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Property Tax and Assessment News from Around the World

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Thousands of Joburg property owners to get new valuation notices

The City of Johannesburg is to revalue 8,000 properties following an outcry from residents and companies affected by huge increases in municipal valuations.

The city revalued all housing and commercial properties in its administrative jurisdiction in 2017, in terms of a legislated process that takes place every four years.

Last week, Business Day reported that businesses, residents and other property owners affected by the valuation increases had accused the city council of unfairly inflating property values to boost its flagging income.

This came soon after the Joburg council passed its adjustment budget, in which its 2017-18 capital and operational expenditure budgets were adjusted downwards. It received R926m less revenue than expected in service charges. Johannesburg mayor Herman Mashaba said in a statement on Wednesday that many of the properties identified as problematic had received valuation hikes of more than 100%.

Mashaba said the valuations entailed an average increase of 30% over a five-year period for the 879,000 residential properties.

The values of 40.71% of the properties had been hiked 21%-40% and those of 30.65% of the properties 41%-60%. Eight percent of the property values were increased 61%-80% and 2.23% were raised 81%-100% and 3.38% more than 100%.

Mashaba said on Wednesday the owners of the properties to be revalued would receive section 78 notices from next week, which would provide the revised valuations.

The notices would also make provisions for a 30-day period during which property owners could provide relevant information to be taken into account in the review process.

Mashaba said that these properties would be placed on the supplementary valuation roll. "In cases such as this, the city must assume the burden to address the problematic valuations before the implementation date on July 1 2018," said Mashaba. This differed from the conventional objections process, which placed the burden on account holders to object to the valuation.

Municipal valuer Piet Eloff, in response to e-mailed questions, told Business Day that the municipality could not put a cap on the valuation levels, saying the municipal valuer was independent and could not be prescribed to.

Legislation made provision for the city to object to the values of properties where they disagreed, Mashaba said. Eloff said the properties in question were mostly commercial properties, but also included some blocks of flats.

He said a perceived fair increase in the valuations differed from area to area but on average it was 40% for residential properties and 30% for commercial properties.

The city's finance department has indicated that a process to reset rates tariffs was still under way.

Gauteng premier David Makhura added his voice to those of distressed residents and companies, saying that he was "deeply concerned" about the city council's proposed rates increases.

"These rate hikes will in no doubt put financial strain on the residents who are already buckling under financial pressure due to the weak economic environment," he said.

Makhura said he would meet Mashaba to discuss it and would appeal to the mayor to ensure that Joburg residents were not unduly burdened with unjustified rate hikes.

Joburg to revalue properties

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City of Joburg revaluing properties after ‘serious mistakes’

A total of 8 000 properties are affected, but the City cannot say if these are commercial properties, while more objections are expected.

The City of Joburg has admitted serious mistakes in controversial property revaluations, which has seen thousands of properties vastly overvalued.

However, the City said the errors were made in capturing data relating to commercial properties.

In all, 8 000 properties are to be revalued. But the city is unable to say if all of those are commercial properties.

Mayoral spokesperson Luyanda Mfeka said the matter was discussed by Premier David Makhura and mayor Herman Mashaba in response to concerns raised by the public concerning the 2018 General Valuation Roll.

Mfeka said they had noted that the model used in the valuations process resulted in some residents’ properties being overvalued, leading to considerable rates increases, many over 100%.

Regarding the model used, he said it is a formula used to value certain types of properties in specific areas, taking into consideration various factors.

In the case of income-producing (commercial type) properties, part of the formula calculates the potential income (rental income) of a property.

“The rate (rent) per square metre, which is multiplied by the rentable area, was captured incorrectly, which resulted in overstating the income of these properties, which therefore resulted in the over-valuations,” Mfeka said.

He said the correct data has since been captured.

Notices were being issued to owners of affected properties from the beginning of next week.

“In addition to this, the City has committed to testing the remainder of the values in the valuations roll so as to identify any other properties which may have been affected.

“This process now means that the owners of these 8 000 properties will begin receiving, from next week, section 78 notices which will provide revised valuations,” he said.

According to Mfeka, the notices would advise the owners that they may lodge a request for valuations review with the municipal manager in writing, should they still disagree with the amended valuations.

The review must be lodged within the specified period as printed on the notice. The metro council would ensure that the 8 000 affected properties would be prioritised in the review process.

“Work on these cases will begin immediately with a view to issuing revised valuation notices as soon as possible,” Mfeka said.

If there are disputes on the outcomes of the valuation process, residents will have an opportunity to appeal the valuations through the appeal board appointed by the MEC of cooperative governance and traditional affairs.

“The premier, having engaged with the city, seemed to be satisfied that the city was proactively taking all available steps to be responsive to those residents whose properties have been over-valued,” he said.

