

7.5 Final outcomes of 2020 General Valuation

Abstract

This report provides detailed information in relation to the 2020 general valuation of all rateable property and recommends a Council resolution to receive the 1 January 2020 General Valuation in accordance with section 7AF of the Valuation of Land Act 1960.

The overall movement in property valuations is as follows:

	Site Value	Capital Improved Value	Net Annual Value
2019 Valuations	\$82,606,592,900	\$112,931,834,000	\$5,713,810,200
2020 Valuations	\$86,992,773,300	\$116,769,664,000	\$5,904,236,100
Change	\$4,386,180,400	\$3,837,830,000	\$190,425,800
% Difference	5.31%	3.40%	3.33%

The level of value date is 1 January 2020 and the new valuation came into effect from 1 July 2020 and is being used for apportioning rates for the 2020/21 financial year.

The general valuation impacts the distribution of rating liability across the municipality. It does not provide Council with any additional revenue. The distribution of rates is affected each general valuation by the movement in the various property classes. The important point from an equity consideration is that all properties must be valued at a common date (i.e. 1 January 2020), so that all are affected by the same market. Large shifts in an individual property's rate liability only occurs when there are large movements either in the value of a property category (e.g. residential, office, shops, industrial) or the value of certain locations, which are outside the general movements in value across all categories or locations.

The process consists of 4 stages and all stages were completed by the Valuer General Victoria (VGV). The final certification, commonly known as "*The Generally True and Correct Certificate under section 7AF of the Valuation of Land Act 1960 (VLA)*", has been received from VGV. See **Attachment 1** for the declaration of the Minister for Planning.

Officers' recommendation

That Council resolve to receive the 1 January 2020 General Valuation effective from 1 July 2020 in accordance with section 7AF of *Valuation of Land Act 1960*.

**Responsible director: David Thompson
Manager Governance**

1. Purpose

The purpose of this report is to advise Council of the final outcomes of the 2020 general valuation, undertaken by the Valuer-General Victoria (VGV).

2. Policy implications and relevance to community plan and council plan

This report is consistent with the Council Plan 2017-21, in particular strategic objective 7 regarding Civic Leadership and Governance, to *“Ensure that ethical financial and socially responsible decision making reflects community needs and is based on principles of accountability, transparency, responsiveness and consultation.”*

It also supports Strategic Objective 7 of the Boroondara Community Plan 2017-27, to *“Ensure that ethical, financial and socially responsible decision making reflect community needs and are based on principles of accountability, transparency, responsiveness and consultation.”*

3. Background

The level of value date is 1 January 2020 and the new valuation will come into effect from 1 July 2020 and is being used for apportioning rates for the 2020/21 financial year.

The process consists of 4 stages and all stages were completed by the VGV. The final certification, commonly known as *“The Generally True and Correct Certificate under section 7AF of the Valuation of Land Act 1960 (VLA)”*, has been received from VGV.

Section 6 of the VLA requires three (3) valuations be returned for each property:

1. Capital Improved Value (CIV);
2. Site Value (SV); and
3. Net Annual Value (NAV).

The VLA requires that all properties be valued on the basis of “highest and best use”. This requires all properties to be assessed on the basis of potential use and not necessarily actual use. The concept applies to both site value and capital improved value. Council’s rates are struck on the basis of the CIV valuations while the site value is used by the State Revenue Office (SRO) for the levying of land tax assessments.

4. Outline of key issues/options

In the year since the return of the 2019 general valuation, the overall movement in property valuations is as follows:

	Site Value	Capital Improved Value	Net Annual Value
2019 Valuations	\$82,606,592,900	\$112,931,834,000	\$5,713,810,200
2020 Valuations	\$86,992,773,300	\$116,769,664,000	\$5,904,236,100
Change	\$4,386,180,400	\$3,837,830,000	\$190,425,800
% Difference	5.31%	3.40%	3.33%

Further commentary concerning the valuation outcomes and market influences have been provided by the VGV valuer and are provided in **Attachment 2**.

