

SUMMARY REPORT

Review of the 1 July 2010 land values in North Wagga Wagga



2008 aerial photograph of North Wagga Wagga



December 2010 aerial flood photograph of North Wagga Wagga

Prepared for the NSW Valuer General, August 2011

BACKGROUND

In January 2011 Notices of Valuation for land values established as at 1 July 2010 were issued to landowners in the Wagga Wagga local government area, by Land and Property Information (LPI) on behalf of the Valuer General. Land values for many properties in North Wagga Wagga rose significantly between 1 July 2006 (the previous valuation date used for local government rating purposes) and 1 July 2010.

In March 2011 the Valuer General became aware of media coverage confirming a degree of community dissatisfaction at the changes to land values in North Wagga Wagga as at 1 July 2010.

The Valuer General instructed Land and Property Information (LPI) to commission an independent review of the area's land values.

Following a formal tender process Opteon Property Valuers were selected as the independent contractor tasked with undertaking the review of the 1 July 2010 land values in North Wagga Wagga. Site visits to a significant number of properties were undertaken in gathering information to inform the review.

A full detailed report was supplied to LPI by Opteon Property Valuers on the 29 July 2010. This Summary Report is provided to allow the issue of findings to interested parties without breaching privacy requirements.

TERMS OF THE REVIEW

The terms of the review were to carry out a general review of the 1 July 2010 land values for two components¹ in North Wagga Wagga, LAR and LCV, comprising of 267 properties by no later than 28 July 2011 with inspections to be commenced by 11 July 2011.

This review reports:

- whether the 1 July 2010 land values for component LAR (North Wagga Wagga, Residential) and for component LCV (North Wagga Wagga, Vacant Land) were made in compliance with *the Valuation of Land Act 1916*, LPI's Rating and Taxing Procedures Manual v 6.1.1 and Australian Property Institute valuation guidance notes;
- whether the 1 July 2010 land values are within an acceptable market range of available market evidence; and
- if any of the 1 July 2010 land values are considered outside the acceptable market range, and
- recommends amendments where they are required to be made.

To carry out this review the following process was implemented:

INSPECTIONS – drive-by inspections of all properties in components LAR and LCV were made along with eight full site inspections of properties selected by Council.

TOWN PLANING ISSUES - the impact of gazettal of the Wagga Wagga Local Environmental Plan 2010 and other relevant planning instruments including Development Control Plans (DCP), flood maps etc.

ANALYSIS OF THE COMPONENT STRUCTURE – statistics, benchmark properties² (primary and reference) in accordance with LPI's Rating and Taxing Procedure Manual v 6.1.1.

¹ Properties are valued in groups called components. The properties in each component are similar or are expected to reflect changes in value in a similar way.

MARKET ANALYSIS – both in the subject components LAR and LCV and other components as considered relevant including paired sales analysis³ and added value of improvements⁴ analysis completed by the Rating and Taxing Contractor.

ISSUES RAISED BY COUNCIL AND LANDOWNERS – analysis and consideration of issues raised by affected parties.

ACCURACY, CONSISTENCY AND RELATIVITY OF LAND VALUES ADOPTED IN COMPONENTS LAR AND LCV - including the land value basis, relationship to analysed adjusted land values from sales analysis and market range; including analysis of Valmap thematic maps⁵.

EXECUTIVE SUMMARY

This independent review of 1 July 2010 land values in North Wagga Wagga found that the issued land values in components LAR (North Wagga Wagga, Residential) and LCV (North Wagga Wagga, Vacant Land) were generally within an acceptable range of the available market evidence.

The review identified that the Rating and Taxing Contractor had analysed 25.64% of sales available in the subject components between 1 March 2007 and the commencement of the review on 21 June 2011; and 44% of the available sales between 1 July 2009 and 1 July 2010 being sales which directly related to the establishment of 1 July 2010 land values.

Recommendations:

Of the total 268 properties in the two components reviewed (LAR and LAC) it is recommended that changes to the 1 July 2010 land values be made on 12 sites with no dwelling entitlement, and 18 sites with existing dwellings. These 30 recommended land values changes correct a total of 30 issued land values considered outside an acceptable range of available market evidence. The recommended changes generally relate to the building rights not being taken into account in relation to component LCV.