City of Joburg admits to errors in property valuation roll, David Makhura says

Gauteng premier David Makhura says the City of Johannesburg has admitted to making an error in its valuation roll, in a meeting where he had to deal with complaints from the general public about the issue.

Briefing reporters in the Gauteng legislature on Tuesday, Makhura said he met Johannesburg mayor Herman Mashaba on March 9 to discuss concerns that had been raised by property owners relating to Johannesburg’s new general valuation roll.

"I took the step to get the city to explain what has happened. We always have property valuations. … It is not the first time. Yes, people do complain but this time around there was a huge complaint.

"Some of the people raised the issue with me. This includes some of the businessmen about their residential properties but also business properties. They complained that what was seen is nothing that they have seen before. So, there is something fundamentally wrong," Makhura said.

"Indeed, the city admitted to me that there was an error. The city introduced a new valuation model. They appointed service providers … in the course of the introduction of that new valuation model, there was a huge overvaluing of properties.

"By that time, the city had isolated 8,000 properties in certain parts of the city, largely in the eastern part. They have ordered that those properties must be revalued.

Makhura added: "They [the city] acknowledge that yes there was a mistake but you know that 8,000 is only [about] 1% of the 879,000 properties on the Johannesburg valuation roll. We agreed with the mayor that whereas they have isolated 8,000, they will also deal with all the rest [of complaints]. If any member of the public, rate payer, property owner, is still aggrieved, they need to follow the right procedure."

The new valuation roll, published in February, caused havoc in Johannesburg as property owners complained that their immovable assets had been valued way above market prices.

Some of the property owners who spoke to TimesLIVE brought evidence of how the new general valuation roll raised their property as high as 1,000%.

Objections can be done online and in person.

VAT hike will hit the poor hardest as their spending power is eroded

The regressive tax increase will worsen poverty and increase inequality — and there are viable alternatives, writes Gilad Isaacs

The value-added tax (VAT) hike announced in the budget speech threatens to erode the spending power of poor and lower-income households, worsening poverty and increasing inequality.

VAT, charged on most goods and services at a rate of 14%, is levied irrespective of how much the consumer earns, making it a regressive tax.

Taxes on goods (VAT plus excise duty) hit the poor hardest. The lowest-earning 10% spend 13.8% of their disposable income on these taxes compared to 12.6% of the highest-earning 10% in the country.

The Davis Tax Committee has conceded that raising the VAT rate would increase inequality. It would also make basic goods more expensive and necessitate a proportional increase in social grants and wages to maintain the buying power of the poor.

The statistical model used by the Treasury to support a VAT increase rests on highly improbable assumptions.

While VAT is successful if considered solely from the perspective of revenue-raising, ignoring its potential negative effect on the poor and the other available options, taxes that hit the poor hardest, make consumption of basic goods more expensive and increase inequality should not be entertained.

Overall, taxation in this country is mildly progressive, meaning the wealthier pay a higher share of overall taxes. But given the extreme levels of inequality in SA, the system is not progressive enough. And taxes paid by households are less progressive than in comparative developing countries.

The share of revenue from personal income tax (PIT) fell from 43% in 1999 to 30% in 2007. This was despite strong growth in the number of PIT taxpayers and significant wage growth among earners in the higher-income bracket.

This was largely due to falling PIT rates, strong corporate profits and the consistently high share of VAT. The tax rate for the highest earners fell from 45% in 1990 to 41% in 2016 (in the two decades prior to democracy it averaged 51%).

A South African Revenue Service (SARS) study shows that the share of tax paid by those earning above R1m has fallen between 2006 and 2015 — and fallen more than their share of overall taxable income, which means their relative contribution has declined.

The share of corporate income tax (CIT) in the overall tax mix rose prior to 2007-8 on the back of strong corporate profits and better tax collection, and subsequently fell amid slower economic growth.

While corporate profits boomed, the CIT rate was decreased from 50% in 1990 to 28% in 2016-17. According to the World Bank's Doing Business Index, SA's effective corporate tax rate (total tax and contribution rate) is well below other emerging-market peers and the fifth lowest in Africa.

VAT has contributed 24%-27% of tax revenue and been held constant at 14% since 1993. Despite wealth inequality in SA being extreme — the top 10% of South Africans hold at least 90%-95% of its wealth, while the top 1% holds 50% or more of its wealth — taxation on wealth or income from wealth is low.

This includes direct tax on assets such as property, income from holding assets (such as capital gains) and inheritance.

Capital gains tax, for example, raised only R17bn in 2016-17, a mere 1.5% of tax revenue. Because not all capital gains are taxed, in 2017 individuals paid a rate of 16% on capital gains, and companies 22%.

Tax on inheritance — estate duty — is levied at only 20% and raises revenue worth 0.05% of GDP, compared with the Organisation for Economic Co-operation and Development average of 0.2%.

