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Property Tax and Assessment News from Around the World

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Auckland Ratepayers' Alliance revokes second-highest rates claim

A ratepayer watchdog group in Auckland admits it was wrong to say the city has the second highest rates in the country.

The Auckland Ratepayers' Alliance claimed the council tried to deliberately mislead the public in the way it provided figures for annual council rates league tables, compiled by the Taxpayers' Union.

The figures initially excluded water rates, which in Auckland are billed separately by the council's water company.

Auckland RatesA ratepayer watchdog group in Auckland admits it was wrong to say the city has the second highest rates in the country. Photo: RNZ
The correction elevated Auckland Council from about one third of the way down the list of the country's highest rating councils, to second.

"It appears the council has coordinated responses to deliberately mislead the public on what the average ratepayer pays," said the alliance's spokeswoman Jo Holmes.

However, Ms Holmes told RNZ her own statement was not strictly true.

Auckland Council is one of only five unitary councils in the country, which charge rates for local and regional council functions.

That means its rate cannot be directly compared with the 61 other councils surveyed.

Auckland Council's average residential rate, including water charges, is the highest of the five Unitary Councils at $3210, ahead of Tasman District on $3056.

The Ratepayers Alliance complained to the Auckland Council that it failed to supply, as requested, an average rates figure that also includes an average annual water and wastewater bill.

Auckland's previously published figure without water and sewerage costs had been $2340.

"They tried to pull the wool over people's eyes," Ms Holmes told RNZ.

"Auckland Council attempted to come out looking better off by choosing to conceal these charges from their figures, even though they said it was included," said Ms Holmes in an email to Alliance followers.

However, Ms Holmes told RNZ it was the council which pro-actively contacted the Taxpayers' Union once the list was published, and it became clear the wrong figure had been published.

Auckland Council rejects the claim of misleading the group.

They said when approached last year, it provided the rates figures and told the group that its water company, Watercare, would provide the water costs, which it did.

This year when the same request came through, it referred the group to its previous year's advice.

The council said when the league table was published, it proactively contacted the Taxpayers' Union, pointing out the error and supplying the missing water costs.

House values to jump as Auckland Council publishes new RV

More than half a million homes in Auckland are expected to see a jump in value - potentially by as much as 50 per cent - when rating valuations are released next month.

The average house price value across the Auckland region has risen 40 per cent since the latest rates valuation (RV) three years ago, and property experts are expecting a similar rise in RV across the city.

TradeMe head of property Nigel Jeffries said "nowhere in Auckland would we expect a rating valuation to drop".

"We will see some lifts, for example in the inner-city suburbs, where prices have moved quite significantly from three years ago."

These figures, which Auckland Council used to help calculate property rates, could in turn lead to a rise in homeowners' rates bills.

However, deputy mayor Bill Cashmore urged Aucklanders not to panic as any rise in value did not automatically correspond to an identical rates hike.

Any rise in rates was based more on how the property value rose in comparison to the area's average, he said.

"Say the average valuation increase is 50 per cent and your house has gone up by 50 per cent, it won't affect your rates other than the normal incremental increase."

But he said if there was a rise well above or below the average, then this could see a larger hike or drop in rates bill.

The council is expected to release the latest RVs in early November.

Council master data and valuations manager Emad Asgari said any changes to rates would not take effect until July 1, next year.

Work on the new valuations had been in progress since January, he said, and involved teams analysing information such as sale prices, type of property, market trends and property trends.

"Given there are about 548,000 properties in Auckland it is logistically impossible to inspect them all individually. As such, rating valuations are calculated using mass appraisal techniques."

Asgari said once the analysis was complete the Valuer-General audited the rating valuation for every property before it was made public.

Homeowners who objected to their new RV typically had six weeks to put in an objection.

Andrea Rush, national spokeswoman for Quotable Value, which is one of the companies working on the valuations, cautioned against anyone using them as the ultimate gauge of what their property would sell for.

"It will only reflect market value at the time it is set and for this reason the RV should not be used as a guide to what your property will sell for on the market anytime thereafter [July 1, this year]."

Rush said it was too early to comment on where the biggest and smallest lifts were likely to be, but said market growth would be reflected in the new RVs.

QV House Price Index figures showed in the three years since the 2014 valuation, the average value has risen 40 per cent, from $720,426 in July 2014, to $1.04m in July 2017.

Broken down into sub-regions in some areas prices had grown by as much as 56.8 per cent.

