Agency plan to help homeowners keep rates down

The City of Cape Town is about to start compiling a new General Valuation Roll (GVR) and residents need to be well-prepared to lodge objections if their properties are incorrectly valued.

So says Deon Lessing, owner of the Chas Everitt International franchise on the Western Seaboard. "One only has to look at what has just happened to thousands of homeowners in Johannesburg to see how scary it can be if a city council gets things wrong.

"There, the city council has just sent out notices to about 83 000 people informing them that their property valuations have been increased - in some cases by more than 100% - and that their municipal rates will rise accordingly as of 1 July. What is more, these increases will come on top of the annual rates rise already budgeted by the council, and the homeowners concerned have effectively been given only two weeks to lodge their objections," Lessing says.

A back-up to lodge an objection

"We really don't want that sort of thing to happen to homeowners in our area, so we have started a campaign of providing them with a free evaluation of their property that they can use to benchmark the new municipal valuation, and as back-up material if they need to lodge an objection."

According to the City of Cape Town website (www.capetown.gov.za), the council will compile the new GVR between 1 July 2012 and 31 January 2013. Property owners will be able to lodge objections in March and April 2013, and the new rates based on the new valuations will come into effect on 1 July 2013.

"Obviously," says Lessing, "it is the interest of the city council to value properties as highly as possible, because that increases the amount of rates and taxes that it can collect. In addition, some homeowners are flattered when the council comes along and puts a higher value on their property.

Over-valuation causes two problems

"But there are two big problems with this, the first being that the council makes use of what we call 'desktop' valuations, which means that in most cases the valuer will not even visit the property or the area, and homeowners can arbitrarily end up with horribly inflated property values on which they have to pay more rates and taxes every single month, unless they can lodge a successful objection."

Secondly, he says, future buyers of your property will look at what you pay in rates and taxes, and will undoubtedly be put off if these are too high. "We recently had an example of this when we had two beautiful beachfront flats to sell. One owner had appealed against an over-valuation and got this adjusted to the market value of R2m, which made it much easier to sell his flat, while the other had not appealed and was still paying rates on an over-valued R2,5m - and struggling to sell his property."

In short, it is in your interest now and for the future to ensure that the municipal valuation of your property is market related. "And to do that, you need an independent market-related evaluation to compare with your new municipal valuation, and perhaps to use to substantiate your objection if the municipal valuation is too high," says Lessing.