



Understand your Rating Value

The calculation of your Rating Value and its effect on the amount of rates you pay is a complex process, which varies between council regions. *Rating Values are only one factor used by your Council to apportion your rates.*

The following details explain more about rating values and the process used to determine them.

What is a Rating Value?

A "Rating Value" is assigned to every property in New Zealand. It is made up of:

1. The **Capital Value**; the likely price a property would sell for at the time of the valuation.
2. The **Land Value**; the likely price that just the land (minus buildings) would sell for at the time of the valuation.
3. The **Value of Improvements**; the difference between the Capital Value and Land Value. It reflects the value which buildings and improvements add to the bare land.

The Rating Value may also include an **Annual Value**, which is a calculation involving the rental value.

Who Calculates your Rating Value?

Your Rating Value is prepared either by your Council, or on behalf of your Council by a Valuation Service Provider. QV is one of several Valuation Service Providers in New Zealand.

How is your Rating Value Calculated?

- Rating Values are calculated using a complex process called **mass-appraisal**. Basically, valuers consider relevant property sales from your area around the time of the valuation. A market trend is established and applied to similar properties.
- A number of individual properties are also assessed every year because of issued building consents, and other inspections. These individual assessments enhance the mass-appraisal process.
- The entire process is also independently audited by the Office of the Valuer General. Strict quality standards must be met before your new Rating Value is confirmed.

When are Rating Values Calculated?

An important aspect of your Rating Value is the “effective date”. This is the date at which your Rating Value indicated your property’s current market value. The Rating Value of a property depicts its value at the effective date, and it is usually updated once every 3 years (depending on the Council). As time passes your Rating Value will diverge from the current market value, until it is updated again.

If you don’t look inside my house, how do you know what it is worth?

Councils store details on every property in New Zealand, including yours. Properties with similar attributes such as land area, floor area, age of building, condition and location are grouped together. A value trend (determined by relevant sales) will then be applied to the group in which your property sits. Some properties are also inspected throughout the year to make sure details are updated where changes have occurred (as notified on a building consent).

Why is the change in my Rating Value different from the value changes reported in the news?

As most councils re-value properties every three years, any change in your Rating Value is compared with the last revaluation three years ago. Most media coverage refers to changes in property values over the recent past, such as 12 months. Therefore, different time periods are being reported, resulting in different numbers.

If my house value drops, won’t my rates go down?

This is not always the case. Your Rating Value is expressed as a percentage of the total value of all properties when your Council sets your rates. If all Rating Values drop by the same amount, your percentage remains the same, and so do your rates. Of course this assumes your Council’s spending requirements remain the same. If Council needs more money in their budget, your rates could rise, regardless of changes to your Rating Value.

What is the difference between a Rating Value and a current Market Valuation?

Your Rating Value is one factor used to apportion your rates at an effective date set by your Council. Your Rating Value is typically updated every three years. Market Valuations are different. You can request one at any time from a Registered Valuer; QV has many across NZ. The Registered Valuer will thoroughly inspect the interior and exterior of your property. They will also use their local knowledge and analyse recent sales data. All this information will be presented in a comprehensive report that will include a market value for your property, which will be current at the date you request it.

How can my house have a Rating Value if it wasn’t built at the time of the valuation?

Houses that have been newly built or renovated since the last valuation receive an updated Rating Value that reflects what it would have been worth if it existed at the effective date. As Rating Values are used to apportion rates for up to three years, all properties remain comparable, which enables the Council to allocate rates fairly.

What should I do if I disagree with the Rating Value on my property?

Please call 0800 492 452 if you disagree with your Rating Value so we can discuss your concerns with you. You have the right to object to your Rating Value. In fact, this is an integral part of the whole process, as objections allow valuers to assess individual components which may not have been considered in the mass-appraisal process. You can object online at www.waikatodistrict.govt.nz or call 0800 492 452 to request an objection form. The objection closing date is 23 December 2011. Please note: objections cannot be lodged outside of the objection period in your area.



For further information call 0800 492 452 or visit www.waikatodistrict.govt.nz