The highest jump in price was in northwest Manukau, which in July 2014 had a median value of $489,377 but was up $277,828 to $767,205 in July this year.

The smallest rise was seen along the coastal areas of the North Shore, which grew by 39.4 per cent across the same period from $990,893 in July 2014 to $1.38m in July 2017.

Homes.co.nz head of marketing Jeremy O'Hanlon expected properties that would see the biggest jump in values were those in high-density areas.

"Urban zone properties are significantly more likely to sell for over 1.5 times their CV when compared to less densely zoned areas."

Based on the market he expected to see a significant rise in the RVs this year.

"The latest rates valuation grew by 34 per cent, we are expecting this to be beaten again by 5 to 10 per cent, based on an analysis of sales results over 2017."

Homeowners can go to the council website to see the latest rating valuation or can sign up to an email that they should receive the same day the new figures are released.

New RVs are released triennially, after a region-wide revaluation of all commercial, industrial and rural properties that every council in New Zealand is legally required to carry out.

Change in prices since 2014
Auckland region
Up 40 per cent since July 2014 to $1.04m in July, 2017

Biggest jumper
Northwest Manukau
Up 56.8 per cent since July 2014 to $767,205 in July, 2017

Smallest jumper
Coastal North Shore up 39.4 per cent since July, 2014 to $1.38m in July, 2017

New Rotorua capital valuations up more than $3 billion

Rotorua homeowners may be in for a pleasant surprise when they receive notification of their home's new capital value. But there could be a downside to the city's soaring property values.

Every three years the district, that is the capital value and the land value, is revalued for rating purposes.

Starting today, Rotorua homeowners will receive rates notices in the post informing them of the new capital value of their home. The letters will not indicate a change to their rates.

Three years ago the average Rotorua property value was $260,000. It is now $370,800 - up 48.6 per cent.

Capital values in Rotorua have increased more than $3 billion during the past three years with residential values up a whopping 45 per cent in the same period.

However, the downside could mean a significant rates hike for many Rotorua residents.

In a nutshell, if your revaluation is higher than the average capital value for your suburb, an increase is likely, but if it is lower your rates could decrease.

A report prepared by valuation firm Opteon and presented to the Rotorua Lakes Council at this week's Operations and Monitoring Committee meeting by the council's business support group manager and chief financial officer, Thomas Colle, showed Selwyn Heights, Fordlands, Koutu, Ohinemutu and Western Heights all had average capital values increases of between 60 and 70 per cent.

"The residential capital value increases shouldn't come as any surprise considering the buoyant market since 2015," Mr Colle said.

"But what stands out is the suburbs at the lower-end value previously have had the most increases while some areas with higher capital values like Kawaha Point and Lynmore didn't have much of an increase. So basically the top end hasn't moved much while the lower end has moved significantly."

Councillor Charles Sturt said it was important people kept in mind the revaluation was solely a mechanism for the council to set rates and the capital value was not necessarily what a house would sell for.

"I do think the huge swing to an increase in residential valuations means we [council] are going to be impacting on people's ability to pay rates," Mr Sturt said.

"Most of the huge increases are in the lower-socio economic areas and we need to have a look at the complete picture of the impact this will have. I want to see the direct impact on ratepayers."

Mr Colle said the council was aware of what might happen and was working toward understanding it. "It will form part of our discussion in the Long Term Plan discussions."

Potaua Biasiny-Tule, from Te Tatou o Te Arawa, said he was receiving complaints about rental properties.

"As the house prices go up, so do rents, and the pohara [poor] families can't afford to live. Those who own houses, and [are] only just making it through, will be rated out of their homes.

"I am worried we will start to see families leave because our city is so successful. I want to make sure that with all our growth, we are still looking after families that have been here a long time."

Councillor Tania Tapsell said looking at the report was heartbreaking.

"As a young person trying to save for a house, this pushes me out another five to 10 years. It raises a very serious question about housing affordability in Rotorua."

On the flip side, councillor Merepeka Raukawa-Tait said she was pleased people in Koutu, Western Heights and Fordlands now had equity in their homes.

"This cannot be overlooked or underestimated," she said.

The council has set up a rating valuation tool allowing property owners to see values of their suburb, street and property online. Go to Rating Valuations 2017 under Properties and Rates on the council website.

Homeowners also have 30 days to object to their valuation. Mayor Steve Chadwick, at the meeting, encouraged people to appeal their valuation if they didn't agree with it.