The recommendations to amend land values only include properties where the issued land value was considered outside the acceptable market range.

During the inspections and review of the 1 July 2010 land values it was identified that supplementary action to amalgamate adjoining properties in the same ownership (generally comprising one dwelling and adjoining vacant land or shed) would bring the valuations of those properties into line with the practises required under the Valuation of Land Act.

Details of the land value changes can be found at Appendix A and Appendix B.

Other recommendations include:

² A benchmark property is a representative property in a component which is individually valued as at 1 July each year to determine how much the land value has changed from the previous year. This change is then applied to all properties in the component to determine their new land values. Sample valuations are then checked to confirm the accuracy of the new values.

³ Paired sales analysis is the approach used to analyse the added value of improvements where vacant land sales are in sufficient quantity to negate any possibility of a scarcity factor. The land value demonstrated by vacant land sales is taken from the sale price of improved properties to determine the added value of the improvements. The resulting analysis of the added value of improvements may be applied to other improved sales to show the residual land value.

⁴ The value of improvements is their worth as reflected in the real estate market in an area. The value of improvements is generally not equal to their replacement or insurance value.

⁵ Valmap is an electronic mapping system, which combines the valuation database with the NSW mapping database, NSW topographical database, aerial photography and satellite imagery.

- a review of the component structure following discovery that three properties were incorrectly classified in the component RU5 (Village Zone) ; and
- consideration be given to an annual verification of land values of existing developments in North Wagga Wagga (other than dwellings) to ensure the status of their existing use.
- the establishment of further benchmark properties would assist the valuation process in the future. This would provide a more effective check on the broad range of land values within the location.

CONDUCT OF THE REVIEW

ACCESS/DATA

The following access/information was utilised in this review:

- 1 July 2010 Base Date Valuation Analysis Report, Final Report and Component Reports for Wagga Wagga.
- Copies of objections lodged by landowners.
- Access to Valnet⁶ and SIX⁷ for Wagga Wagga including analysed sales⁸
- Annual download file for Wagga Wagga for all R1⁹ and RU5¹⁰ zoned components.
- Sales data for Wagga Wagga for all R1 and RU5 zoned components from 1 July 2006.
- Valmap data for Wagga Wagga.
- Wagga Wagga Development Control Plan (DCP) 2010, Table 4.2.3 – Requirements for development in North Wagga Wagga (Protected by Levee).
- Wagga Wagga DCP 2010, 6.1.7 – Village Character Statement, North Wagga Wagga.
- Wagga Wagga DCP 2005, Requirements for North Wagga Wagga Development.

LEGISLATION AND GUIDELINES

The land values were made under the following legislation and guidelines:

- The *Valuation of Land Act 1916* (as amended);
- LPI's Rating and Taxing Procedure Manual version 6.1.1 (current for the 1 July 2010 land value program); and
- The Australian Property Institute guidelines including 'ANZVGN1 – Valuations Procedures Real Property' and ANZVGN4 – Valuation for Rating and Taxing.'

VALUATION DATE AND DATE VALUATION MADE

The valuation year reviewed was 1 July 2010, with the date valuation made for component LAR and component LCV being the 15 October 2010 for the majority of properties.

This means the issued land values reflect the market conditions at the 1 July 2010 valuation year, but the physical conditions and manner of use of the property at the 15 October 2010 date valuation made.

⁶ Valnet is the LPI database used to store the Register of Land Values

⁷ SIX is LPI's Spatial Information Exchange and is the official source of NSW's geospatial information, possessing the most comprehensive, accurate and reliable spatial data for the State.

⁸ Analysed sales are property sales analysed during the valuation process to determine land values.

⁹ R1 zoning is "General Residential" as per Department of Planning Practice Note PN 11-002

¹⁰ RU5 zoning is "Village" as per Department of Planning Practice Note PN 11-002

LAND VALUES – Sites with no dwellings

The following land values were considered outside an acceptable range of available market evidence. The tables also show necessary changes to the land value basis and components. The recommended land values have been made with regard to the acceptable range of market evidence after consideration of maintaining consistency with surrounding valuations that are within the acceptable market range.

