

How do Property Valuations Work?

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INTRODUCTION

Every property within the jurisdiction of a municipality is supposed to have a municipal valuation reflecting on the property's municipal account statement/invoice. You should see a value, represented in Rands, somewhere on your municipal statement (usually on the top right). This is the property valuation that the municipality has ascribed to your property for the purposes of determining how much the property owner needs to pay for rates and taxes. The municipal value is determined based on a number of factors and the value is calculated according to formulae determined by the municipality's Valuations Policy and the Local Government: Municipal Property Rates Act 6 of 2004. The municipal value is not necessarily equivalent to market value, but according to law, it should be.

VALUATION DATE

For each General Valuation Roll and all Supplementary Rolls thereto, the date at which your property should be valued, is 1 year before the commencement of the General Valuation Roll.

The amount that the municipality charges you for rates each month, is based on your municipal valuation. If the municipal valuation increases, then the amount you pay each month for rates will also increase, and *vice versa*.

WHAT IS A VALUATION ROLL AND WHERE DO I FIND IT?

This is a database in which the municipality stores the municipal valuations of all properties recorded on that particular roll. Every property in every municipality should (hypothetically) be on a roll, but because properties are continuously coming into existence and ceasing to exist, new rolls are created (these are referred to as supplementary rolls) to include any properties that have not been previously recorded on another, prior, general roll.

Each general roll is re-published once every few years (4 or 5 depending on the municipality), and the property values (and categorisations) are updated at the same time.

Depending on a number of factors, your property value may have stayed the same, or increased, or decreased, from the value contained on the last roll. Your categorisation may or may not have changed.

The municipality should give you notice if your property is appearing on a roll that is being published in the near future. This notice should tell you what your current municipal valuation is, what your revised municipal valuation is, the name of the roll that your property is now appearing on, the proposed categorisation of your property, and where you can inspect the contents of such roll. These rolls contain only property information like descriptions, valuations and categorisations; they do not contain reasons for why the municipality has chosen these. If you have received notice that your property is on a roll that is soon to be published, you should determine immediately whether you are satisfied with the municipal valuation and categorisation accorded to your property. If you are not, you will have to object. See the section below on objecting for more information.

Even if you have not yet received notice that your property is on a roll that is soon to be published, it is a good idea to determine which roll your property is listed on, and when it will be re-published in the future. This will give you an idea as to when you should be receiving notice of your revised property valuation, so that (if you do not receive same), you are armed with the relevant information to determine your revised value and if necessary, you have sufficient time to object to same. Not receiving notice does not absolve a property owner from the responsibility for inspecting the roll and objecting on time. Most valuation rolls that are being published for the first time are posted on the municipality's website.

WHAT ARE SUPPLEMENTARY VALUATION ROLLS AND HOW DO THEY WORK?

For a number of reasons, the General Valuation Roll is not always complete. Properties are accidentally omitted from it or only come into existence after it is published. For this reason, the MPRA provides that the municipality must publish a Supplementary Valuation roll at least once every year for the duration of the General Valuation Roll.

When a Supplementary Valuation Roll is published, much the same process applies (as in relation to a General Valuation Roll). You should get notice, and the roll should be at the municipality's offices for inspection, and on the website. You can then object if you are not satisfied with the property information on the roll, as explained herein.

The date that rates calculated based on amendments to the property valuation or categorisation made on a supplementary roll come into effect, differs depending on a number of factors. Most often they come into effect on the first day of the month following the publication of the Supplementary Roll, or the commencement date of the Valuation Roll.

However, if you successfully object/ appeal/ review information contained on a Supplementary Roll as described herein, the reversal of the incorrect charges based on the incorrect valuation/categorisation will be backdated to the time that the charges based on that incorrect information were first charged.

From 1 July 2015 the municipality can follow a slightly different valuation procedure known as a "section 78(5) procedure" to revalue or re-categorise your property. Not all municipalities do this. For more information on this procedure, email motlou@hbgschindlers.com.

WHAT DO I DO IF MY PROPERTY VALUATION IS NOT IN LINE WITH MARKET VALUE?

If you are of the opinion that your municipal property value is higher than market value, you can lodge an objection with the municipality, giving reasons for same. The municipality will then assess your objection and notify you of the outcome of same. If the municipality finds that your objection is valid, it will revalue your property in line with your objection. If it finds that your objection is not valid, it will advise you of same and your property valuation will remain unchanged. You must file the objection in the prescribed time period. Most municipalities will not accept late objections.

WHO CAN I CONTACT IF I NEED HELP LODGING AN OBJECTION AGAINST MY PROPERTY VALUATION?

HBGSchindlers can also assist in obtaining automated property valuations, preparing the objections and lodging them, as well as with keeping tabs on the notification letters that are released when the objection has been decided. Our normal rates apply in this regard, and we do offer discounted rates for bulk instructions. You can also contact valuers, or consultants who work in the municipal area. They might be able to help.

WHAT HAPPENS IF MY PROPERTY CATEGORY IS INCORRECT ON THE ROLL?

You will need to lodge an objection in the same manner as described above and follow the same procedure set out below in relation to an incorrect property category, as would apply to an incorrect property valuation.

WHAT HAPPENS IF MY OBJECTION IS REJECTED?

You may appeal to the Valuations Appeal Board within a certain, prescribed period from date of receipt of notification of the outcome of the objection. The forms for appeals are available at the municipality from its Valuations Department and can sometimes be downloaded from the municipality website. The Valuations Appeal Board is only convened once every few months, but at the next available meeting your appeal will be considered and either accepted or rejected by the Board. You should be given written notification of the outcome of the appeal.

WHAT HAPPENS IF THE APPEALS BOARD REJECTS MY APPEAL?

If the Appeals Board rejects your appeal and you are of the opinion that your appeal should have succeeded, you will need to approach an attorney for assistance to take the matter further legally. One possible option is to approach a court to review the decision of the Appeals Board. An attorney can guide you through this process.

WHAT HAPPENS IF I AM SUCCESSFUL ON OBJECTION, REVIEW, OR APPEAL?

If your objection, review, or appeal is successful, the municipality will adjust your account accordingly. For incorrect categorisations, charges previously billed will be reversed back to the date the incorrect categorisation was first applied. In cases involving a reduction in property valuation, adjustments will be made from the date the incorrect property value was first recorded.

If the outcome increases the property value, the municipality is only entitled to impose the increased rates from the commencement date of the roll on which the increase was first included.

CAN I OBJECT OR APPEAL OUTSIDE OF THE PRESCRIBED TIME PERIODS?

Generally, objections or appeals lodged outside the prescribed time periods are not considered by the municipality. However, if there is an obvious error in the calculation of your property valuation, you can request a correction through the municipality's Valuations Department under the section 78 procedure.

As a rule, however, the Valuations Department will not consider objections that were not the product of obvious errors, outside of the prescribed time periods.



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