SA has no annual "net wealth tax" that would tax the total value of wealth held in a given year. Considering large amounts of wealth were accumulated under apartheid, that this wealth is passed between generations, and that black earners have less assets to begin with and must support more dependents, low taxes on wealth are indefensible and perpetuate inequality.

The ability of SARS to raise the requisite revenue has been undermined by state capture. Judge Dennis Davis notes "erosion of the integrity of SARS" and previous SARS managers point to loss of expertise. Specialist units pursuing tax evasion have been gutted, while there is an indication that companies and individuals associated with state capture are not tax compliant.

At the same time, capital flight and tax evasion and avoidance are endemic, though the exact cost is difficult to pinpoint; various estimates suggest it runs into many billions of rands. One estimate calculates that illicit financial flows from SA constitute 5%-9% of all trade, and little tax will be paid on such funds.

Instead of uniformly raising VAT, the list of zero-rated items (products upon which VAT is not charged) should be expanded, targeting goods generally bought by low-income earners, such as bread, poultry, flour, candles, soap, basic medicines, pay-as-you-go airtime and education-related items.

This will also benefit higher earners but the share of disposable income spent on these goods by the poor is higher. Even taking into account the benefit to wealthier households and the potential capture of some gains by retailers, this will have positive distributional outcomes (and generally no less so than other pro-poor government policies, except social grants, which are highly redistributive). It will also assist in ensuring basic needs of poorer households are met.

Instituting a land tax, particularly on unused land, and increasingly property taxes, particularly on nonresidents and those owning multiple homes, would also help close the gap
A higher VAT rate (for example, 20%) should be levied on luxury goods. These include goods bought only by the rich, such as yachts, as well as upper segments of other goods markets, for example, fancy cars, expensive fridges, and so on.

The selection of items should not place goods that poorer households save for beyond their reach.

Given the existing tax administration systems this can be feasibly implemented. And given that a higher share of luxury items are imported, this should not unduly dampen domestic demand and could modestly assist the balance of payments.

These changes could be made in a tax-neutral manner. The revenue gap could be closed through repairing the administrative capacity of SARS, including its ability to tackle tax avoidance and evasion by corporates and the wealthy.

This requires a change in executive management and various administrative measures, as well as governance reforms aimed at greater independence.

The gap could also be closed by raising personal income tax, particularly on the highest earners. For example, in 2015 an effective tax rate of 40% on those earning between R500,000 and R1m and 45% on those earning above R1m would have raised additional revenue of R5.4bn and R5.3bn respectively (though some seepage is likely to occur).

Increasing corporate income tax would also assist. In 2015, effective tax rates of 30%, 32% and 35% would have raised an additional R13bn, R26bn and R45bn respectively (though this is likely to be somewhat less due to avoidance and/or a fall in taxable profit).

An annual net wealth tax could also be instituted. International comparisons suggest this could raise anywhere between R22bn and R154bn, though this degree of uncertainty is a result of a lack of adequate data.

Instituting a land tax, particularly on unused land, and increasingly property taxes, particularly on nonresidents and those owning multiple homes, would also help close the gap.

Increasing other taxes on property, or income from property, such as capital gains tax, estate duty and securities transaction tax, would assist. For example, levying capital gains tax in line with a top marginal tax bracket of 45% could raise an additional R4bn.

In a country plagued with high levels of poverty and inequality, every instrument must be brought to bear on solving these challenges. The tax system is one tool.

A detailed process of engagement with all social partners should be undertaken to find an appropriate means of raising the required revenue. A unilateral increase on the least progressive tax component — VAT — will harm the poor and lower-income earners.

Joburg mayor Mashaba under fire as valuations outrage builds

Businesses, residents and other property owners, hit by huge valuation increases by the City of Johannesburg, say the city has inflated property values unfairly to boost its flagging income.

Rates bills, which are based on new valuations done every four years, kick in on July 1.

One commercial landlord has already launched objections. Businesses, represented by the South African Chamber of Commerce and Industry (Sacci), said resulting rates increases would be unaffordable in the context of the weak economy.

Organised business wants to meet mayor Herman Mashaba, saying the increases are outrageous and unfair.

The city recently sent section 49 notices to property owners, advising them of the new values for their properties with effect from July 1.

Businesses and homeowners say they believe valuations have been unfairly inflated to increase municipal revenue while the quality of municipal services has not improved in tandem. Residential property statistics supplied by the council indicate that 40.7% of the valuations rose between 21% and 40% in the latest roll and 30.7% between 41% and 60%.

Organised business bodies said they would meet the mayor in March.

How Joburg property values have really changed in the last 8 years

Joburg residents were left fuming last week, after the city's General Valuation Roll for 2018 saw the value of their property shoot up by 50% – 70%, impacting how much they pay for rates and taxes.