Address	Current component	Issued land value as at 1 July 2010	Issued land value basis	Recommended component	Recommended land value as at 1 July 2010	Recommended land value basis ¹¹	Percentage change
Hampden Avenue	LAR	\$110,000	6A(1)	LCV	\$55,000	6A(1)	-50%
East Street	LCV	\$15,000	6A(1)	no change	\$9,900	6A(1)	-34%
Hayes Street	LAR	\$114,000	6A(1)	LCV	\$25,000	6A(1)	-78%
Hampden Avenue	LAR	\$114,000	14G	LCV	\$29,500	14G	-74%
Elizabeth Street	LCV	\$30,000	6A(1)	no change	\$85,000	6A(1)	183%
George Street	LAR	\$73,500	6A(1)	LCV	\$9,900	6A(1)	-87%
George Street	LCV	\$9,900	6A(1)	no change	\$1,500	6A(1)	-85%
McPherson Street	LCV	\$39,200	6A(1)	no change	\$60,000	6A(1)	53%
McPherson Street	LCV	\$19,800	6A(1)	no change	\$85,000	6A(1)	329%
William Street	LAR	\$98,200	14G	LCV	\$25,000	14G	-75%
Hampden Avenue	LAR	\$188,000	6A(1)	LCV	\$60,000	6A(1)	-68%
Wells Street	LAR	\$72,200	6A(1)	LCV	\$35,000	6A(1)	-52%

For publication purposes, certain sensitive information has been removed from this table, for example house numbers, in accordance with the principles of the NSW *Privacy and Personal Information Protection Act 1998* and the NSW *Government Information (Public Access) Act 2009*.

¹¹ Recommended land value basis as per the *Valuation of Land Act 1916*

LAND VALUES – Sites with existing dwellings

The following land values were considered outside an acceptable range of available market evidence. The tables also show necessary changes to the land value basis and components. The recommended land values have been made with regard to the acceptable range of market evidence after consideration or maintaining consistency with surrounding valuations that are within the acceptable market range.

Address	Current component	Issued land value as at 1 July 2010	Issued land value basis	Recommended component	Recommended land value as at 1 July 2010	Recommended land value basis ¹²	Percentage change
Hurst Street	LCV	\$69,000	6A(1)	LAR	\$125,000	6A(2)	81%
Hurst Street	LAR	\$148,000	6A(1)	No change	\$117,000	6A(2)	-21%
Hampden Street	LCV	\$59,000	6A(1)	LAR	\$115,000	6A(2)	95%
Hayes Street	LCV	\$33,000	6A(1)	LAR	\$110,000	6A(2)	233%
Hayes Street	LAR	\$123,000	6A(1)	No change	\$100,000	6A(2)	-19%
Hampden Ave	LAR	98,200	6A(1)	No change	\$80,000	6A(2)	-19%
Hayes Street	LAR	\$98,200	6A(1)	No change	\$80,000	6A(2)	-19%
Hayes Street	LAR	\$98,200	6A(1)	No change	\$80,000	6A(2)	-19%
Hayes Street	LAR	\$98,200	6A(1)	No change	\$80,000	6A(2)	-19%
Hampden Street	LCV	\$29,500	6A(1)	LAR	\$114,000	6A(2)	286%
William Street	LCV	\$46,200	6A(1)	LAR	\$125,000	6A(2)	171%
Henry Street	LAR	\$102,000	6A(1)	No change	\$120,000	6A(2)	18%
Henry Street	LCV	\$9,900	6A(1)	LAR	\$98,200	6A(2)	892%
Henry Street	LAR	\$98,200	6A(1)	No change	\$60,000	6A(2)	-39%
Wall Street	LAR	\$94,600	6A(1)	No change	\$120,000	6A(2)	27%
Stevenson Street	LAR	\$152,000	6A(1)	No change	\$130,000	6A(2)	-14%
Brotherwood St	LAR	\$148,000	6A(1)	No change	\$115,000	6A(2)	-22%
Gardiner Street	LAR	\$136,000	6A(1)	No change	\$180,000	6A(2)	32%

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¹² Recommended land value basis as per the *Valuation of Land Act 1916*