

rights and recourse

Who, where, when, why... and how much.
What you need to know for 2007.

regarding municipal rates



If a municipal official has not yet knocked on your door to collect data for the new municipal valuations required by the recently promulgated Municipal Property Rates Act, they should be turning up shortly – the new valuations are needed to determine the rates for the 2007/2008 municipal financial year starting in July next year.

Rather than getting your pulse rate up unnecessarily anticipating that the new valuations will set your rates skyrocketing, you will benefit from getting yourself well informed about the provisions of the Act, including the ones on your rights and recourse regarding municipal rates.

The main changes introduced by the new Act are that a fixed residential property tax rate will in future be used and that the standard rebate previously used will fall away. The Act also determines that properties have to be re-valued every four years and that the improved value of the property 'must be the amount the property would have realised if sold on the date of valuation in the open market by a seller to a buyer.'

Not all information used for the valuations is being collected in person. The Act also makes provision for 'comparative, analytical and other systems and techniques' to be used, 'including aerial photography and computer-assisted mass appraisal systems or techniques.' Such systems and techniques will be used particularly where insufficient market-related data is available. In such cases properties will be designated to predetermined bands of property value on the basis of minimal market-related data.

Municipalities have not yet decided on the rates that will be leveraged – that will only happen once the proposed budgets for the next financial year, which will be considered by councillors towards the end of 2006, are finalised. The Act does make provision for a council to set out criteria for exemptions, reductions and rebates based on income levels and other relevant criteria in its rates policy, and specifies that such policies must also be made available for public comment and input.

While homeowners can do little else but lobby their councillors about the level at which rates are to be levied or the local rates policies, they have the right to review and challenge the valuations of their individual properties, says Llewellyn Louw, chief valuer at Rode & Associates property valuers and economists, who served for a number of years as a municipal valuer for the City of Cape Town.

To ensure that they do not pay more than they need to, homeowners should be aware that the new Act makes provision that city and town councils must afford property owners at least 30 days from the time the completed valuation roll for a municipal area is published to review, and object to, the objective and subjective data on record for their respective properties at public venues. The publication and display of the rolls must be announced in a local newspaper once a week during the two weeks before publication and display.

The three major city councils – Johannesburg, Cape Town and Durban – have all indicated that data lists will not only be physically displayed at venues in various municipal regions, but will also be made available online so that homeowners with access to the Internet can view the information from the comfort of their homes. The three main city councils are aiming to have all the valuation data available for viewing by February next year, but say that some rolls might be available earlier and some only later. Notices in the most frequently read newspapers in the region will be published in all three official languages of each particular region.

The City of Cape Town has been revamping its website and according to Abigail Morulane, business environment manager in Cape Town's Property Valuation Office, the new site www.capetown.gov.za/propertyvaluations/ is available as from this month and will carry all the latest news and information about valuations and rates. It will enable homeowners to check the physical data about their specific properties on line, but complete valuation rolls with all the required data will not be available yet.

The other two councils couldn't give a date yet by when such news and data will be available on their websites but expect it to be ready by early next year.

During the display period of a roll, individual homeowners or municipal councils may lodge objections with the municipal manager of the relevant region by completing and handing in or mailing a specific form for that purpose, explains Llewellyn.

These objections are handed to the municipal valuer involved. If the valuer accepts the objection an adjustment will be made, unless the adjustment is more than 10 per cent down or up, in which case the objection will be referred to an appeals board. An objector can also lodge an appeal with the appeals board if she or he is not satisfied with the decision of the municipal valuer.

Homeowners with objections will be informed in writing of the date when a formal valuation board (headed by a person such as a retired magistrate and consisting of independent people with property backgrounds) will deal with their objections. The homeowner, or an official proxy-holder, will be entitled to appear in person before the board to state his case. According to Llewellyn, who has himself attended many appeal board hearings as a municipal valuer, homeowners who have had valuations done by a registered valuer in preparation for the board hearing will have a big advantage when appearing before the board, as they are well informed about the criteria, procedures and terminology used.

Objectors must pay the rates due from the effective date while their objections or appeals are being considered and should adjustments up or down be granted, they will either be repaid, or need to pay in, the excess amount from the effective date.

Llewellyn says homeowners would do well to be aware that objective physical data, as well as subjective environmental data,

are used in the valuations and that appeals for adjustments to valuations could be based on either, or both.

The obvious objective data about your property will include information such as the size of the house, the size of the erf, the number of bedrooms, bathrooms, kitchens; the number and size of the garage/s; and details about other improvements on the erf such as a swimming pool or tennis court.

It's important to also check objective data such as roof covering and building materials, he advises, as different categories can be used to place properties in predetermined bands of property value.

'For instance, if the valuation roll has your property down as one with a face brick finish when in actual fact beneath the exterior paint of your home there are normal plaster bricks or perhaps even cement blocks, it would make a significant difference in the valuation of your home.'

Bad cracks or other physical elements that would decrease the value of your property, substantiated by photographs where possible, could also constitute grounds for a lowering of the valuation. But Llewellyn cautions homeowners not to be too pedantic, as the appeal board might award costs to an objector should they regard an objection or appeal brought to be a frivolous one.

As far as environmental data is concerned, you may live in an area where most properties have a fantastic view of Table Mountain, for instance, while yours has been blocked by a high-rise block of flats and replaced with the rubbish collection point in the building's backyard. Alternatively urban creep may have landed you with an industrial area or squatter camp on your doorstep.

You should also ask for the sales data the municipal valuer used for the area and check it against the prices of the last properties sold in the area.

Security, how busy the street is and noise levels in the area could also be relevant; and so could details like finishes and fixtures – your old home may, for instance, be surrounded by new, up-market properties with the latest in finishing trends. Typography – such as flat or steep earth or wet and marshy conditions – is another value-forming attribute that should be considered. 🏠

City of Cape Town www.capetown.gov.za/propertyvaluations/; or email valuations@capetown.gov.za; or PO Box 4522, Cape Town, 8000, addressed to either the valuations department (valuation queries) or the valuation board secretary (board hearings); or 0860 010 3089

Johannesburg www.joburg.org.za; or +27 11 375 5555

eThekweni (Durban) www.durban.gov.za or email revline@durban.gov.za; or +27 31 328 1200