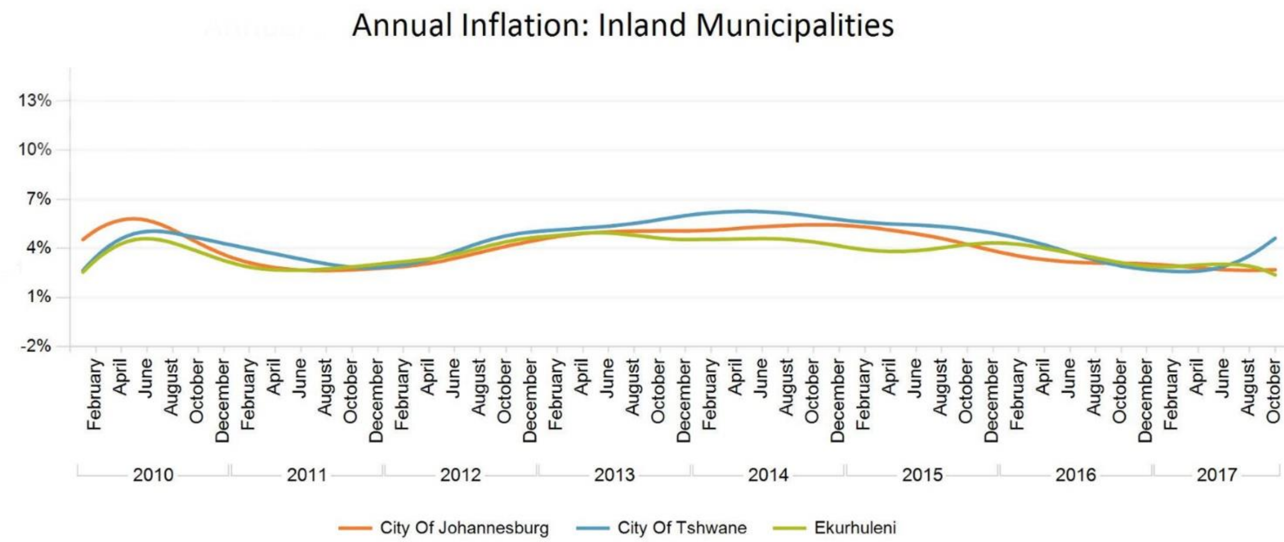
In some cases, property value climbed over 1,000%, making homes unaffordable for owners.

Every four years, the general valuation roll determines the municipal values of homes and the property rates that should be paid based on these values.

The 2018 roll was certified mid-last year, with the City Council of Johannesburg working closely with professional valuers, data collectors and statistical analysts, to deliver on the project.

In July 2017, all 812,000 registered residential properties within the City of Johannesburg were valued using a computer-assisted mass appraisal (CAMA) system, which was done for the purpose of ensuring fairness.

