

GENERAL VALUATIONS ROLL 2018

Handbook

*Here' everything you need to
know about GV 2018*



INTRODUCTION

Municipal property rates is a legislative requirement that requires every municipality like the City of Johannesburg to adopt a Rates Policy annually. This includes governing the property rating process by defining the different categories of property as well as specific categories of property ownership that may qualify for rates rebates and exemptions. To fulfil this legislative requirement, properties need to be rated. The levying of property rates starts with the valuation process. Property valuation data is compiled in a general valuation roll document, which consists of property information of all rateable properties, inclusive of the market value and property category.

GENERAL VALUATION

A general valuation roll is determined and produced every four years, as stipulated within the Municipal Property Rates Act (MPRA) No 6 of 2004. The City of Johannesburg was granted a 12 month extension by MEC for local Government. The City's current valuation roll was implemented with effect from 1 July 2013. As a result of the extension of 1 year granted by the MEC for Local Government, the City will implement its next general valuation roll on 1 July 2018.

General Valuation (GV) 2013 was implemented on 1 July 2013, it forms the assessment rates base for the City of Johannesburg during its period of validity. GV 2013 consisted of 812 000 registered properties within the City of Johannesburg when the GV was implemented. The GV was compiled with the property market as at 2 July 2012 (valuation date). The GV 2013 will be valid until 30 June 2018. The next GV 2018 will be implemented as at 1 July 2018 with the valuation date being 1 July 2017.

Section 78 of the Municipal Property Rates Act 6 of 2004 as amended requires that the valuation roll be updated on a regular basis when changes take place to property. These valuations are called supplementary valuations and must be compiled and published at least once a year in a Supplementary Valuation Roll.

Supplementary valuations are done, amongst others, for the following reasons:

- Properties omitted from the Valuation Roll
- included in a municipality after the last general valuation
- subdivided or consolidated after the last general valuation
- New property registrations
- Subsequent property developments or amendments
- Properties that were incorrectly valued during the last General Valuation Roll
- Where property categories have changed

The city has done more than 60 000 supplementary valuations since the implementation of GV 2013. The number of properties in the GV as at 23 July is 872 223.



KNOW MORE ABOUT VALUATION

The City of Johannesburg allocates different categories of properties to the properties in the valuation roll. It is important to understand your property category because property rates are levied in accordance with the property category. The zoning of the property determines the category that will be applied to the property. For example if a property is zoned "Residential" the category will be "Residential" and the residential property rates tariff will be applied to that property.

1. Business and commercial
2. Sectional title Business
3. Sectional title residential
4. Sectional title other
5. Residential property
6. Residential with consent use
7. Municipal
8. State
9. Farming
10. Public service infrastructure
11. Agricultural business
12. Agricultural residential
13. Agricultural other
14. Vacant land
15. Mining
16. Education
17. Religious
18. Public Service Infrastructure-private
19. Private open space
20. Public benefit
21. Multipurpose residential
22. Multipurpose business
23. Unauthorised use

WE ANSWER SOME OF YOUR VALUATION QUESTIONS

How does the City levy property Rates?

- The levying of property rates is done through the establishment of a valuation process. The City begins the process by compiling a general valuation roll document, this consists of property information of all rateable properties, inclusive of the market value and property category.
- Different categories are allocated to properties, it is important to understand that these property categories affect the rates being levied. A general valuation roll is produced and published every four years, as stipulated within the Municipal Property Rates Act No 6 of 2004 as amended. The City's current valuation roll was implemented with effect from 1 July 2013. The City of Johannesburg was granted a 12 month extension by MEC for local Government for GV 2013. As a result of the 1 year extension the City will implement its next general valuation roll on 1 July 2018.



What is the date of valuation and why is it important?

- Section 31 of the MPRA states that for the purposes of a general valuation, a municipality must determine a date that may not be more than 12 months before the start of the financial year in which the valuation roll is to be first implemented. The general valuation must reflect the market value of properties determined in accordance with market conditions which applied as at the date of valuation. The date of valuation refers to the date at which property values are determined and is fixed for the purpose of the general valuation roll. In terms of the 2013 General Valuation roll, 2nd July 2012 is the valuation date. It is also the date that will be used for all future calculations for the purposes of supplementary valuations up until a new general valuation roll replaces the 2013 general valuation roll. The date of valuation for GV 2018 is 1 July 2017. That means the market conditions as at 1 July 2017 was taken into account to determine the market values of the properties.

What is the basis of valuation used by the City?

- The basis of valuation is market value, this is the most probable price that a property would realise on the date of valuation, if sold on the open market by a willing seller to a willing buyer. (MPRA Section 46).

Do City valuers visit properties physically when valuing properties?