At the last revaluation about 1000 objections were received and about the same number in 2011. Information on how to make an objection is on the back of the Notice of Valuation.

City attractive to investors

Bayleys chief executive Simon Anderson and Professionals principal Steve Lovegrove say because Rotorua has become an attractive proposition for investors during the past two to three years, supply and demand in suburbs like Koutu, Fordlands and Selwyn Heights has pushed prices up.

"The increase reflects what we have been seeing every day," Mr Anderson said. "There has been significant growth and this has come largely on the back of some great initiatives from Rotorua Lakes Council and the business community.

"There is a good economy in Rotorua and the increase has to be seen as a positive. There are more opportunities for employment that weren't there before which should also help ratepayers."

Mr Lovegrove said the new rateable values had already started to interfere with buying and selling.

"Sellers want to know what their property is worth and buyers want to know what to pay," he said. "While the rateable value is not a registered valuation, it does draw a line across properties. At any given time you can expect properties to be selling X amount above or below the rateable value.

"In the past three years we have seen some dramatic price increases in the lower socio-economic areas as they have become highly desirable for investors."

Auckland Council's rates the second highest in New Zealand

Auckland Council has been caught out providing false information regarding the average rates paid by Auckland households, with revised figures showing that Aucklanders pay the second highest rates in New Zealand.

Over multiple years, officials have provided incorrect information to the Taxpayers' Union and Auckland Ratepayers' Alliance researchers under the Local Government Official Information and Meetings Act 1987, presumably as an attempt to avoid criticism of the Council's very high costs in comparison to the rest of the country.

Jo Holmes, Spokesperson for the Ratepayers' Alliance says, "As a result of these illegitimate figures, Auckland Council came out much better in our local government league tables than justified. It appears the Council has coordinated responses to deliberately mislead the public on what the average ratepayer pays."

"In the initial report, Auckland Council's rates were comparable to New Zealand's average. Now that the Council has coughed up the true figures, we know Auckland rates are actually the second highest in the country."

"Before the Ratepayers' Report local government league tables were published, we wrote to Auckland Council's CEO and specifically asked for the rates figure to be checked a third time and were assured it was accurate."

"With light finally shed on the truth, we have exposed that Aucklanders pay the second highest residential rates in the country."

"This new set of data shows that if Auckland Council were as efficient as others in New Zealand, they would be better fiscally prepared to invest in the infrastructure that our city desperately needs."

New rating values coming

Although the latest QV House Price Index data shows residential property values across the Auckland region have increased by just 0.8 per cent over the past year, it's the growth the market has seen over the past three years that will be included in the new rating valuations all Auckland property owners will receive this month.

Around 540,000 residential properties across the Super City will receive a new Rating Valuation (RV) following the tri-annual revaluation which is being carried out by Auckland Council with the assistance of rating valuation service providers including Quotable Value (QV).

Assessing rating values is a service QV performs for councils. We calculate these by analysing the councils' data on properties in your area.

Our valuers may inspect residential properties sold recently and those where building consents show work has recently been completed. We also compare similar properties to determine a property's updated RV.

An RV is the estimated market value of a property on a particular date in time. For the Auckland Region the new RVs will be set as at the date of July 1, 2017. RVs are assessed by Auckland Council every three years and were last set as at July 1, 2014.

The QV House Price Index figures show in that since the last revaluation in the Auckland Region the average value has risen 40 per cent from $720,426 in July 2014, to $1,044,303 in July 2017.

The new RVs will not include any changes in the market since July 1, 2017 and until they are reassessed in three years' time.

Something many people forget is that the RV of a property will only reflect market value at the time it is set and for this reason a rating valuation should not be used as a guide to what your property will sell for the on the market anytime thereafter as it is designed only for rating purposes only.

The region-wide revaluation includes all properties in Auckland including industrial, commercial and rural properties and is a legal requirement that every council in New Zealand must carry out.

The revaluation process means that the increase or decrease in valuation of your property is taken into account with all the other properties in the Auckland Region, the values of which all move as well.

The revaluation doesn't impact on the total amount of rates collected by Auckland Council but it does help it work out everyone's share of rates, which is based on Capital Value (CV) and this is what the council uses for rating purpose.

Tauranga householders pay higher rates than elsewhere

The bottom 70 per cent of Tauranga residents are shouldering a bigger financial burden than ratepayers in New Zealand's other main centres.

