



SOUTH AFRICA – October 2018

OWNERS WHO HAVE OBJECTED TO THEIR PROPERTY VALUATIONS MAY STILL PAY RATES BASED ON OLD VALUATIONS..... 1

NEW PROPERTY VALUATION OBJECTIONS ARE BEING FINALISED, CITY SAYS..... 1

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Owners who have objected to their property valuations may still pay rates based on old valuations

Owners must be up to date on their accounts up until 30 June this year to qualify to pay their old bill until their objection is finalised.

Executive Mayor Herman Mashaba says that although the new rates will still be reflected in their monthly bill, the account will not be put under credit management processes.

The City of Johannesburg has said that owners who have objected to their property valuations earlier this year may still pay rates based on their old valuations until the objection has been finalised, but some objectors who have done this are receiving termination notices.

Executive Mayor Herman Mashaba said that although the new rates will still be reflected in their monthly bill, the account will not be put under credit management processes.

The condition was, however, that the owner be up to date on their accounts up until 30 June this year.

Earlier this year, the City unveiled its 2018 general valuation roll (GV2018), which some 50 000 objections were lodged against.

Many have also recently realised that their properties’ zoning has been changed from residential to business.

This meant their rates skyrocketed to the much higher business rate on properties. Some of these property owners are pensioners who have since been denied rebates because of the increase in the value of their properties.

Finance MMC Fuzela Ngobeni said the City is well geared towards the February 2019 deadline to finalise all general valuation objections lodged this year.

After the completion of a resident’s objection, the City will adjust their account accordingly, he said.

The City Finance department’s Deidre Hendricks said that if the City was at fault in implementing credit management processes against residents, they will withdraw it.

New property valuation objections are being finalised, City says

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JOBURG – Earlier this year, the City unveiled its 2018 general valuation roll (GV2018), which some 50 000 objections were lodged against.

Funzela Ngobeni, MMC for Finance, says the number of objections received determines how long the reviewing process lasts.

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The City's MMC for Finance, Funzela Ngobeni, said the municipal valuer has already started issuing outcomes of objections to some property owners.

To date, he said, 7 879 properties have no change to their municipal value, 1 216 properties have a lower market value, 3 properties have a higher market value, and 70 properties had a category change only.

Ngobeni said that outstanding objections are currently being considered in order to respond to all objectors and owners, timeously.

"All property owners who have received their Section 53 notices are requested to start making payments on [the new] value [after the objections have been finalised]."

Where adjustments are required these will reflect in the subsequent months.

A section 53 notice informs of the decision the municipal valuer took after an objection was lodged.

In April, Executive Mayor Herman Mashaba said that no credit management processes will be initiated against objectors, provided that the accounts were not in arrears as at 30 June.

Residents who have lodged objections must, however, continue to make payments on their rates accounts. These payments should be based on the previous rate payments to the City, along with invoiced service charges.

Residents' objections that were not successful are urged to attempt to pay the amount billed for rates and taxes according to the new valuation, Ngobeni said.

In the case where the objection is successful, the account will be adjusted and credited, he said.

Ngobeni said the number of objections received determines how long the reviewing process lasts considering a number of factors.

"Each and every objection is an intense one-on-one process. The municipal valuer has to review each objection in this process; use can be made of building plans, oblique imagery (a 3D aerial photography system), actual site visits and evidence provided by the objector.

"The nature of the process is one that is lengthy, and we must thank Joburgers for their patience. We aim to finalise all outcome letters by the end of February 2019. As the objections outcomes letters roll out, property owners who are still unhappy about the results still have recourse through the Valuations Appeal process."

After the completion of a resident's objection, the City will adjust their account accordingly.

How to lodge an appeal?

Details of this will be provided to objectors along with the outcome of the objection.

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If an objector does not agree with the decision of the municipal valuer, they may lodge an appeal within the prescribed manner and time period as reflected on the decision notice.

Objectors need to appeal against the municipal valuer's decision at Metro Centre at 158 Civic Boulevard, on the B block's second floor in Braamfontein, along with supporting documents or evidence.

An appeal can only be made if an objection was lodged against the general valuation roll 2018 within the prescribed period.

To what extent is the municipal valuer's decision final?

If the municipal valuer changes the value of a property that was objected to by more than 10 per cent upwards or downwards the appeal board must review the objection and confirm, amend or revoke the decision of the municipal valuer.

If you did not appeal the decision and your property is reviewed by the board and they amend the property valuation your only recourse will be an escalation to a higher court which will be for your own account.