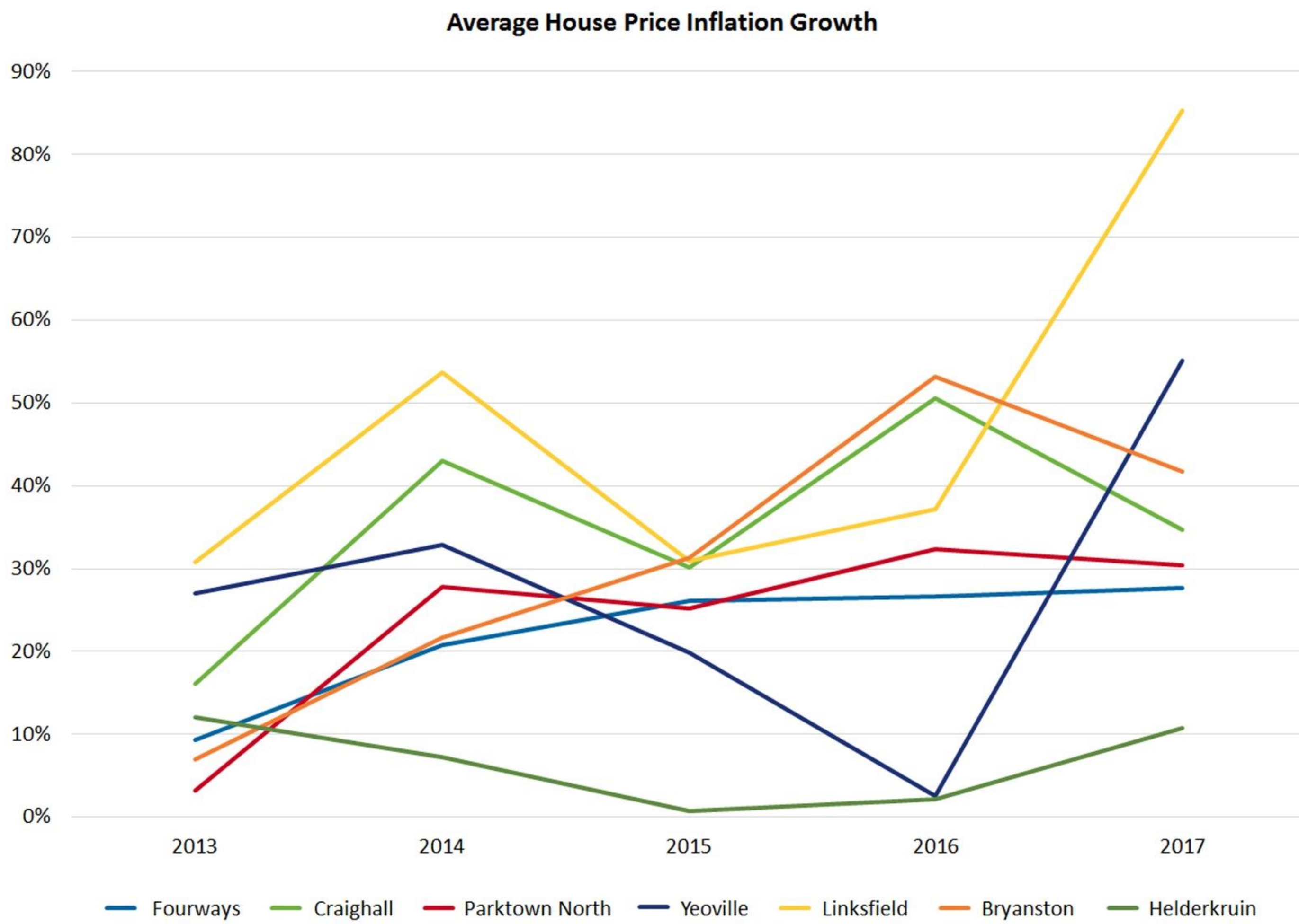
Joburg property values



According to the Lightstone House price index, the total house price inflation in City of Johannesburg from June 2012 to June 2017 is 22.90%.

There has been an average between 3% to 6% each year over the last five years. This is an overall view of the city and analysing each suburb would provide a clearer view of house price growth within that suburb.

This graph shows how the average property price has increased in select suburbs:



Objections

The City of Joburg said that property owners within the boundaries of the Joburg metro have the right to inspect the general valuation roll and object to an entry or against an omission from the roll.

To do so, residents should go to the specified page on the city's website, register, and make their objection known. Residents have until the 6th of April to submit their objections.

Residents can also lodge an objection at their nearest customer service centre, ensuring that they get a reference number or receipt for follow ups. No faxes or emails will be accepted, the City said.

For an objection to be successful, residents will need to provide some evidence to counter the city's valuation. According to property data and research group, Lightstone, this can done through three methods:
Automated valuation – based on a recognised analytical model;
Desktop valuation – where an analyst electronically enters values using online tools; or
Physical valuation – where a professional valuer visits your property and does a manual assessment.
Lightstone said that its Automated Valuation Report can be used as evidence in any objection to the city's valuation. The group offers once-off reports for property valuation which cost around R92 per report, and give a market value prediction for the property, an accuracy score, a safety score as well as a price range (high/low).

"A valuation report should be used to understand the price range that a home should be valued within. If it is higher than the municipal valuation, the benefit is that you could sell your home for a lot more, and your asset value has grown substantially," Lightstone said.

However, it is important that property valuations reflect the true value of a property, as it directly impacts what you pay in rates and taxes, and can also impact the value of the properties around you.

"During the previous round of valuations in 2013 there were cases of property inflation of over more than 100%," Lightstone said. "A property, for example, was valued at R2.9 million; once an owner objected, it was lowered to R2 million.

"After the appeal process, the property value was eventually settled at R 1.7 million. This could have a very direct effect on the rates and taxes payable each year."

Pay up until valuation objections have been finalised

Homeowners who do not object to their property valuations before the closing date could be bound to it for the next five years.

Scores of property owners are fuming about huge valuation increases by the City of Johannesburg, which have sent their rates bills sky high – but the Municipal Property Rates Act says they must pay and wait until an objection has been finalised.

And that could take a very long time. Director of valuations at Rates Watch Ben Espach confirms that the owners will have to pay rates based on the inflated valuations from July 1, in accordance with the Act.

If they don't, their electricity will be disconnected.

They can approach the council to stop credit control until the dispute has been resolved, but if granted that will only be valid for a month where after they have to reapply. This is only allowed for three consecutive months, while finalising the objection may take up to 18 months.

In the meantime, owners have to continue paying the increased amount.

Espach adds that all 679 000 properties have been revalued. The new values were published on the city's website on February 20 and owners can submit objections to their new valuations until April 6.

Espach says from what Rates Watch has seen, the valuations are a mixed bag. Some are almost unchanged, while others have doubled or more. Some have been decreased.

It does, however, seem as if residential properties have been valued quite aggressively, especially in the higher price range, Espach says.