This has been revealed by city councillor Steve Morris after he analysed data provided for the review now underway of Tauranga's rating system.

"We are the highest rated metro council and the second highest rated city council in the country," he said.

The review disclosed that Tauranga collected 83 per cent of its rateable income from householders, compared with an average of 64 per cent in Auckland, Hamilton, Wellington, Christchurch and Dunedin.

This was partly because Tauranga commercial property owners paid the same rate in the dollar of capital value as householders. The commercial differential on the general rate was phased out in 2006.

Cr Morris said commercial differentials in the other main centres ranged from 1.66 to 2.8 times the general rate.

The other central issue for the council's first major rates review since 2003 was the impact of the uniform annual charge (UAC).

In Tauranga, the $840 charge contributed 29 per cent of the total rates take - only 1 per cent less than the legal maximum.

UACs were a standard charge levied on all Tauranga ratepayers, regardless of the value of their property. The UAC in the other main centres ranged from nil in Hamilton and Wellington to 12 per cent in Auckland.

Cr Morris said reducing the UAC would result in rate reductions for 70 per cent of house owners. Ten per cent would see no difference and the top 20 per cent would pay more.

"That would bring us into line with other cities."

He said the lack of a commercial differential was based on the myth that Tauranga did not have a large base of commercial ratepayers.

However, data showed that 6 per cent of Tauranga's rateable properties were commercial. This was 1 per cent more than Dunedin and 1 per cent less than Auckland and Wellington. Hamilton had 8 per cent commercial properties and Christchurch 10 per cent.

Cr Morris said the other "myth" was that if the council removed the UAC, little old ladies would be rated out of their valuable family homes.

Comparing the myth with the evidence of who qualified for the low-income rates rebate from Internal Affairs showed that very few claimants lived in higher valued leafy suburbs, but a lot claimed the rebate in traditional lower valued areas like Arataki, he said.

Only one property on the beach side of Oceanbeach Rd claimed the rebate and one property on most of Marine Parade. He was citing a confidential council map.

The council had a rates remission policy for people unable to pay their rates. The council was able to recover the last five years of remissions from an estate or if the property was sold.

Cr Morris supported reducing the percentage of the UAC but not abolishing it altogether. The burden falling on the bottom 70 per cent was why the council often met ratepayer resistance to major projects, he said.

He said including the targeted economic development and mainstreet rates payable by commercial ratepayers made little difference to the big picture. The council levied $4 million in targetted rates.

Finance committee chairwoman and accountant Gail McIntosh said lowering the UAG would be an easy way to make rates more affordable for people on lower incomes. It meant the council would have to collect more from the general rate which varied according to the value of the property.

One of the problems with rates reviews was that it was very hard to make generalisations about people's incomes and assets, she said. People in more affluent areas could be living on the government Super and houses could be owned by a family trust or their children.

Cr McIntosh said she liked not having a differential because Tauranga had a high percentage of little businesses operating from homes. Introducing a commercial differential meant people working from home would get an advantage.

Another decision for the council was whether to spread the Tauranga Mainstreet levy beyond the traditional boundaries of the downtown.

She said there was no big groundswell for change in the rating system.
"We collect what we need to spend, but the who and how is debatable."

Revenue collected from householders as portion of total rates received:
Tauranga: 83 per cent
Auckland: 68 per cent
Christchurch: 68 per cent
Hamilton: 65 per cent
Dunedin: 63 per cent
Wellington: 56 per cent

QV: Small centres catch property market slowdown

People holding back from listing their properties may be protecting New Zealand from a significant fall in house prices, QV says.

It has released its latest data, which shows nationwide residential property values were up 4.3 per cent in September on the same time the year before. Prices were up 1.1 per cent over the past three months.

Spokesman David Nagel said a drop in value growth had spread from the main centres to almost all urban areas, with the exception of Rotorua, Palmerston North, Dunedin and Invercargill.

Auckland's prices have dropped over the past three months.
"The year-on-year growth is still showing double-digit gains in many of New Zealand's provincial towns; however the quarterly change shows a gradual slowing of the property market in almost all city locations," he said.

"Values are reflecting small decreases in all but a few isolated pockets of Auckland while Tauranga and Christchurch have also shown a small decline over the past quarter."

He said there had not been the normal "spring surge" of people listing their properties for sale, which had avoided a sharper fall in values. If there was more supply on the market, there would be less competition, which could weaken prices further.