5. Consultation/communication

The 2020 general valuation was conducted by the VGV in accordance with Valuation Best Practice 2020 (VBP).

The 2020/21 valuation and rate notice contains an explanation of the valuation process and also advises the ratepayer of the process to be followed should they wish to query the valuation. This is consistent with the approach undertaken in previous years. Under the VLA ratepayers have up to two months after the valuation and rate notices have been issued to formally object to their valuation.

6. Financial and resource implications

The general valuation will impact the distribution of rating liability across the municipality. It does not provide Council with any additional revenue.

The distribution of rates is affected each general valuation by the movement in the various property classes. The important point from an equity consideration is that all properties must be valued at a common date (i.e. 1 January 2020), so that all are affected by the same market. Large shifts in an individual property's rate liability only occurs when there are large movements either in the value of a property category (e.g. residential, office, shops, industrial) or the value of certain locations, which are outside the general movements in value across all categories or locations.

7. Governance issues

Officers involved in the preparation of this report have no conflict of interest.

The list of prescribed human rights contained in the Victorian Charter of Human Rights and Responsibilities has been reviewed in accordance with Council's Human Rights Compatibility Assessment Tool and it is considered that the proposed actions contained in this report represent no breaches of, or infringements upon, those prescribed rights.

8. Social and environmental issues

The return of the general valuation ensures that rates are distributed in an equitable basis across the municipality.

Manager: David Thompson, Governance

Report officer: John Lorkin, Coordinator Revenue and Property Services



Hon Richard Wynne MP

Minister for Planning

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**Declaration of the Minister for Planning
under section 7AF of *Valuation of Land Act 1960***

In accordance with section 7AD of the *Valuation of Land Act 1960*, the Valuer-General has certified that a general valuation in the following municipalities returned by the Valuer-General for the year 2020, is generally true and correct with respect to each of the bases of value assessed, namely; net annual value, capital improved value and site value.

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|---------------------------------|---------------------------------|
| 1. Shire of Alpine | 32. Shire of Indigo |
| 2. Rural City of Ararat | 33. City of Kingston |
| 3. City of Ballarat | 34. City of Knox |
| 4. City of Banyule | 35. City of Latrobe |
| 5. Shire of Bass Coast | 36. Shire of Loddon |
| 6. Shire of Baw Baw | 37. Shire of Macedon Ranges |
| 7. City of Bayside | 38. City of Manningham |
| 8. Rural City of Benalla | 39. Shire of Mansfield |
| 9. City of Greater Bendigo | 40. City of Maribyrnong |
| 10. City of Boroondara | 41. City of Maroondah |
| 11. City of Brimbank | 42. City of Melbourne |
| 12. Shire of Buloke | 43. City of Melton |
| 13. Shire of Campaspe | 44. Shire of Mitchell |
| 14. Shire of Cardinia | 45. Shire of Moira |
| 15. City of Casey | 46. City of Monash |
| 16. Shire of Central Goldfields | 47. City of Moonee Valley |
| 17. Shire of Colac Otway | 48. Shire of Moorabool |
| 18. Shire of Corangamite | 49. City of Moreland |
| 19. City of Greater Dandenong | 50. Shire of Mount Alexander |
| 20. City of Darebin | 51. Shire of Moyne |
| 21. Shire of East Gippsland | 52. Shire of Murrindindi |
| 22. City of Frankston | 53. Shire of Nillumbik |
| 23. Shire of Gannawarra | 54. Shire of Northern Grampians |
| 24. City of Greater Geelong | 55. City of Port Phillip |
| 25. City of Glen Eira | 56. Shire of Pyrenees |
| 26. Shire of Glenelg | 57. Borough of Queenscliffe |
| 27. Shire of Golden Plains | 58. City of Greater Shepparton |
| 28. Shire of Hepburn | 59. Shire of Southern Grampians |
| 29. Shire of Hindmarsh | 60. City of Stonnington |
| 30. City of Hobsons Bay | 61. Shire of Strathbogie |
| 31. Rural City of Horsham | 62. Shire of Surf Coast |

