ward) will be 1 August 2007 and will be applied for rating in 2008/09.
4. The revaluation was undertaken by Quotable Value, the valuers for the former Banks Peninsula District Council. The Valuer General has approved the release of the revaluation, and the valuation notices will be posted out to ratepayers and owners on 27 March 2006.

##### Revaluation Results

5. The comments on valuations have been supplied by Quotable Value:

There was significant market movement in all sectors for the period 1 July 2003 to the 1 August 2004 valuation date. There has also been significant movement from the valuation date to current date, although this is not reflected in the revaluation. The new valuations posted out are, in most cases, well below current 2006 market levels.

Categories	Number of Rating Units	Percentage increase	
		Capital Value	Land Value
Commercial and Industrial	201	29%	69%
Residential	5180	51%	76%
Rural	690	50%	58%
Lifestyle	898	44%	62%
Other	607	20%	66%
<b>Overall</b>	<b>7576</b>	<b>46%</b>	<b>68%</b>

6. Result summary:

- There has been an increase in values in all sectors.
- There are 7,576 properties in the Banks Peninsula Ward, of which 5,180 are residential, 898 are rural lifestyle and 647 are rural.
- The percentage increase in the value of residential coastal property is generally greater than the average for other properties, in respect of both land value and capital value.
- The value of commercial retail property in Lyttelton has generally increased significantly more than commercial property in Akaroa.
- Hotels and motels have generally experienced a lower percentage increase in value than other commercial property.
- Properties in the Banks Peninsula Ward are now valued at \$2.59 billion. When this is added to the value of property in the balance of the city of \$46.086 billion, the value of all properties in the enlarged city now amounts to \$48.676 billion.

**FINANCIAL AND LEGAL CONSIDERATIONS**

7. The revaluation is required as a result of the recent abolition of Banks Peninsula District. Under the Draft LTCCP, the new rates system for the expanded city will apply to all ratepayers. The increase in total value is in line with that anticipated in the LTCCP, although the impact on individual properties will vary.
8. Some rating units will no longer be rated due to the application of the Valuer General Rules. The owners of these properties, such as boathouses, may have concerns.

**STAFF RECOMMENDATION**

It is recommended that the information be received.

## BACKGROUND ON REVALUATION OF BANKS PENINSULA WARD OF CHRISTCHURCH CITY COUNCIL

9. The value changes for rate sectors.

### Residential

10. The residential market was generally buoyant for Banks Peninsula with an overall increase in residential dwelling values of 51% from 1 July 2003 to 1 August 2004. Subsequent increases in value have occurred since August 2004 to the current date, but these are not reflected in the rating valuations as the effective date of valuation is some 19 months old. The greatest increases in Capital Value have been for residential property with good water views or coastal access.
11. Land values have had the greatest increase for sites with good water views and coastal access. Breakdown of residential dwellings by location:

Sales Group	Average Capital Value	Average % Change (+ / -)	Average land Value	Average % LV change
Lyttelton	\$289,000	+44%	\$118,000	+69%
Lyttelton Bays	\$336,000	+56%	\$159,400	+93%
Peninsula – other bays and settlements	\$252,000	+51%	\$107,000	+94%
Akaroa township	\$436,000	+46%	\$170,000	+55%
<b>LOCAL AUTHORITY TOTAL</b>	<b>\$322,000</b>	<b>+49%</b>	<b>\$185,000</b>	<b>+68%</b>

### Rural-Pastoral

12. The Banks Peninsula ward is virtually all pastoral owing to the hilly topography. There has always been a good demand for economic properties on the Peninsula due to its proximity to Christchurch, mild climate, and the beautiful vistas. This demand was present in 2003 and is still present for those properties overlooking Akaroa Harbour or those properties with coastal influence. A number of the coastal properties, especially in the Akaroa Harbour, have an element of X factor. This is a premium paid above normal farm sale prices \$/ha or /stock unit. One property which sold in 2002 for \$3 million, sold in April 2004 for \$5.3 million, which was \$1000/stock unit.
13. Farm values are still on an upward trend though not as dramatic as in 2003 with unprecedented sales of large coastal properties. Currently there does not seem to be the same level of interest from overseas buyers.

