

# **CITY OF SWAN RATING METHOD**

**Unimproved Value (UV)**

**Vs**

**Gross Rental Value (GRV)**

**Colin Cameron EMCS**

# Two methods of Rating

Local Government Act Section 6.28 (2) –

In determining the method of valuation ... the general principle ... —

- (a) where the land is used *predominantly* for rural purposes, the unimproved value of the land; and
- (b) where the land is used predominantly for non-rural purposes, the gross rental value of the land.

# Valuation for each method

- **Unimproved Value (UV)**
  - Value of the land, excluding any buildings
- **Gross Rental Value (GRV)**
  - Value based on the amount per year that the property can leased / rent
- Rate Calculated as:

UV or GRV    x    Rate in the dollar

(Landgate VGO)

(set by Council during annual budget)

# The Issue – Rural setting non rural use

- Request to review from SVPA
- Tree change etc where the property developed provides a residential space in a rural setting, therefore the property use is not predominately “rural use”.
- Large scale developments picked up through the planning process.
- Small scale developments through change of use may have slipped through the cracks.
- Ratepayers may apply to have their property reviewed.

# Principles to observe

## Local Government Guidelines Number 2 (May '02)

- Objectivity
- Fairness & Equity
- Consistency
- Transparency, and
- Administrative efficiency

# Steps

- 1) Letter to all UV property holders (4,912)
- 2) Owners respond
- 3) Staff analyse response
- 4) Report to Council for approval
- 5) Report to Minister for approval
- 6) Request Landgate to undertake a valuation (if required)
- 7) Change the method and issue an adjusted rate assessment

# Response to date

- 916 responses to date
- 607 request change to GRV
- 357 approved by Council on 15/10/08
- 250 to be submitted to next Council meeting
- 22 require a site visit

# FAQ

- Will changing to GRV affect the value of my property?
  - No as the method of rating does not affect the approved planning use of the property. If a new owner wants to use the property for an approved purpose they just apply to have the property rated using UV.
- What happens if I want to change to GRV later?
  - Ok, just apply when you consider that you no longer predominately work the land.
- What happens if I want to change back to UV?
  - You can always change back to UV if you recommence predominately working the land.
- Will I pay more or less?
  - Difficult to know, although property owners can calculate this themselves if the GRV is known.
- Why is the City doing this?
  - Requirement of the Local Government Act to ensure we are using the appropriate method to rate properties.



The end