- In terms of Section 45 of the MPRA, the physical inspection of properties to be valued is optional and other valuation techniques may be used such as:-
 - Aerial photography; and
 - Computer assisted mass appraisal systems or techniques
- As this is a mass valuation, the Municipal Valuer uses a computer aided mass appraisal (CAMA) system to determine the values of all properties. This is based on statistical analysis and geographical information systems (GIS), and therefore requires reliable and accurate data, as per the MPRA.
- For residential property, obtaining access to all properties is not possible, and as such, the Municipal Valuer makes use of advanced technology that allows the collection of data. This includes the use of building plans and oblique imagery, which allows the Valuers to see the properties from all angles, and be able to measure the extents and heights of the buildings, as well as other information relating to quality, condition and other improvements. This method is acceptable in terms of the MPRA.
- In cases where the aerial photography and other imagery is not useable, usually in the cases where properties have a lot of foliage, or high security walls, then physical inspection of the site is undertaken. The data collection process is independently reviewed for quality assurance purposes to ensure the data collectors are consistent in their approach and the data they record is correct for the subject property.
- For non-residential properties, field visits are undertaken to obtain data such as the property use, rentals and financial records of businesses.



How does the City establish the property market value?

- In order to establish your property value, sales are analysed in your area. These sales provide the basis for the valuation. There are several types of property categories in the municipality, each category is valued on a different basis, although they all relate to the market value. For example, residential property (including sectional titles) is valued on a comparable sales method. Most commercial properties (including retail, offices, warehousing) are valued on the income capitalization method, whilst institutional properties such as schools, hospitals and clinics are valued on the cost method. When valuing the properties, the Municipal Valuer establishes the market conditions, as at the date of valuation and this is based on recent sales and relevant market information and activity in the various areas. Therefore this will take into consideration areas where values have declined, increased or remained stagnant due to the current state of the economy.

What is effective date of the implementation?

- The effective date of the valuation roll is a date the roll is implemented. This usually coincides with the date of the new financial year of the City. The customer will be levied rates according to the new general valuation roll from the implementation date. The effective date for GV 2018 is 1 July 2018.

What happens to properties that are built after the compilation of the general valuation roll?

- The City is compelled by legislation to reflect all changes to properties in a Supplementary Valuation Roll.

What is a supplementary valuation roll?

- A Supplementary Valuation roll is compiled to update the "Main" Valuation Roll". The aim is to correct or update errors, omissions, subdivisions, consolidations, rezoning, township development, building alterations, the construction of new buildings and any other exceptional reason that may change or affect the value of a property, subsequent to the compilation and publication of the "Main" Valuation Roll".
- Supplementary valuations are performed during each financial year, according to the market conditions as at "date of valuation."

I believe my value as reflected in the general (or supplementary) valuations is incorrect. What can I do?

- The legislation makes ample provision for any person to object to an entry in a valuation roll provided that such objection takes place in the prescribed manner and within the stipulated objection period.



- Each new valuation roll must be advertised in a prescribed manner, and such roll must be made available to the public for inspection and objection. Unfortunately, objections will not be accepted after the closure of the official objection period. Dissatisfaction with the amount of rates payable does not constitute an objection.
- An objection will be considered by the Municipal Valuer and/or Assistant Municipal Valuers. If the client is not happy with the outcome of the Municipal Valuer's decision (objection outcome value), an appeal may be lodged.
- The valuation appeal board would consider the appeal at a formal appeal hearing.
- No objections, will be accepted after the closure of the official objection period.
- Dissatisfaction with the amount of rates payable does not constitute an objection.

What can't I object to?

- Legislation allows you to object to any entry or omission from the General Valuation Roll but not the roll in totality.
- A property owner can not object to the property rates.
- Dissatisfaction with the amount of rates does not constitute an objection.

I was not able to object, what can I do now as the objection process is closed?

- If you have not objected to the value of the property before, you can lodge a query requesting the Valuation directorate to revisit your property valuation. Your query must be accompanied by supporting evidence as to why you consider your value as incorrect. The query will be investigated and you will be notified of any changes to the value in terms of Section 78 of the MPRA.
- You may request for a section 78 review to a Supplementary Valuation. You will receive a section 78 review notice, with the details of the review period (duration, time of closing). Should you not be satisfied with the changes that were made to your property, you may lodge an objection when the relevant supplementary is open for objections.

Why does the municipal market value differ from the estate agents' value?

- The date of valuation refers to the date at which property values are determined and is fixed for the purpose and duration of the General Valuation Roll. Estate agents determine the current value of a property which might differ significantly from the market conditions as at date of the general valuation.





OBJECTION PROCESS

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The owners of properties within the boundaries of the City of Johannesburg or any other person have the right to inspect the general valuation roll and object to the entry in the roll where the owner or any other person disagrees with the entry in the roll or against an omission from the roll.

Date of Valuation: 1 July 2017

Date of Implementation: 1 July 2018.

Please make sure you complete the official objection form and not a Query form.

