

1. Introduction

The Government has implemented a range of measures in response to COVID-19, including temporary legislative change where necessary. In May 2020 omnibus legislation, changing 45 different Acts, was drafted to address a number of immediate issues including where statutory and other deadlines could not be met, or where compliance would present an unjustifiable burden when balanced against the focus on other COVID-19 related matters.

The omnibus legislation, The COVID-19 Response (Further Management Measures) Legislation Act 2020, (The Act) passed into law on 15 May 2020. The Act amended the Rating Valuations Act 1998 (RVA) by allowing Chief Executives of Councils with a 2020 General Revaluation to apply to the Valuer General (VG) to delay their next revaluation by up to 1 year from the statutory timeline in s9 (1) RVA (revaluations to be completed at least once every 3 years).

Schedule 15 of the Act amends the RVA as follows;

Schedule 15 Land Information

s 3

1 Amendment to Rating Valuations Act 1998

This Schedule amends the Rating Valuations Act 1998.

2 Section 9 amended (General revaluation of rolls at 3-yearly intervals)

After section 9(3), insert:

- (4) Despite subsection (1), the Valuer-General may, at the request of the chief executive of a territorial authority,—
 - (a) determine, in accordance with subsection (5), that the territorial authority is not required to undertake the general revaluation by the due date; and
 - (b) require the territorial authority to undertake the general revaluation by a date—
 - (i) agreed to by the chief executive; and
 - (ii) not later than 1 year after the due date.
- (5) The Valuer-General may make a determination under subsection (4)(a) only if satisfied that the territorial authority is unlikely or is not reasonably able to revise its district valuation roll so that it represents values current as at the date of the revaluation because of constraints on—
 - (a) the practicality of carrying out physical inspections; or
 - (b) the availability and reliability of market evidence or other information that the Valuer-General may require under section 10.
- (6) In this section, **due date** means the last day by which a territorial authority must undertake the general revaluation in accordance with the time frame in subsection (1).
- (7) Subsections (4) to (6) and this subsection are repealed on 30 June 2021.

2. Valuer-General's Test for Deferral

Deferral can only be granted if, upon application, it is determined that a Council is unlikely, or not reasonably able, to revise its roll to properly reflect values current as at the date of the revaluation, due to constraints on physical inspections, the availability and reliability of market evidence, or other information the VG may require under s10 RVA. Justification for a deferral of a 2020 revaluation sits with Councils and this guideline has been prepared to assist understanding of the type of supporting information to be supplied when making an application.

A Council will not necessarily be granted a deferral just because they have made an application and provided supporting information. The VG has to be satisfied that on balance a revaluation is not reasonably possible without creating an unjustifiable burden. Matters such as convenience and the financial costs of completing a revaluation will not be considered as part of the decision making process.

3. Information to be supplied

To inform his decision the VG requires the following types of information:

a) Details about the profile of properties in the District, including;

- A summary table of the district – existing values in each property category at single and two character level including details of the numbers of rating units by property category
- Comment on the size and complexity of the district
- Extent of specialist property types e.g. airports, ports, large hotels, tourist venues, development land etc
- Breakdown of commercial office space on a % basis by building quality grade e.g. % A grade, % B grade etc
- Detail of international and domestic tourists on a yearly basis for past 3 years covering actual numbers and as a % of resident population

b) Matters affecting the practicality of carrying out physical inspections, including;

- COVID-19 Alert level for that district at the time of application
- Any inter regional travel restrictions in place
- Health and Safety policies of the Council and/or the Valuation Service Provider (VSP)

c) Insight into the availability and reliability of market evidence, including;

- Extent of available post COVID Alert level 3 & 4 sales evidence (contracts signed after 14 May 2020)
- Details of changes in sales volumes and market to non-market sales ratios compared to the same time period in 2019

- Indicative statistical testing on sales post 14 May 2020
- Analysis of non-market S13 and M13 sales with details of the reasons that sales have been coded that way (across all property types)
- Supply of secondary market evidence including:
 - Number and type of listings (e.g. high end housing vs investment housing, asking commercial and industrial rents, changes in volumes of space to let)
 - How these listing numbers compare to the market immediately prior to COVID alert level 4
 - General reports from real estate agents, valuers and other property professionals locally
 - Specific statements from local property professions such as valuers, valuation firms, real estate agents, property managers on the state of the local market

d) Other information that the VG may require under Section 10 of the RVA, including comment on the;

- Views of the Council's VSP about likely operational rating valuation challenges from completing a 2020 revaluation
- Likely availability and reliability of market evidence for each property type. This should include details of any significant properties separately (e.g. Airports, Ports, large hotels, tourist venues, shopping malls etc)
- Availability of rating valuation staff resources both in terms of numbers as well as range of skills and experience (e.g. are resources heavily skewed towards graduates and less experienced valuers who haven't valued in a depressed property market?)
- Availability or otherwise of additional contract resources with rating valuation expertise
- Practicality of using alternative valuation methods due to lack of market sales for a mass appraisal exercise e.g. is base data and individual property worksheet details available to apply a build-up valuation methodology for an increased number of Commercial & Industrial properties which may have previously been indexed
- Extent that training requirements to understand market dynamics (particularly secondary market evidence) and how to apply valuation methodologies may impact on logistics of completing the revaluation exercise
- Challenges to running an effective questionnaire process – how much information could/should a property owner be expected to divulge; how accurate/reliable could the information be? How important will owner's information be to assessing a credible revaluation?
- Access to details about leasing and rental incentives in the market – how visible and reliable is this information?

- Profile of past objection trends to demonstrate correlation between market uncertainty and objection rates?
- Summary of significant changes to macro-economic dynamics that are impacting property values in the district e.g. migration, tourist numbers, foreign student numbers, unemployment, dairy payout, log prices, etc
- Miscellaneous information that you think is relevant to inform the decision making process

4. Summary and contact details

These guidelines are supplied to assist Councils when making an application for deferral of their requirement to undertake a general revaluation. If you would like to discuss these guidelines please contact the Deputy Valuer General, Callum Taylor, on the contact details below;

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Deputy Valuer General
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