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|------------------------------|---------------------------|
| 63. Rural City of Swan Hill | 70. City of Whittlesea |
| 64. Shire of Towong | 71. City of Wodonga |
| 65. Rural City of Wangaratta | 72. City of Wyndham |
| 66. City of Warrnambool | 73. City of Yarra |
| 67. Shire of Wellington | 74. Shire of Yarra Ranges |
| 68. Shire of West Wimmera | 75. Shire of Yarriambiack |
| 69. City of Whitehorse | |

I declare pursuant to section 7AF(1) of the *Valuation of Land Act 1960*, that the general valuations for the whole of the municipality listed is generally true and correct with respect to each of the bases of value assessed.

Pursuant to section 15(4) of the *Valuation of Land Act 1960* a notice of valuation must be given by the municipality as rating authority on or before 30 September in the year in which the valuation is made.



HON RICHARD WYNNE MP
Minister for Planning

03 / 07 / 2020

17 June 2020

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The 2020 General Revaluation for the City of Boroondara has been certified by the Valuer General to be generally true and correct. The 2020 General Revaluation was undertaken by Matheson Stephen Valuations at the direction of the Valuer General Victoria as the valuation authority. All properties within the City of Boroondara have been revalued as at 1 January 2020 and is therefore based on market conditions at, and immediately before, that date. There is no basis under the Valuation of Land Act 1960 (the Act) for valuers to consider coronavirus (COVID-19) impacts when assessing statutory values for the purposes of the 2020 general valuation. This report provides a general overview of the 2020 General Revaluation.

We provide a summary the findings of the 2020 Revaluation.

	2019	2020	% Change
Site Value (SV)	\$82,606,592,900	\$86,992,773,300	5.31%
Capital Improved Value (CIV)	\$112,931,834,000	\$116,769,664,000	3.40%
Net Annual Value (NAV)	\$5,713,810,200	\$5,904,235,950	3.33%

2020 General Revaluation - City of Boroondara - Residential

The 2020 Revaluation covers the period 1 January 2019 to 1 January 2020 during this time the property market in Melbourne's inner and outer eastern suburb corrected firmly. Growth in the second half of 2019 continued trending upwards with clearance rates at auctions growing and median house prices in Hawthorn, Balwyn and Kew areas correcting after suffering a major decline from the end of 2018 to July 2019.

The overall Capital Improved Value (CIV) within the City of Boroondara has increased 3.39% resulting in a median CIV increase from \$1,335,000 to \$1,380,000. Dwellings during this time, increased by 4.23% (overall) as compared to units which increased marginally 1.63%.

The suburbs depicting the largest Capital Improved Value change include Mont Albert (9.46% - only 59 properties), Surrey Hills (6.77%), Deepdene (5.34%) and Kew (5.25%). Whilst suburbs depicting the smallest Capital Improved Value change included Hawthorn East (0.36%) and Ashburton (1.10%).



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Commercial Property

The Melbourne retail market has generally remained steady throughout 2019 with firm yields reflecting the limited availability of quality stock and solid demand. There has been a strong result for well-located properties with long term leases to major national retailers and for those with longer term development potential.

The retail rental market continued to be impacted by changes in consumer behaviour and varied consumer confidence. Overall, whilst demand for quality retail assets remain strong, particularly for well-located properties which have long term leases and strong lease covenants, there is evidence that tighter commercial lending criteria is restricting access to funds for many potential purchasers.

Capital Improved Values for non-residential, commercial property within the City of Boroondara has decreased overall by -1.28% as compared to site values which has resulted in an overall increase of 2.85%.

Kind Regards

MATHESON STEPHEN VALUATIONS,



Briony N. Stephen, A.A.P.I
Certified Practising Valuer



Shelly Wijaya Painsi, A.A.P.I
Certified Practising Valuer