

Draft Nelson Plan – Frequently asked questions

Property valuations and the Draft Nelson Plan

How do property valuations relate to calculation of rates?

As a requirement under the Ratings Valuation Act 1998, all properties must be valued every three years to help calculate the amount a property owner must pay in rates. These valuations are prepared on behalf of Nelson City Council by Quotable Value, a valuation service provider. Very strict quality standards must be met before the valuation is confirmed with all revaluations audited by the Office of the Valuer General being a department of LINZ. The last time these were prepared was in September 2018, therefore the next revaluation will be in 2021.

How are property values calculated?

In Whakatū Nelson, a portion of the rates are calculated from the land value of a property. The land value is the probable price that would be paid for the bare land. The land value includes any development work which may have been carried out, such as draining, excavation, filling, retaining walls, reclamation, grading, levelling, clearing of vegetation, fertility build-up, or protection from erosion or flooding, but does not include the value of any buildings or its improvements. Land values are affected by location, size, contour, shape, views, zoning and subdivision potential. Generally, a ratepayer living in a high land value area will pay more rates than a ratepayer living in a lower value area.

Will property ratings be affected by zone changes proposed in the Draft Nelson Plan?

Predicting the effect of rezoning land under the Nelson Plan on rates or property valuation is not simple.

Valuations are reviewed and updated to reflect the extent of the built-up area of urban development. For example, land used for housing has a greater land value per square metre than land used for rural activities. If valuers deem that any changes to zones to have an impact on the market value of the land this could in turn affect the rates levied on a property.

Areas in Whakatū Nelson identified for growth to enable the efficient use of land (i.e. those areas close to the City centre zone and other centres and amenities) may see changes to their rates. Land previously zoned as Rural under the NRMP, which has been proposed for future residential developments, will likely see a rise in land value due to the increased land use and therefore the rates on the property may increase.

While changes proposed in the Draft Nelson Plan are likely to affect land valuations, these will not occur immediately. Effects will change as the Plan progresses from Draft to Proposed to Operative. In addition, requirements of the Rating Valuation Act requires all properties in the region to undergo a three-yearly revaluation – so impacts are felt on a three-yearly basis. The next Nelson revaluation will be in September 2021 - before the Nelson Plan is formally notified. With the notification of the Plan expected in early 2022, this may affect the September 2024 revaluation. Under the rating legislation, the new values from the 2024 revaluation will take effect (for rating purposes) from 1 July 2025.