

Finance – QV Revaluations

Recommendation | Ngā tūtohunga

That the Kaipara District Council:

- a) Notes the information provided by Quotable Value and the efforts made by the staff to clarify the situation for submitters on this issue

These recommendations do not change what was proposed in the Long Term Plan 2024-2027 Consultation Document.

Introduction:

QV performs our revaluations and there are only a couple of providers of these specialist services in New Zealand. Kaipara has 4 private plan changes in process to change rural land to residential lots. Many residents were shocked at the revaluation of their property and how it was impacted by the recent revaluation and their location in relation to the areas of proposed private plan changes.

TOPIC
<p>Submitters stated</p> <ul style="list-style-type: none"> ▪ Properties around Plan Change 83 precinct area – Mangawhai Rise had made an application for a zoning change from rural to residential lots. They gave examples of valuations rising such as 76 Mangawhai Heads Rd LV 2021 630,000 and QV revaluation 2023 was \$6,270,000.
<p>Options and Assessments</p> <p>No options are assessed as Revaluations of property are not a Council process but discussions between QV and the Council are shown for public transparency.</p> <p>Council contacted Quotable Value when the complaints and submissions were coming into Council.</p> <p><i>“I have come back to you because of the noise in our community and feedback from our elected representatives. Can you please advise is this normal to make a presumption about plan changes going ahead when they haven’t been through the process of being approved by Council. We have at least 4 proposed plan changes in our district, at differing stages but none of them approved and some having to go to the environment court yet you are making assumptions about these parcels. I just want to understand that is this normal practice so I can advise my EMs.”</i></p> <p>and the validation of the rating basis was provided from QV as follows:</p> <p><i>“Once a proposed plan change is notified to the general public it does influence the sale price. Our valuations are assessed on the basis that there is a proposed plan change however it is not yet operative. If the plan changes were operative the valuations would be at</i></p>

a higher level. It is standard practice to consider any proposed plan changes and their current stage when completing revaluations and this is something the OVG audit on.”

Many objections occurred and properties have been reassessed. At that time when Council was given notice about various substantially reduced revaluations, staff contacted QV again.

“█████ has asked me to touch base with you about the below enquiry which was specifically talking to the increased valuations at the Rise in Mangawhai. I’m adding to the conversation because I’ve seen a number of settled objections coming through where the category was changed to RB for the revaluation which saw a large increase in the valuation. After the objection process the category is proposed to be changed back to a rural (or lifestyle) with a resulting large reduction in the valuation. We haven’t yet approved these objections.

█████ you kindly provided █████ with some statements justifying the initial category changes and the resulting jump in valuations (below). This information was passed on to our elected members who have been defending the valuations when they’ve been approached by the community. The process of changing category appears to us to contradict the statements already given.

With this in mind, what are our elected members to say when/if approached by any of these ratepayers now?

Additionally:

- We don’t know why the decision to change categories is being made now and wasn’t initially?*
- We are wondering if it’s acceptable to change the categories of so many properties after they’ve been through the OVG auditing process?*

There have been multiple submissions to the elected members through the LTP process about the revaluation and the amendments to property values esp in the proposed plan change areas and for those properties surrounding them. My question remains, is it ok to change category codes of so many properties and as a result dramatically reduce the values even though they’ve been through the audit process? Would the OVG be interested in this? From what I’ve heard from submitters today I believe that there will be further questions asked about the integrity of the revaluation process.”

The reply from QV:

“Following on from our conversation, the properties located within The Rise are subject to a private plan change which is not yet approved. A hearing was held in April and we are awaiting the commissioners’ report. We cannot be certain if the plan change will or will not be going ahead. During the revaluation we were aware the plan change was notified but no hearings had taken place and no properties have sold within this development since the private plan change was announced. The hearing was only recently held after the revaluation was released, due to the number of objections and negative public reaction we have placed less weighting on this plan change and have reassessed the valuations.

The revaluation is a mass appraisal exercise and over 16,000 assessments were revalued, the OVG and QV cannot assess every valuation individually. The OVG audited QV based on the information we had at the time of the revaluation. The objection process allows us to have a closer look at individual valuations.

I will check with [REDACTED] for any properties within this plan change which didn't object and are still valued as block land. These valuations will need to be amended.

If any of the 4 major plan changes in Kaipara are approved or alternatively rejected by council and the environment court we do have the powers under section 14 of the Rating Valuation Act to update the valuation as part of roll maintenance. We will work with council through this process."

Impact of recommendation on the LTP (financial and non-financial)

No change to the LTP.

Council may want to write to QV or the Valuer General regarding the process.

Policy Implications

Council has to wait for the new values to be finalised by QV from the many objections received.

Conclusion drawn:

Council has made enquiries and supported residents as much as possible. This is an independent process run by QV, and not run by Council. QV has revised its property revaluations for many of those who have objected.