He says it is important owners realise the valuation is based on the market value of the property on July 1, 2017.

Espach warns that owners who do not object to their property valuations before the closing date could be bound to it for the next five years, until the next general valuation.

How to object to shock Joburg property valuations - Onus is on you to prove that your house is worth less than estimated.

Many property owners will have been shocked by the steep increases in property values in the City of Johannesburg's 2018 Valuation Roll, which was published in February. In extreme cases, valuations have quadrupled (read: Help, my property valuation has quadrupled!), and in many cases, valuations seem to be up around 40% to 50%. One northern suburbs community says some residents "face rates increases of 80% or more". The value of two sectional title properties owned by this writer have been adjusted upwards by between 30% and 40%.

Rates based on the new valuations will be charged from July 1 and these must be paid, regardless of whether a property owner appeals the new valuation. In addition, inflationary annual rate increases will come into effect on this day as well, adding the typical ±6% to the adjustment because of the new valuation roll (the 2017/18 increase was 6.2%). It is not a stretch to see rates increasing by at least 40% to 50% in July.

In a newsletter to Ward 117 residents, City of Johannesburg councillor Tim Truluck notes that "property valuations have traditionally always been lower than the actual value. The City started to address this in the last valuation roll, but many were still undervalued."

He suspects that to address this, the city may have "over-estimated" on this roll.

Truluck says that the "standard knee-jerk reaction" is that the valuation is wrong and too high. "While this may be the case for some households, for others it is actually close to the real value of the house – i.e. how much you would sell it for if you were selling it. If the valuation is correct then you can't object."

The city notes that "dissatisfaction with the amount of rates payable does not constitute an objection".

Says Truluck, "If it is within a couple of R100 000 of the approximate value, then it is a judgement call as to whether you object."

He uses the example of his own house, which has increased in value from R2.22 million to R3.438 million between the two rolls.

"When it was valued in 2013, I thought it a little high, but on the whole pretty accurate and so didn't object. It soon went up to beyond that, but then stagnated. Following my own advice in a newsletter, I obtained a property valuation from an estate agent last June for R2.5 million. If my new valuation was around R2.5-2.8 million, then I probably wouldn't bother objecting. But it is way too high, so I will be objecting and will talk you through what I will be doing. If successful, it will save me +- R600/month or +-R36 000 over five years."

He suggests obtaining an online valuation report for your property to get an understanding of what the range of prices from recent sales is. This is indicative and uses an algorithm to estimate the current market value (in the same way that the Municipal Valuer used an algorithm to value the nearly 900 000 properties across the metro). There are numerous options here, such as Lightstone Property, Lexis PropIQ (as well as some of the retail banks) and these typically cost just under R100. Free reports for suburbs are also available and this could also help your case in the objection process.

These reports also show price increases over time as well as the number of sales in a suburb/area in a year. Truluck points to the report for Parkhurst showing that average prices have been stagnant since 2014, plus that the number of sales per year has been in decline since 2013 (the date of the previous valuation roll).

"The increase in the annual average price from 2013 to 2018 is R723 000 or 29.2%. Given that my house hasn't had a major renovation in that time, and given the municipal valuation of R2.22 back in 2012/13 was a fair reflection of its value, a 29.2% increase should equate to a valuation of R2.87 million – which is much lower than the 2018 Valuation Roll of R3.438 million. This is more in the ball park of what the house is worth."

He will also use two formal/official valuations from estate agents to prove that the value of his property is at the lower end of the range. Finally, he has a number of examples from a recent Sunday Times property section which he will use to illustrate the difference between properties in Parkhurst in the R2.5 million to R2.9 million and R3 million to R3.5 million price ranges. He argues – rightfully – that there is a vast difference. Similar differences exist in all areas and price bands (compare R1 million to R1.2 million townhouses in Fourways, for example, with those in the R1.3 million to R1.5 million range).

Objections to the new valuation have to be lodged by April 6 2018, and these can be done online (see: How do I object?) or at the city's Revenue Walk-In Centres (further details are available on the CoJ General Valuation 2018 website). Truluck points out that there were over 80 000 objections following the publication of the last roll in 2013.

"This resulted in it taking three years to assess the objections. I would assume that, given the level of complaints I am getting, that there will be as many objections this time, if not more. So expect it to take two to three years to get a decision on your objection. Note that if your new valuation was more than 10% above or below the original 2018 valuation, it has to be automatically referred to the appeal board, which will add more time to the process.

This means an estimated objection judgement day of somewhere in 2020 or 2021. If this decision is appealed (which must be done within 21 days of receiving written reasons), Truluck says this could take another year.

Section 50 of the Local Government Municipal Property Rates Act states that the lodging of objections does not defer the liability for payment of rates and taxes.

