

BRIEFING: 2022 RATING VALUATION

22 NOVEMBER 2022 – 12.15PM

ATTENDEES

Elected Members: Mayor Barry, Cr Briggs, Cr Brown, Cr Dyer, Cr Edwards, Cr Parkin, Deputy Mayor Lewis, Cr Stallinger (via audio-visual link), Cr Mitchell, Cr Shaw, Cr Tupou, Cr Morgan, Bruce Spedding (ECB), Te Awa Puketapu (WCB), Lesa Bingley (WCB).

Staff: Jo Miller, Chief Executive (via audio-visual link); Jenny Livschitz, Group Chief Financial Officer; Andrea Blackshaw, Director Neighbourhoods and Communities; Judy Randall, Democracy Advisor.

ABSENT

Cr Barratt

PRESENTERS

Alicia Andrews, Finance Transaction Services Manager and David Nagel, a representative of Quotable Value (QV).

KEY OBJECTIVES OF THE BRIEFING

The purpose of the briefing is to provide an overview of the 2022 general revaluation by QV and its rates impact across Lower Hutt.

PRESENTATION BY THE FINANCE TRANSACTION SERVICES MANAGER

Slide 1 (Header)

Slide 2 – Contents

Slide 3 – 2019 Revaluation: In 2019 the change in residential property values was significantly more than for commercial properties.

Slide 4 – Rates review 2021: Key changes.

Slide 5 – General revaluation 2022: Key dates. Communication is important so residents understand the current dynamic market.

Slide 6 – General revaluation: An approximate 5.9% rates increase is currently planned for 2023.

Slide 7 – General revaluation 2022: Indicative rates impact based on what is in the Long Term Plan.

Slide 8 – Engagement with elected members: Opportunities to get more direction for the next Long Term Plan.

Slide 9 – Engagement with community: Council’s schedule of engagement.

PRESENTATION BY DAVID NAGEL, A REPRESENTATIVE OF QV

Slide 1 (Header)

Slide 2 – Agenda

Slide 3 – Process: Information is continually investigated and updated to ensure changes that might affect properties’ rating are included.

Slide 4 – Auditing process: A green light is ideal. An orange light might mean an explanation is needed for the auditor and could impact the go-live date.

Slide 5 – Rating values vs. market values: Differences and connections.

Slide 6 – Pre-audit revaluation overview.

Slide 7 – Pre-audit revaluation overview: Capital values have increased by 32% with land values up by 60%.

Slide 8 – Property mix: By number of properties.

Slide 9 – Capital value by sector: Heavily weighted to residential.

Slide 10 – Land value by sector: Similar breakdown to capital value by sector.

Slide 11 – Residential property values: An exponential rise in residential property values since the last valuation in 2019.

Slide 12 – Residential market: Lower Hutt now has one of the steepest declines in residential property values.

Slide 13 – Residential: The monthly residential net sale price peaked at around Christmas 2021. Sale prices have now returned to the levels of October-November 2020.

Slide 14 – Residential house values: Capital values have risen by 18% – 35% and land values have risen higher.

Slide 15 – Business properties: Many investors are choosing commercial and industrial properties since they provide higher returns than other investments.

Slide 16 – Queensgate: There have been many changes over the last three years after the earthquake and with the subsequent improvements.

Slide 17 – Queensgate 2022 CB \$320 million: Comparison to values of other shopping centres.

Slide 18 – Queensgate value changes 2019-2022: Revaluation reflects the work still to be done after the earthquakes.

Slide 19 – Key dates.

QUESTIONS AND DISCUSSION POINTS

- The revaluation date of 1 September 2022 is taken as a snapshot in time to assist in providing an equitable rating system. QV and Council will include an explanation of the reason for the revaluation date in its communications to residents.
- Council has allowed more time than the legislative timeframe allows for the objection period because of the Christmas/New Year holiday period. There is discretion for Councillors to extend the timeframe, but it does follow the same timeframe as previously.
- QV valuations are not useful for insurance companies – they need the cost to rebuild properties.
- QV and Council call-centre staff will be kept informed so they can knowledgeably respond to queries from residents.
- Council communication proactively uses videos, the rates calculator and FAQs to provide information about revaluations.
- After the previous valuation 1.2% of properties made an objection. In this uncertain housing market, more might object.
- QV obtains details of building consents from Council and reviews them to assist with valuations. If a property sells for unexpected price it can indicate renovations have taken place. Any changes to values take effect from the start of the next rating year.
- The new value needs to be assessed as though the improvements existed at 1 September 2022. This ensures all properties are rated on the same basis.
- Heritage can add significant value but can also be an encumbrance if it limits opportunities for development. The valuation will reflect both.
- Commercial properties that are earthquake prone have compliance requirements to meet. Council will assess these properties for a high-level estimate.

NEXT STEPS

The Group Chief Financial Officer will request advice from QV and provide more information to Chairs on heritage building valuations.

BRIEFING MATERIALS

Attachment 1 – Presentations: 2022 Rating values and Hutt City Revaluation 2022.

The briefing closed at 1.09 pm