

Land valuation changes

FAQs

What is land value?

Land value is based on the assumption that the land is empty, which means it excludes any structures (e.g. house, sheds, other buildings etc.). It is the market value of the land, and is valued at its highest and best permitted use based on current zoning and planning restrictions.

The land value is taken as if it was sold on 1 July of the valuing year – in this case, the market value of your land if it had been sold on 1 July 2019.

Who determines land values?

Land values are determined by the NSW Government, through the Valuer General's office.

The Valuer General is an independent statutory officer appointed by the Governor of NSW to oversee the valuation system for NSW. The office is responsible for providing fair and consistent land values in NSW, in line with the *Valuation of Land Act 1916*.

How are land values determined?

Land values reflect the property market conditions, the physical condition of the land, and the zoning and permitted use of the land.

Land values do not include structures. They do include improvements like draining, excavating, filling and clearing.

Valuers use a mass valuation process for most land in NSW, which means they:

- Group similar properties that are expected to experience similar changes in value.
- Value a representative property from each group at 1 July each year.
- Calculate how much that land's value has changed in the past year.
- Apply this change to all properties in that group, to calculate their new values.

Property sales are the most important factor valuers consider when valuing land. They analyse sales of both vacant land and improved properties, and adjust for the added value of any improvements.

They also consider things like:

- most valuable use.
- zoning and heritage restrictions.
- location and views.
- size, shape and features.
- nearby development and infrastructure.

Can I lodge an objection to my new land valuation?

Yes you can. You need to lodge your objection directly with the Valuer General of NSW's office.

You have 60 days from the date you are notified of the new valuation, and this date is on the front of the 'Notice of Valuation' you receive from them.

You can lodge online or via post, and you must provide evidence to support your objection. Information about lodging an objection is available at:

valuergeneral.nsw.gov.au/land-values/what-if-you-have-concerns/lodge-an-objection

What do land valuations have to do with my rates?

Land values are the main factor all NSW Councils use to calculate rates for residents. New land values are given to Council by the Valuer General NSW, every 3 to 4 years.

Blue Mountains City Council calculates rates based on the land value of your property, except for low valued properties subject to the minimum rate.

More information on rates and charges can be found on Council's website:

bmcc.nsw.gov.au/residents/Rates-and-charges/calculating-your-rates

If my land value has increased, does it mean my rates will definitely go up?

No, it depends on how an individual land valuation changes when compared with the average valuation change for the city.

Generally, properties whose land valuation increase is lower than the average increase will see a reduction in rates. However, properties whose valuation increase is higher than the average for the city will see a rise to rates.

Does Council get more money because my land valuation has changed?

No, Council does not receive any extra income when land valuations change.

Council's total income cannot exceed the percentage increase set by NSW rate peg. So if valuations increase in the city more than the rate peg, then the rates determined by Council must decrease to offset that and keep us below the rate peg limit.

What is the 'rate peg'?

Each year the NSW Government, through the Independent Pricing and Regulatory Tribunal (IPART) approves a maximum percentage increase in the total income a council can receive from rates, thereby limiting the amount of income a council can raise via general rates.

Does my rates notice include other charges?

Yes, Council includes the Domestic Waste Service Charge and Local Emergency Management Charge (LEMC), as well as the land value calculation to determine your annual rates and charges.

What is the Domestic Waste Service Charge?

This is the amount charged to the property for the Domestic Waste Service. The charge depends on the type of Domestic Waste Service provided at the property eg. Standard, Large, Small. The charge is calculated by multiplying the service charge by the number of services provided.

What is the Local Emergency Management Charge (LEMC)?

The LEMC has funded Council's statutory contributions to the Rural Fire Services (RFS) and State Emergency Service (SES), as well as Council's bushfire and emergency management

programs, since 1996-97. It is unique to the Blue Mountains, as the City is located in an at-risk landscape which requires higher levels of emergency service capability than other local government areas. This charge is a flat rate for all properties, regardless of the land value and is itemised separately on the annual rates and charges notice.

I pay my rates to Council, doesn't Council decide how much they are?

Council rates are mandated by the NSW Government under the *Local Government Act 1993* and the *Valuations of Land Act 1916*. Under these Acts, rates are predominantly based on land valuations, and Councils can choose from three options for how to calculate rates. These options are:

1. Ad valorem* calculation
2. Ad valorem calculation subject to a minimum rate.
3. Ad valorem calculation + base amount (cannot exceed 50% of the total rate)

Blue Mountain City Council uses Option 2, 'ad valorem calculation subject to a minimum rate'.

Under this method, a council must impose a rate per dollar (ad valorem) of land value, with a minimum amount. The rate per dollar calculation uses the land's valuation and category.

If the valuation multiplied by the rate per dollar falls below the minimum rate, the minimum rate will be charged.

*'Ad valorem' is the cents in the dollar amount applied to the value of the land.

Can Council choose to ignore the new land valuations and keep rates the same?

No, Council is legally required to use the new land values supplied by the Valuer General NSW as the basis of rates.

I'm experiencing financial hardship due to COVID-19, is there any financial support for my rates?

While Council can't waive rates, we can provide residents who have been affected by the coronavirus outbreak with the following assistance for the remainder of the 2019/2020 financial period.

In recognition of those ratepayers affected by the Coronavirus the Council has implemented a number of options to assist including:

- **Payment arrangements**

Where ratepayers are unable to pay their rates because of suffering a loss or reduction in employment, Council will approve extended instalment payment plans. Interest penalties can be put on hold during the period of the arrangement.

Requests will be considered on a case by case basis. Contact Council and ask for the Revenue team, on 4723 5000 (lower mountains) or 4780 5000 (upper mountains).

- **Small businesses**

The Coronavirus (COVID-19) is just starting to have its full effects and we understand that small businesses may also experience financial difficulties as a result.

Council can offer arrangements to pay rates and debtor accounts over a period of time, and on an interest free basis. Please contact Council on 4723 5000 (lower mountains) or 4780 5000 (upper mountains) and ask to speak to the revenue team.

All requests should be referred to the Council's Revenue Section so notations can be included on rate and debtor accounts. Contact Council and ask for the Revenue team, on 4723 5000 (lower mountains) or 4780 5000 (upper mountains).

Council is also advocating for the NSW Government to put a hold on implementing the land value increases for at least 12 months, to offer continued support to households struggling financially during 2020.