Johannesburg homeowners need to be aware of inaccurate municipal property valuations

Every four years, a general valuation roll determines the municipal values of homes and effectively the property rates that should be paid, based on these values. The General Valuation Roll (GV2018) was certified mid-last year, following the City Council of Johannesburg working closely with professional valuers, data collectors and statistical analysts, to deliver on the project.

On 2 July last year, all 812 000 registered residential properties within the City of Johannesburg were valued using a computer-assisted mass appraisal (CAMA) system, which was done for the purpose of ensuring fairness. However, these valuations may not be entirely accurate.

“The problem with municipal valuations is that they may often result in over-valuing and are not a true indication of the market value of properties,” says Francois Venter, Sales Director of Jawitz Properties.

Property rates paid by homeowners provide the City of Johannesburg with income for the maintenance and building of roads, libraries, parks, clinics and other facilities that benefit all residents.

“It is not possible to correctly value a property without seeing it. Properties in the same area can be completely different in size, layout and condition, meaning each property should have a personalised market value, which will certainly be different to the value determined by the City of Johannesburg’s blanket valuation approach.”

The City of Johannesburg was granted a 12-month extension by the MEC for Local Government meaning the current valuation roll was implemented four years ago. As a result of the extension, the City will implement its next general valuation roll on 1 July 2018.

“Homeowners may tend to think these valuations are conclusive and want to use them as a basis for determining the value of their homes. However, more often than not the Council valuation doesn’t reflect the true market value of a property. A higher valuation simply means paying higher property rates by homeowners.”

Homeowners are, however, able to object to the municipal valuations issued by the City of Johannesburg. The objection period is open from 20 February – 6 April 2018, allowing all homeowners 45 days to lodge an objection to the value of their property.

“While there is no guarantee Council will accept a property owner’s objection, it is definitely worthwhile to check that the valuation is accurate, before it is too late,” Venter says.

“Homeowners should consult with estate agents or independent valuers before the objection period closes. Failing to respond will mean that the given municipal valuation won’t change, and for the next four years, the revised property rates will have to be paid.”

Joburg residents irate after city inflates values of their properties — and thus rates bills

About 40% of property values rose 21%-40%, according to a breakdown provided by a city representative, while a further 30.7% rose 41%-60%

Property owners in Johannesburg are fuming after the city released its valuation roll, which shows prices rising by huge margins.

The city released the 2018 roll on February 20 for the period July 1 2018 to June 30 2022 and it is open to the public for inspection until April 6 2018.

About 40% of property values increased by 21%-40%, according to a breakdown provided by a city representative. A further 30.7% saw increases of 41%-60%. Property values rose by more than 101% in 3.4% of cases.

Janet King, a property owner in Melville, got the shock of her life when she discovered the price that the city had placed on her two-bedroom house with a cottage.

"The previous valuation that was on my property was R1.45m. I thought this was reasonable … It is now R2.5m for a little semidetached house," King said.

"I would be delighted if somebody gave me that amount of money for my house but I know they are not going to. The house is quite small. It is ridiculous. Nobody is going to pay R2.5-million for my house. I am going to object. I can't afford to pay [rates] at that price."

King and her neighbours have developed a group dealing with valuations as there are many property owners who have the same problem.

"They have recommended that we go find an estate agent, get an evaluation and somebody's tenant who is a student will take them all to the council. They will get signed receipts that she has got them and put them in place."

Michael Dick, who owns many assets in the inner city and surroundings, is in even greater shock.

His property, Rosel Court in Belleview, moved from R1.25m to R17.89m. The property is made up of six two-bedroom flats in a modest suburb.

Another one of his properties increased by a similar margin.

"I did nothing to these properties. I did not renovate or do anything … I have to object to each of my properties. Not one came right," said Dick.

Dick said he was still fighting old battles with the city over their previous evaluation roll.

"We said it [the property] was R6m, they said it was R44m. They came back and said it is worth R11m. We appealed against the R11m, it went to the appeals board, and the board found it to be R6.5m. We are still waiting for the reversal of the money that they charged us for the R11m. Our account on this property is outstanding by thousands of rands, because we can't pay what the appeals board said was wrong."

Dick said he had spent thousands of rand getting lawyers and valuators to fight the city over its high valuations.

When asked about the methodology used to arrive at the prices, the city replied: "The value of property (residential, sectional title and vacant properties) is determined by using the market comparison method of valuation. This methodology is to use sales in the market of similar properties to determine the value of the subject properties. Legislation (Municipal Property Rates Act) determines that computer assisted mass appraisal techniques may be used."

Joburg residents bemoan sky-high property revaluations

Soaring property valuations have left the public frustrated and deeply strained due to staggering increases in Johannesburg.

With the next General Valuation (GV18) roll less than six months away, television personality Melanie Walker explained how her property value increased by 60%-70% – with an increase of over R1.7 million. Walker said her year-long battle with the City of Johannesburg to try to get her property revalued correctly was long and frustrating.

