



# SOUTH AFRICA – January 2019

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## Helpful guideline to appeal property valuation

*Follow this helpful advice when appealing your property valuation objection decision.*

JOBURG – Ward 117 councillor Tim Truluck has given the community some helpful guidelines to follow when appealing their property valuation objection decisions before the process ends in February.

Last year the City unveiled its 2018 general valuation roll (GV2018), which some 50 000 objections were lodged against. On 9 October 2018, the City’s MMC for Finance, Fuzela Ngobeni, said that 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.

Ward 102 councillor David Potter said, “The City is processing the valuation objections, with the hopeful aim for all to be processed by the end of February.”

Truluck has provided the following guidelines for appealing your valuation objection decision:

- 1) Read your objection outcome notice. Note the deadline for submitting an appeal – do not miss it. If you received your notice by mail and missed the deadline because of this, the City may give you permission to hand in your appeal late, however, we are still waiting for official confirmation of this. If your decision has triggered a Section 52 review, then you must appeal.
- 2) Download the appeal form, print it and fill it in.
- 3) Make copies of your supporting evidence which you submitted in your initial objection. Print out your objection notice outcome and include it with your documents.
- 4) Look at your supporting evidence:
  - Do you have valuations from estate agents or a professional valuer dated July 2017? If not, get one. If they say your property is worth more than you are claiming, you need to use their value.
  - Do you have a comparison of property sales in your immediate vicinity? If not ask an estate agent or get one online from [www.propiq.co.za](http://www.propiq.co.za) or [www.lightstoneproperty.co.za](http://www.lightstoneproperty.co.za).
  - Have you included photos, such as cracks in walls, unrenovated kitchens or bathrooms, or other evidence that will reduce the value?

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5) Compile a new folder with copies of any new info plus the old info and write a new covering letter saying why you are appealing. Keep the original documents in a safe place as you will need them when you go before the appeals board in a year or two's time.

6) Go to the valuation department on the 2nd floor, Block B, Civic Centre in Braamfontein and hand it in. Make sure you get confirmation that you handed it in.

7) The Valuation Appeals Board (VAB) will be formed and it can take up to 2 years to get a date for your appeal. The VAB is an independent panel of experts that is made up of attorneys, valuers, etc. You can represent yourself.

Please also note:

- You will have to continue paying your current rates bill until the decision from the appeals board is given and the account is adjusted backdated to July 18.

- At the moment, it looks like pensioner rates rebates will only be awarded from the date of the objection outcome letter.

- A rates policy meeting has been scheduled for Region B residents on 7 February at 6pm at Marks Park where the issue of backdated rates can be raised and comments will be noted. I would advise you to also make a written submission.

Potter added, "Should you need to enquire on the status of your objection or find out more information, please email [valuationenquiries@joburg.org.za](mailto:valuationenquiries@joburg.org.za)."

## What the General Valuation roll means for Cape Town homeowners

With the City of Cape Town's General Valuations fully under way, getting your home valued by a property professional could be the single best move that you could make. The City of Cape Town's Valuation Office is currently preparing the General Valuation 2018 valuation roll, which will be published in February 2019 for public inspection and objection.

When conducting property valuations, agents work on a range of factors, which include the size of the erf, the area the property is located, safety and security, as well as proximity to schools, roads and shopping centres.

According to the City of Cape Town, the valuation roll assesses approximately 870 000 registered properties in Cape Town and is conducted for the purpose of billing fair rates to each property owner. The General Valuation process involves the City of Cape Town allocating a value to your home that may be higher or lower than your home's current value.

Mike Greeff, CEO of Greeff Christie's International Real Estate, shares his thoughts.

"Should homeowners wish to object to the valuation conducted by the City, they are encouraged to enlist the aid of a qualified and experienced real estate agent from a reputable agency to perform an independent evaluation on the property in order to provide a more realistic, industry-aligned figure to work with. This data provides them with a market-related assessment of their property and serves as intellectual, educated data in support of their objections. Having this data also assists owners that are looking to sell in future. A property valuation done at regular intervals allows owners to review area trends and growth potential for property investments," he says.

By law, a city is obliged to perform a General Valuation every four years, but the City of Cape Town has chosen to adopt a three-year period in order to minimise potential shocks to property owners. The fairness of the valuations roll is ensured through an auditing process carried out by an external, independent body with physical inspections of properties only being undertaken when the property's information on the roll is doubtful or in the event that changes have been made to the property.

Valuations are undertaken by comparing values of similar properties, with additional comparisons made between valuated properties and properties that have been sold. The use of aerial photography has also become commonplace in the valuation process to aid in data collection. According to the City of Cape Town, factors that are considered in the process include the property or erf size, number of rooms, number of bathrooms, as well as the general quality of materials used in the building

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and condition of the property. Valuations are based on actual property sales that have taken place in the market around the date of valuation for each particular area, with the attributes of the area also taken into account.

“It is vitally important that homeowners know the consequences of the City’s General Valuation. A lower valuation could translate to lower offers being made on your property should you ever decide to sell. There are proactive steps that you can take to counter the lowering in value of your property. Having access to property expertise in the form of a real estate agent or agency is fundamental to keeping your property’s value exactly where it should be,” says Greeff.