In Auckland, values are down 0.6 per cent over the past three months.

QV senior consultant James Steele said sales volumes were at very low levels because it was hard for purchasers to get finance.

"The number of listings has also eased as there is little pressure at the moment for homeowners to sell, as rents remain high and interest rates low, and a number of vendors and purchasers are taking a 'wait and see' approach until after a new government is formed."

Those who had to sell were having to be more flexible, and realistic about their pricing, he said.

He said there was strong demand from first-home buyers who faced less competition from investors and less often had to deal with properties going to auction.

"Prices for new dwellings in large subdivisions have eased back, especially where speculation was a large part of the market, and builders have also noted a slowdown of work in these areas."

Napier had the biggest year-on-year price gains but Hawke's Bay valuers said the market seemed to have changed there, too, while the outcome of the election was unclear.

Hamilton valuers also reported fewer investors in the market and more hesitation from buyers and sellers.

In Wellington, prices are up almost 10 per cent year on year and senior consultant David Cornford said while growth had flattened over the quarter, it was still a seller's market.

"There is strong competition for well-presented, well-located properties and multi-offers are the norm with these properties and there is a strong presence from first home buyers in the market."

Christchurch prices are still flat, down just under 1 per cent compared to the year before. QV said it was a reflection of the difficulty in buying and selling due to lending restrictions, especially for investors.

QV said the unclear election result was probably still causing market uncertainty across the country.

"While there is uncertainty around who will govern the country in the coming weeks, there are policies that if agreed up on under a coalition government could influence the property market," Nagel said.

"These include a gradual reduction on immigration numbers which has previously helped fuel the property market, particularly in Auckland and the increase in housing supply."

Property values up 10-30pc

A REPORT prepared for the next ratings revaluations shows Gisborne residential homeowners can expect a valuation increase of at least 20 percent, and the horticultural and pastoral sectors are likely to see increases of about 30 percent.

Contractor Opteon Technologies Ltd, previously Landmass Technology Ltd, presented Future Tairawhiti committee of all councillors with a revaluation review of the region's 23,500 properties, which shows trends and increases since the last rating revaluation in 2014.

Gisborne District Council, like other local bodies, must revise valuations every three years.

The ratings are supposed to represent the market as at July 1, 2017, and will be audited by the valuer general in late October.

The report said there was a possibility of at least a 20 percent increase in the residential market from strong value movement over the past 12 months.

The increase was slightly less for lifestyle properties at about 16 percent.

Factors effecting residential and lifestyle properties are:

- Strong competition from first-home buyers, investors, existing home buyers and new arrivals
- Increasing equity and lower interest rates
- The market is "playing a lot of catch-up in value lost over the last 10 years".
- Rents have risen dramatically and there is a significant shortage of suitable rental properties.
- Building costs are up significantly since 2014.
- There is a shortage of serviced sections, with the value of land at Sponge Bay increasing by 60 percent.

Pastoral sector
The pastoral sector is described as the strongest performer in the Gisborne district with average increases of about 30 percent. The report attributed the effect on pastoral properties to:

- Very high confidence in the sector
- Low interest rates leading to farmers expanding, and activity from out-of-town investors and Maori corporations
- Tight supply and competition for farms
- Values returning to 2007 levels.
- Strong demand from alternative uses of honey and hunting, which has lifted the value of marginal uneconomic pastoral lands.

Horticultural and cropping properties could possibly expect a 30 percent increase in value due to:

- A lot of demand for suitable land for apples and gold kiwifruit
- The high increase in land value has put a ceiling on citrus crops

- The majority of smaller vineyards are worth only the land value; grapes are being slowly phased out
- There will be a significant increase in value in coming years as new plantings come into production.

The report said commercial and industrial property had increased little from 2014. Overall increases will possibly be about 10 percent.
The market was affected by:

- A shortage of well-located industrial space and land
- There was good demand for modern and earthquake-compliant buildings
- Rents remain static
- Older and earthquake-damaged buildings which need strengthening are heavily discounted.

The report said there was possibly a 10 percent increase in the forestry property market. The market was affected by:

- An inability to compete with the pastoral and manuka market
- There was strong demand for mature blocks with scale, particularly from overseas investors
- Carbon prices had risen significantly since the last revaluation from $5 to $17 per tonne.
- Strong log prices have miminal impact on land values as most of the value is in the trees.

The report said there was likely to be further changes in percentage movements as more sales analysis was completed.