"I wanted to get my mother's and my property revalued. My objection was thrown out then it was taken to court," she said.

"During the last fight, they had valued our property at R2.35 million, while my next-door neighbour's property that has more bathrooms, a cottage and a pool was only valued at R1.8 million."

Walker says the conducting of a generalised valuation by the city, based on surrounding properties, was unfair to property owners.

"I think it's ridiculous that the city is generalising figures for a lot of houses based on other houses in the area – instead of taking each property for its own merits." With the help of three estate agents who conducted realistic valuations, Walker said she managed to get her property revalued to R1.5 million.

Since then, Walker said her property was now valued at R2.879 million, despite its previous valuation being corrected to R1.7 million.

"That's over a million-rand increase in the last year or so. This cannot be possible."

Christo Weilbach, a board member of the Estate Agency Affairs Board and the Institute of Estate Agents of SA, said property rates and taxes were council driven and based on property value that increased yearly on the relevant increase cycles.

"Anyone who is buying property where there is commission involved will have to pay 1% extra due to the VAT increase," said Weilbach.

The city's spokesperson, Kgamanyane Stan Maphologela, says the increase of property valuation can be attributed to market increases, properties being improved and if a property was undervalued in the current valuation roll.

Complaints by residents have put the City of Johannesburg under pressure.

The general valuation of property was implemented in 2013 and is produced every four years. The 2018 General Valuation roll document (GV18) says that municipal rates are a legislative requirement that obligates the city to do an annual Rates Policy. The 2018 valuation roll showed that the city was granted a 12-month extension by the MEC for local government.

The document further shows that property valuation data is compiled in a general valuation roll document, which consists of property information of rateable properties, and the market value.

City manager Dr Ndivhoniswani Lukhwareni said in a statement that the 2018 General Valuation roll consists of over 800 000 rateable properties within the boundaries of the City of Johannesburg Metropolitan Municipality

Maphologela said the status of the increase in the value of residential property stands at:

- 10.44% of residential properties increased by between 0% and 20%
- 40.71% of properties increased by between 21% and 40%,
- 30.65% of properties increased by between 41% and 60%,
- 7.99% of properties increased by between 61 and 80%.
- 2.23% of properties increased by between 81% and 100%
- 3.38% of residential properties increased by more than 100%.

Maphologela said the increases were due to various factors, such as property being improperly valued as well as an update of a data-collection process. He said residents who disagreed with the value of their homes could lodge an objection.

Hikes due to flawed 2013 property valuations, says Mashaba

Joburg mayor Herman Mashaba has defended the controversial property valuations as a necessary process.

He said the municipal valuation roll was, among others, the result of incorrect and undervalued properties in the 2013 roll.

He was responding to a huge outcry from property owners about some of their properties facing increases of up to 1000%.

The 2013 roll had proved to be flawed, he said. At the time, many objections were received, but thousands of cases of undervaluations were not addressed.

"The correction of these valuations in the 2018 roll is a necessity and has led to some reports of massive increases. Where errors have been made, I will see to it that the city is responsive and caring in our approach to correct the problem," he said.

There had been a five-year gap between the two valuations.

"Unfortunately, the increases have raised a great deal of alarm, which I deem necessary to address. The narrative seems to suggest that the city, through the new roll, is forcing residents out of their hard-earned money to address a revenue crunch. Nothing could be further from the truth. This process is run independently from the city, and cannot be influenced by the city," he added.

The implementation of the general valuation roll is a legislated process that takes place every four years, with prescribed steps which need to be followed. In the case of the City of Joburg, a one-year extension was granted. "Joburg is a city of choice for many. It is a major economic hub on the continent, which offers many who flock here the potential for a better life. The knock-on effect is the high demand for property and, in a space of high demand and limited supply, prices are likely to increase over a five-year period," the mayor noted.

Property sales are taken into account in areas where values have declined, increased or remained stagnant due to the state of the property market and the economy.

The new roll showed the average increase for 879000 properties was 30% over the five-year period. The property values were as follows:

- 4.61% of properties decreased.
- 10.44% of properties increased between 0% and 20%.
- 40.71% of properties increased between 21% and 40%.
- 30.65% of properties increased between 41% and 60%.
- 7.99% of properties increased between 61% and 80%.
- 2.23% of properties increased between 81% and 100%.
- 3.38% of properties increased by more than 100%.

Improvements in the new roll include the appointment of additional valuers and a service provider to ensure the quality of the new roll.

Residents have 45 days to lodge objections, 15 days more than the legal requirement of 30 days.

"It is our commitment to provide the best possible public services, facilities such as clinics and libraries, grow the economy through improved infrastructure, improve access to housing, and take care of the most vulnerable members of our society.

"To do this, the city raises funds by levying rates against property values. Every effort has been made to derive additional revenue from efficiencies, rather than increasing its rates and service charges," said Mashaba.