When conducting property valuations, agents work on a range of factors, which include the size of the erf, the area the property is located, safety and security, as well as proximity to schools, roads and shopping centres. Another important factor to focus on is the kerb appeal and condition of the property. Valuers note the good condition of the outward appearance of property as a reflection of the condition of the rest of the property, and further establish this condition once inspecting the interior of the home. Homeowners are therefore encouraged to make minor cosmetic improvements to their property if they may be looking to sell in the near future.

The current valuation will be certified in June 2019, and if your property was valued in the valuations roll, you will receive a notice in July 2019. Should you have objections to the valuation of the property you may submit your objection to the City of Cape Town. In order to appeal a property valuation objection decision, you need to have objected to your property’s General Valuation during the objection period. The objection period for the current valuation commences on 19 July 2019 until 30 August 2019. You then have 30 days to appeal the objection decision from the date of the notice.

You may request the appeal form via email.

Once the appeal form is sent to the city, a date will be mailed to you on which you will be allowed to make representation to the Valuation Appeal Board as to why you disagree with the city’s valuation of your property. On the day, you may take a lawyer or valuer with you in order to help you make your case to the board. Property owners will have the opportunity to inspect the General Valuation 2018 roll from February 2019.

## **Here is how expropriation – with or without compensation – would work under the new Expropriation Bill**

A new Expropriation Bill was published for public comment on Friday morning.

The draft law lays out the procedure that would be followed to expropriate property – with or without compensation – if it is adopted.

These are the highlights of the process it envisages.

On Friday morning the minister for public works, Thulas Nxesi, published for comment a new draft law to regulate expropriation of property in South Africa.

The draft law stands apart from the process to amend the Constitution, and does not rely on it; with or without a change to the Constitution, the new Bill would allow for land expropriation without compensation – where fair and appropriate.

The Bill spells out just when expropriation without compensation would be fair, and limits that to five types of property.

With or without compensation, though, the new expropriation process would be highly regulated. These are the highlights of the process for the state to seize property in South Africa, as envisaged by the new Expropriation Bill.

Only the minister of public works can expropriate property, with or without compensation

Other organs of state can apply to the public works minister to expropriate on their behalf and pass on the property to them. But the minister of public works must be satisfied that expropriation will be for a public purpose or in the public interest, and must do the deed.

Part of a farm could be expropriated, but the owner can then ask for everything to be taken instead

The Bill makes provision for “a portion of a land parcel” to be expropriated. In such cases, the owner can request for the entire thing to be taken instead – but only if the use of the remainder is so impaired that it would be only fair to extend the scope.

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The state must make an offer to compensate – and a fair one

Except in cases of urgent expropriation – which require property to be handed back within 12 months – expropriation can only come after unsuccessful negotiations. The draft law specifies that the power to expropriate may not be used before the state has “attempted to reach an agreement with the owner” or someone with a right to the property “for the acquisition thereof on reasonable terms.”

Property must always be valued, whether or not compensation is paid

The draft law sets out in some detail how property valuation can and must be done. For instance, if an owner denies access to land for the purposes of valuation, the government can obtain a court order to access it, but must then enter only at reasonable times. Once on the property, valuers can drill holes, demarcate boundaries, and otherwise do pretty much anything necessary to pin down a price.

The state must give a detailed notice of intent to expropriate

The Expropriation Bill requires a notice of expropriation that includes the reason for expropriation, full detail of the property the state wants to take, and details of how to object.

Owners have 30 days to come up with a number of their own

The notice of expropriation kicks off a 30-day period during which a lot has to happen. The owner must object to (or comment on) the expropriation within 30 days. The owner is also required to, within that one-month window, submit a statement on “the amount claimed by him or her as just and equitable compensation.”

If anyone else has a right to the property, banks included, it is up to the owner to let the state know about those.

Attempts to inflate a valuation will, in theory, be fruitless

The Expropriation Bill requires valuations to include market value, current use, historical use, previous state input, and the purpose of expropriation. It excludes any premium to be paid if the property is taken without consent – plus any enhancements that are unlawful, or “anything done with the object of obtaining compensation”.

Banks are first in line for compensation

Property under mortgage and that have already been sold but not yet transferred are treated the same in terms of the draft law: the bank, or new buyer, gets to determine who gets how much. If there is a dispute about who gets how much, the state puts the money into trust with the master of the high court, and the courts get to sort it out from there.

The owner must maintain property until it is handed over – but can claim money spent back from the state

The Bill requires an owner who remains in possession of property that has been expropriated but not yet transferred to maintain it – and failure to do so could see money subtracted from compensation. But at the same time the state is liable for “costs which were necessarily incurred” in maintenance.

Profits remain for the account of the private owner – but so do taxes

A former owner of expropriated property “who is in possession of the property” gets to use it as before, and gets to keep any income generated until formal transfer. But that former owner is also liable for municipal rates and taxes, and any other charge that would be normally due.

Owners get to walk away from expropriated property with 20 days notice

The draft law envisages a situation where property has been expropriated but not yet formally transferred to the state – and the former owner wants out. In that case, the owner can lodge an intention to transfer ownership, and as long as that date is at least 20 days away, the owner is then free to consider the deal done.

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