Do I need a lawyer to represent me at the Appeal Board?

The board is an independent body appointed by the provincial government leadership.

The board is not a court of law, and you do not need to bring a lawyer unless you wish to do so.

You may also bring any other expert to assist you during your appeal hearing. However, this will be for your own account.

City of Joburg, please get your house in order!

Thousands of sectional title residential properties may be affected by erroneous categorisation.

Owners of sectional title residential properties that were incorrectly classified as businesses during the recent valuation process by the City of Johannesburg (CoJ) may face an uphill battle to get this corrected and may have little choice but to pay their outstanding bills to avoid having their services cut off, even though the amounts may be multiples of what they rightfully owe.

The problem seems to be the result of an erroneous interpretation of the CoJ's rates policy and affects residential sectional title units that were developed on land zoned for business purposes, even though the units were correctly categorised prior to July 1 when the new valuation roll took effect.

In a letter, Sihle More, head of the CoJ's property unit, notes that the zoning determines the category of property. The highest permissible zoning determines which category is applied. However, where a property is used for residential purposes, but zoned for other purposes, the owner may apply that residential rates be levied.

Yet the Municipal Property Rates Act defines residential property as "a property included in a valuation roll ... in respect of which the primary use or permitted use is for residential purposes ...". At the same time, the city's rates policy for 2018/19 states that "all rateable property will be classified in a category and will be rated based on the category of the property from the valuation roll which is based on the primary permitted use of the property".

Rates Watch director of valuations Ben Espach estimates that several thousand units could be affected.

While owners had an opportunity to lodge an objection against the new valuation roll prior to its implementation in July, owners who only checked the new market value – and didn't realise that a sectional title flat had been categorised as a business – may have had a severe shock when their bills arrived in July.

I am one of these owners.

The valuation of my property – a small residential sectional title unit in Johannesburg's north-western suburbs – rose by roughly 18%, but because it was recategorised as a sectional title business, the monthly rates bill jumped from R406 to R1 296. Despite

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a lengthy call to the call centre in late July and submitting an application that residential rates should be applied to the property on the same date – and lodging an application that a high density residential rebate should be applied a month later (residential developments with a density of more than 80 units per hectare qualify for 5% discount on their property rates) – I received a bill of R3 972 on October 4. This is despite paying total rates of R1 406 between July and September.

On October 4, the CoJ notified me that unless I pay the outstanding amount immediately, it would issue an instruction to cut off my services, and would institute legal action.

Espach says he has dealt with cases where categories that were previously corrected during an appeals process have now been changed to businesses again.

He says the city may cut off a resident's services even where an appropriate amount of money has been paid to them. From July 1, properties were valued at a certain market value and categorised a certain way, and the rates are based on these results. An objection should have been lodged against the incorrect category.

Where owners have objected, and unless in arrears, their accounts have been flagged and they may continue to pay an amount equal to their previous rates bill, and the city won't threaten legal action or cut off their services.

But for people like me who only realised that the categorisation was incorrect after the deadline, this is not the case, he says.

"The risk is that your services will be cut off," he says.

One could allow the legal process to run its course, but services will likely still be cut off before a court date can be arranged, Espach adds.

Residents could also approach the council to arrange a payment plan to avoid services from being cut off, but this would only provide relief for amounts already outstanding and may only kick the can down the road.

In these instances, requesting that residential rates be applied is probably an owner's best bet, but this may still be a slow process, and may only provide a temporary solution as the incorrect categorisation will remain a problem each time the valuation process is repeated, Espach says.

Using an external rates specialist to remedy the classification can cost anything between R1 700 and R5 200 and the process can take months to complete, without any guarantee that it will be successful.

Kutlwano Olifant, stakeholder manager in the office of the MMC at the CoJ, says the property in question (mine) is a sectional title complex that is built on land that is zoned "business 2".

"Zoning is the permissible use that is aligned to the piece of land, and this can only be changed by the owner of the land through an application process with the Development Planning.

"The mistake was in the General Valuation 2013, however, it has been corrected so that the city accounts are correct, and that there is alignment between the General Valuation 2018 and the billing system.

"It should be noted that the client or owner of this property has applied in July for the rebate and once captured, this rebate will be backdated from date of application."

Olifant says the city received over 20 000 applications for all different rebates that had lapsed as well as new ones.

"The team is working through the applications, and will inform the clients as they finalise the applications.

"There are a number of sectional title units that were incorrectly categorised in the previous 2013 General Valuation, these errors have now been corrected and the clients' needs to apply."

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