CONTENTS OF GENERAL VALUATION ROLL

(Local Government Municipal Property)

Rates Act 6 of 2004, as amended (Section 48)

The Local Government Municipal Rates Act No 6 of 2004 stipulates that:

A General Valuation Roll must list all rateable properties in the municipality. The valuation roll must reflect the following particulars in respect of each property as at the date of valuation to the extent that such information is reasonably determinable and all these entries can be objected against:

- (a) The registered or other description of the property;
- (b) The category determined in terms of section 8 in which the property falls;
- (c) The physical address of the property;
- (d) The extent of the property;
- (e) The market value of the property, if the property was valued;
- (f) The name of the owner; and
- (g) Any other prescribed particulars.

PUBLIC NOTICES OF GENERAL VALUATION ROLL

(Local Government Municipal Property Rates Act (Section 49))

The Valuation Roll must be printed, bound, certified and handed over to the Municipal Manager by the Municipal Valuer 5 Months before implementation date of the roll.

The Municipal Manager must within 21 days of receipt of the Roll publish in Provincial Gazette once a week for two consecutive weeks that the Roll is open for inspection and in the media.

The valuation roll must be opened for inspection for a minimum of 30 days. (Prescribed by Section 49 of the MPRA).



Section 49 Notices inviting the owners to inspect the valuation roll and object to the entry in the roll where the owner disagrees with the entry or against an omission from the roll must be sent by ordinary mail. Together with an extract of the valuation roll pertaining to that owner's property.

The general valuation roll must be published on the official website of the City for the duration of the inspection period.

INSPECTION OF AND OBJECTIONS TO GENERAL VALUATION ROLL (Local Government Municipal Property rates Act (Section 50))

- Any person may inspect the Valuation Roll within the inspection period and lodge an objection against any of the entries that appears in the Valuation Roll.
- Reason for the objection, along with evidence to support the objection must be included.
- A municipal council may also lodge an objection with the municipal manager against any entry that appears in the roll.
- It is important to note the objection, must be in relation to a specific individual property and not against the Valuation Roll as such.
- The Municipal manager must after the end of the inspection period submit all objections to the Municipal Valuer.
- The lodging of objections does not defer the liability for payment of rates and taxes.

PROCESSING OF OBJECTIONS

(Local Government Municipal Property Rates Act (Section 51))

- The objections received by the public are checked, captured on the City's system and objection numbers are automatically allocated.
- A confirmation letter is produced and serves as proof that the objector submitted an objection against a specific entry.
- The municipal valuer must consider the objections and make a decision in terms of Section 51 and adjust the Valuation Roll. The number of objections and its complexity will determine the time frames.

COMPULSORY REVIEW OF DECISIONS OF THE MUNICIPAL VALUER (Local Government Municipal Property Rates Act (Section 52))

- In the event that the Municipal Valuer adjusts the value by more than 10% upwards or downwards the objection will be submitted to the Valuation Appeal Board for a compulsory review.



- The appeal board must review the decision and confirm, revoke or amend the decision.
- When the appeal board amends or revokes the value, the chairperson and the valuer must ensure that the valuation roll is adjusted in accordance.
- Any adjustments or additions made to General Valuation Roll in terms of the above must take effect on the effective date of the General Valuation Roll.
- Any adjustment in the valuation of the property that affects the rates payable the value on the account must be adjusted accordingly.

NOTIFICATION OF OUTCOME OF OBJECTION

(Local Government Municipal Property Rates Act (Section 53))

- The municipal valuer must in writing inform the objector what the valuers' decision is and whether section 52 applies (change by more than 10%).
- The objector and owner will be notified of the Municipal Valuers' decision.
- The objector may apply in writing for written reasons of the municipal valuer's decision.
- Written reasons must be applied for within 30 days after the date of the notification at a fee as proclaimed in the Local Government Gazette, such fee must be paid in advance.
- The Municipal Valuer must provide written reasons within 30 days of application.
- If the Client is still not happy, an appeal must be lodged within 21 days of receiving the reasons.





APPEAL PROCESS

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RIGHT OF APPEAL

(Local Government Municipal Property Rates Act (Section 54))

An appeal to an appeal board against a decision of a Municipal Valuer in terms of Section 51 may be lodged in the prescribed manner with the Municipal Manager concerned by:

- (a) A person who has lodged an objection in terms of section 50 (1) (c) and who is not satisfied with the decision of the municipal valuer;
- (b) An owner of a property who is affected by such a decision, if the objector was not the owner; or
- (c) The Council of the municipality concerned, if the municipality's interests are affected.

The Chairperson of the Appeal Board must inform all parties concerned of the date and venue where the appeal hearing will take place.

The Chairperson of the Appeal Board and the Valuer of the Municipality must ensure that the valuation roll is adjusted or added to in accordance with the decision of the Appeal Board.



For more information on Valuation Roll 2018



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