

Council Briefing Meeting Minutes

Date: Thursday, 13 December, 2018
Time: 1:30 p.m.
Location: Council Chamber
Forum North, Rust Avenue
Whangarei

In Attendance	Her Worship the Mayor Sheryl Mai (Chairperson) Cr Stu Bell Cr Gavin Benney Cr Tricia Cutforth Cr Shelley Deeming Cr Sue Glen Cr Phil Halse Cr Cherry Hermon Cr Greg Martin Cr Sharon Morgan Cr Anna Murphy
Not in Attendance	Cr Crichton Christie Cr Vince Cocurullo Cr Greg Innes
Also in Attendance - Opteon	Ritchie Martin Stephen Davey Shirl Evans
Scribe	Jennie Thomas (Democracy Adviser)

1. Apologies

Crs Greg Innes, Crichton Christie and Vince Cocurullo

2. Reports

2.1 General Revaluation 2018

Her Worship the Mayor convened the meeting and welcomed the Opteon staff.

Alan Adcock (General Manager – Corporate) took the meeting through the Council presentation prior to handing over to the Opteon team.

Alan advised elected members, that as they were aware, this was the first revaluation undertaken by Opteon since they had replaced QV as Council's valuers. The process has not run as smoothly as both parties would have liked. Staff are happy with the methodology used but the start of the process did not progress as expected, due mainly to issues and delays with obtaining information from QV. Another issue was due to the information needing to meet NZ Standards. Alan noted that the information that has been produced is robust and should lead to less objections.

Staff are expecting certification of the revaluation from the Valuer General tomorrow. There will be testing completed on Council systems to trial processes. The revaluations will be mailed out over the Christmas period. In the best case scenario, the owners' notifications will be posted 31 December 2018, in the worst case notifications will be posted 7 January 2019. In either case, owners will receive their notifications prior to the timeframes required.

Rolls, by address, will be available at Customer Services for inspection. Objections will close on 15 February 2019 and then properties can be inspected up until May 2019.

It was queried why the revaluations were so late. The quantitative data coming from QV was delayed and Opteon applied a more robust methodology so the transition took longer than expected.

Comment was made, that as representatives of the people, elected members would face the criticism for these notices only becoming available over the Christmas period. It was also stated that once the notifications were received Council should have expertise available immediately to respond to the queries by the public.

Richard Martin, from Opteon, advised he has made himself available to be at Customer Services to answer questions once the revaluations are delivered. Alan advised that staff will provide elected members with scripting regarding the revaluations to assist with queries from the public.

Opteon staff offered their apologies to elected members for the delay in providing the revaluations. They advised that Opteon had approached the process on a system that caused a few issues with the Valuer General. Subsequently Opteon adopted the methodology QV used.

The sign off of data to Council is of good quality and a more stringent process has been used than in the past. There was a delay in the sign off but it is expected to produce a better valuation result for Council.

Alan advised that QV have had a monopoly for a number of years. There was some disagreement over who owned the data which delayed the transfer of data from one party to another. This, along with other factors, compounded the problem. Opteon have learnt from this process and in three years' time they will be able to apply their experience to the process. Ritchie Martin noted that Whangarei was a hard district to value due to difficult coastal locations and the view factor.

There was a query on the effect on valuations of properties located in hazard zones or those in close proximity to the coast. Ritchie clarified that any effect to valuation due to the risk of inundation and speculation of sea rises is reflected in the impact on market sales. How the markets are reacting is a consideration of the valuations. It is based on what the buyer is prepared to pay. All type of hazards are reflected on in the same manner.

When queried, Stephen Davey advised that there were a number of Councils that Opteon undertook revaluations for including – Tauranga, South Waikato, Rotorua, Gisborne, Taupo and Western Bay of Plenty.

In response to a query regarding commercial valuations Opteon staff advised that they do an eyesight or kerbside assessment of commercial properties. They cover as many as they possibly can within the timeframes. Real estate agents are also canvassed.

