

13. VALUATION OF SEPARATE PROPERTIES

Officer responsible Financial Services Manager	Author Paul Melton, DDI 371-1413
--	--

The purpose of this report is to outline the implications of the recent High Court decision in Neil Construction and Others vs North Shore City Council and Others (2000).

BACKGROUND

Up until now the practice of most local authorities has been to add new properties created by subdivision to the Valuation Roll once they have been sold. In other words so long as the subdivider of the land retains some or all of the new lots created by the subdivision accepted practice has been to not have separate entries in the Valuation Roll.

In Christchurch's case our valuation service provider (Quotable Value) has for the last two years been valuing all subdivision land parcels as they are created. This practice, which was the subject of a Council recommendation, was based on advice from the Valuer-General.

The High Court decision, however, takes this a step further and includes not only land held by a developer, but other land that is defined by a separate certificate of title. An example of this situation would be adjoining residential properties – one with a house on it and the other with a tennis court on it. Where these properties are currently one valuation entry they must now be entered on the District Valuation Roll as separate valuations at the next general revaluation.

IMPLICATIONS

Ratepayers

Whereas in the past those ratepayers with adjoining properties on two separate certificates of title received one revaluation notice they will now receive two – one for each property. To comply with section 123 of the Rating Powers Act 1988 these ratepayers will also from 2002/03 onwards receive two separate rate accounts – one for each property.

Both these changes will need to be explained to ratepayers on the information sheet which accompanies the revaluation notice and in the rates brochure which is posted out with the new rates instalment for 2001/02.

Valuation Service Provider

While Quotable Value have been valuing all subdivision land parcels as they are created, they also need to value any other land which has not been separately valued and which has its own certificate of title. This must take place in time for the next revaluation in September of this year. For Christchurch, the properties which fall into this category are estimated to total 3,800.

This is a significant task which is not standard practice and therefore falls outside the scope of the present contract. It will in many instances involve a site visit to determine what capital improvements are on what property and will also involve reconciling the new values back to the original single valuation entry. Quotable Value have advised that they will need to take on additional resources to ensure that this task is completed prior to revaluation. They have also had to make modifications to their valuation software.

The Council

The Council has been advised it must comply with the law. The Valuer-General has also indicated that he is not prepared to certify the forthcoming general revaluation unless this work has been done.

The cost of this work has been estimated to be \$152,000. This is a significant additional cost and we are currently exploring with Quotable Value ways we can assist them to help reduce the overall cost.

Quotable Value have also been asked to bill us separately for work relating to this project which is carried out in 2000/01 and that which is carried out in 2001/02.

Chairman's

Recommendation: That the information be received.