### Lifestyle

14. Even though Banks Peninsula is a very compact district one can divide the lifestyle properties into five market localities:
- Akaroa Harbour
  - Outer Bays (Mainly the eastern bays)
  - Little River
  - Kaituna
  - Lyttelton Harbour
15. The lifestyle market was very buoyant in 2003 and has continued right through 2004 and 2005. There are still large premiums being paid for land with good coastal and harbour views. The lifestyle market in and around Kaituna and Little River, where there is no coastal influence, have had a lower increase in values.

### Boatsheds and Dwellings on Foreshore and Road Reserve

16. There are 229 boatsheds on the foreshore and five dwellings on road reserve currently regarded as individual rating units. These been individually rated by the Banks Peninsula District Council.

17. The Valuer General's Rules, an extract is attached as Appendix A, does not allow separate identification as a rating unit for each boatshed or dwelling on a road reserve unless there is an equivalent to a legal certificate of title for that occupancy or there is a lease or licence to occupy issued for at least 10 years and noted on the title. The valuers were unable to identify the necessary titles or rights to occupancy therefore the rating units must cease to exist in order for the revaluation to be approved by the Valuer General.
18. As a consequence the 'owners' will not have separate rating units and will, from 1 July 2006, no longer be individually rated. They may be concerned with the rating treatment as they will not have a separate identity on a formal register held by the City Council. There is no legal capacity for the Council to individually rate these improvements.
19. The occupation of the road reserve by the houses requires more investigation.
20. It is believed the boatsheds on the foreshore are not there as a result of Banks Peninsula District Council approvals and as such it will be up to the Crown to resolve the occupancy.

### **The Revaluation Impact on Rating**

21. Rates will continue for the rest of the 2005/06 rating year based on the 2003 values and former BPDC rating system.
22. From 1 July 2006 the Banks Peninsula ward will be fully integrated into the city-wide rating structure. This is detailed in the Draft LTCCP adopted by the Council.
23. The impact of rates on each property will be disclosed to ratepayers as part of the publicly accessible 'Rate Information Database' which shows for each property the new capital values, the rate classification, rate types applied, and the intended rates for 2006/07 as a result of the Draft LTCCP. This will be available from 10 April 2006.
24. The rate impact of moving from the current structure to the city-wide structure will be modelled in the near future and Councillors will be advised of the result. The data is not yet available on the CCC rates system.
25. The resulting rate changes, from the former BPDC rate structure to the City Council rates, for each property, are caused by several factors, including:
  - The change from a uniform charge dominated rate system under BPDC to a capital value dominated system. As a result lower valued properties will pay less, higher valued properties may pay more.
  - The application of rates to rating units such as the land drainage rates and the number of Uniform Annual General Charges.
  - The impact of revaluation changes, being different for each property from the average 46% increase for the ward as a whole. Some properties increase more than others and therefore will attract more rates.
  - Changes to the rateability of land as a result of the application of the valuation rules - 229 boatsheds and five dwellings on either foreshore or road reserve which are currently rated will no longer be rated as they are no longer classed as rating units (under the Valuer General's Rules).
  - Changes to the rateability of land as a result of the application of Council policy:
    - Change in the rating of some rural lifestyle properties from Rural to Residential. This is the same differential rating policy application as faced in the wider city area and will increase the rates for those properties reclassified compared to leaving them as Rural. The BPDC rates system had higher rates for Rural. The reverse applies for the city.
26. Staff are working through the application of rate types to rating units for the Banks Peninsula ward. This migration of rateability of land is dependent on the land attributes and may in some cases necessitate investigation. The changes will be implemented up to 30 June 2006 and where material will be advised to each ratepayer. Should any ratepayer believe the rates have been inappropriately applied they can request a review based on the facts of each case. This is a normal process of a changed rate structure.