Ritchie Martin and Stephen Davey then continued with their presentation.

It was noted that the revaluation is a rating valuation not a market valuation. It is a snapshot of the District as at 1 August 2018.

The Land Value is value of the actual land, the Capital Value is the total value of the property including the land, building and improvements. The value of improvements is the difference between the land and the capital value, it reflects the added value that the improvements give to the vacant land.

The biggest valuation movements are in the residential and lifestyle sectors. The lifestyle property tends to follow similar trends to the residential market. The total district Capital Value has increased by 39% in the last three years and the total district Land Value increasing by 47.5% in the same period.

Movement in the residential sector has been influenced by:

- Auckland buyers
- Investors – but not as much as an impact in 2018 compared to 2016 pre LVR restrictions
- Increased interest from local buyers looking for permanent homes
- Low interest rates
- First home buyers – Whangarei prices still within reach
- Development of new subdivisions and urban expansion

- Lower valued properties increasing more than the top end
- The foreign buyer restriction have cooled the markets a little

Movement in the rural-lifestyle sector has been influenced by:

- Auckland buyers
- Locals wanting to sell up and move to the country
- Rural productive properties from an economic view are relatively flat but are being lifted by the lifestyle market which have pushed up pastoral and smaller dairy farms
- The negative impact of Mycoplasma Bovis
- The dairy market looks to be moving but is still quite flat
- Forestry blocks are lifting but this is influenced by the lifestyle factor again
- Northland is on the affordable side for first farm buyers

Commercial and Industrial

- The PINZ Whangarei CBD pedestrian count shows a declining trend over the last four years with rates lower than 2014 figures, this reflects national trends. It is mainly due to bulk retail and online sales. There is a vibrancy in the CBD with low retail vacancy compared to three years ago. The Cameron Street mall street-scaping has had a positive effect.
- Demand for high quality commercial property is strong.
- Small retail and industrial properties are experiencing the strongest demand.
- There is a real shortage of A Grade office space and an overabundance of B-D Grade offices creating a very flat office market
- Business tenants are wanting smaller more flexible spaces, good natural light, easy access to parking with quality fit-outs.
- There are a number of really large buildings empty but other than that commercial is going well.

Objections

The information on how to make an objection is on the back of the Notice of Valuation.

Core Dates

- Owners notices posted late December to early January
- Last day for lodging an objection: 15 February 2019
- Objections will be processed from Feb 2019-May 2019
- Date of Valuation: 1 August 2018

Opteon will have someone in Council to field queries as soon as the notices are received by owners. They will not be involved in any rating strategy.

Queries and Comments

The diverse range in increases in the rural-lifestyle sector was noted and discussed further. Opteon staff advised that some rural properties had been valued too high previously. Some areas around Tutukaka, in particular, had had values rolled over which has contributed to such a broad index. The high end lifestyle market has led to land banking in some parts, pushing values up in those areas. The first home buyers' market has a strict policy of 20% deposit for lifestyle blocks, but this is still affordable enough for some first home buyers.

Alan advised that Tauranga has seen similar trends especially in lower valued areas. Supply is tight for properties and they are still seeing increases in higher value properties as well.

It was queried whether there was sufficient supply of industrial properties in the district. Industrial properties, especially smaller properties, are in short supply. This is due to the trade industries being doing well and being able to afford to buy their own premises. Residential investors are also looking to get into the industrial market due to changes to the tenancy act. The decline in values of CBD are being seen across the country except where there is a mix of residential properties within the centre.

Next Steps

Alan advised that the next steps were to get the information into ratepayers' hands. Opteon's job is valuation. The rating policy is Council's. Staff will analysis the data and look at hotpoints and where the biggest movements are. Any changes that could affect the LTP, though he doubted there would be any, would be assessed and a report will come back to Council early in the new year. In July, the rates invoices will be distributed.

3. Closure of Meeting

The meeting concluded at 2.43pm