UNIQueCo
PROPERTY VALUERS

National Group

CIGFARO

Workshop By Lourens Nel (Pr.Val)

The Municipal Valuer
Municipal Valuations (Grey Areas) Educational Workshop

introduction

- Welcome back
- the discourses?

- Session1: Important legislations, application and why?
- Session2: The Valuer procurement & appointment. Property Register vs Masterfile.
- Session3: Deeds office, Surveyor General Offices and Data collection.
- **Session4: GVR Maintenance, Supplementary Valuations & Rolls.**

Session4: GVR Maintenance, Supplementary Valuations & Rolls.

is about the…

1	**deliverable status of the general valuation roll (GVR)**
2	**maintenance, reasons to maintenance and supplementary valuation processes**
3	**and perhaps the maintenance tools, application and growth towards improving**

basic overview points

- date of valuation?
- valuation methodologies (methods and application);
- processes of deliverables (data collection, valuations, draft rolls, objections and appeals);
- date of implementation (GVR);
- effective dates (GVR vs SV's vs SVR's);
- maintenance, purpose and deliverable processes?;
- different notifications to owners? (Objections and supplementary valuations)

deliverables project planner (cont.)

PROJECT PLANNER (SECTION 1) UPDATED REVISED DATES E.G. SERVICE LEVEL AGREEMENT (SLA)

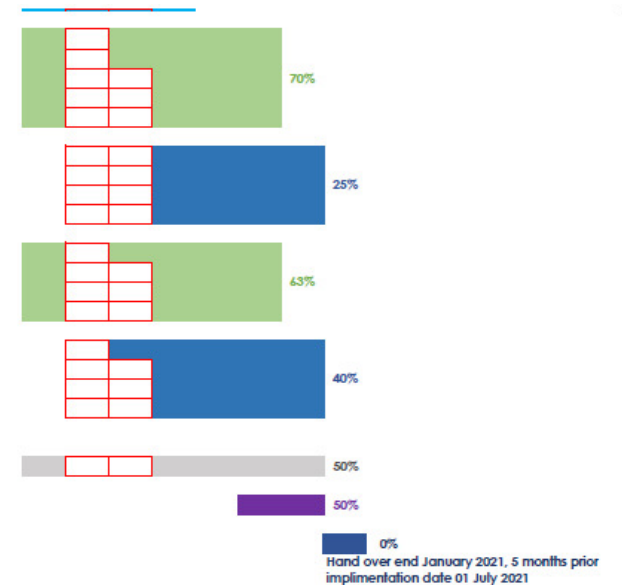| Project Title | Matjhabeng Local Municipality | Project Start Date | Monday, June 1, 2020 |
| Report Date | | | Monday, November 30, 2020 |

Items	Task Description & Deliverables	Start Date	End Date	Duration in Months	%C	%Cpt	%All	% Complete	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21
(A)	**PHASE 1 - DELIVERABLES & WORK PROGRAM**																							
	Notes:																							
	A municipal legal process have temporally parked the project during August and September 2020. Points 1 to 9 were negatively affected with 2 months delay. Project remaining period estimated four (4) months.																							
	Appointment of Valuer	May 1, 2020	May 27, 2020	1	100%	5.00%	5.0%	5%	100%															
1	**Project Office & Establishment**																							
1.1	Finalise Project Execution Plan & Main Contract Agreement				100%	0.67%	0.7%							100%										
1.2	Finalise Sub-contract Agreement (SLA)	June 1, 2020	September 30, 2020	4	100%	0.67%	0.7%	2%																
1.3	Establish Project Office & Infrastructure (MS Teams)				100%	0.67%	0.7%																	
2	**Project Office Set-up**																							
2.1	General	June 1, 2020	July 31, 2020	2	100%	2.00%	2.0%	2%			100%													
3	**Municipal Register of Properties : Data Capture**																							
3.1	Identify data sources				100%	5.00%	5.0%																	
3.2	Acquire, clean and prepare data	June 1, 2020	July 31, 2020	2	100%	5.00%	5.0%	20%			100%													
3.3	Digitize footprints				100%	5.00%	5.0%																	
3.4	Obtain Municipal Property Register				100%	5.00%	5.0%																	
4	**IT & Sundry**																							
4.1	Establish Registered Property Layer				100%	1.00%	1.0%																	
4.2	Digitise Aerial Photography & Consolidate with Cadastral Layer, Roll				100%	1.00%	1.0%								100%									
4.3	IT infrastructure cost for project office	July 1, 2020	October 30, 2020	4	100%	1.00%	1.0%	5%																
4.4	System requirements to change/intergrade with existing system				100%	1.00%	1.0%																	
4.5	Skills Transfer				100%	1.00%	1.0%																	

deliverables project planner (cont.)

5	**Data Collection (Residential)**							
5.1	Prepare training manuals				100%	3.00%	3.0%	
5.2	Recruit & train data collectors				100%	3.00%	3.0%	
5.3	Collect / Verify and capture data	July 1, 2020	December 31, 2020	6	50%	1.50%	3.0%	15%
5.4	Quality Assurance Value Review				50%	1.50%	3.0%	
5.5	Maintain data				50%	1.50%	3.0%	
6	**Valuations (Residentials)**							
6.1	Sales Review, Methology & Market Reports				100%	2.50%	2.5%	
6.2	Generate values	October 1, 2020	January 31, 2021	4	0%	0.00%	2.5%	10%
6.3	Quality Assurance value review				0%	0.00%	2.5%	
6.4	Value Finalisation				0%	0.00%	2.5%	
7	**Data Collection (Non-Residential)**							
7.1	Prepare data Collection & Collection Metholody manuals				100%	3.75%	3.8%	
7.2	Collect / Verify and Capture Data (data, sketch,photos etc)	July 1, 2020	December 31, 2020	6	50%	1.88%	3.8%	15%
7.3	Quality assurance Data Review				50%	1.88%	3.8%	
7.4	Maintain Data				50%	1.88%	3.8%	
8	**Valuations (Non-Residentials)**							
8.1	Sales Review, Methology & Market Reports				100%	2.50%	2.5%	
8.2	Valuations	September 1, 2020	January 31, 2021	5	20%	0.50%	2.5%	10%
8.3	Quality Assurance Value Review				20%	0.50%	2.5%	
8.4	Value Finalisation				20%	0.50%	2.5%	
9	**Communications, Meetings & Project Reporting**							
9.1	Implement, Public Awareness & Communication Plan	July 1, 2020	January 31, 2021	7	25%	0.13%	0.5%	1%
9.2	Assist in Rates Policy Preparation				75%	0.38%	0.5%	
10	**Draft Roll & Corrections**							
10.1	Compilation and deliverance of Draft General Valuation Roll	December 1, 2020	January 1, 2021	2	50%	2.50%	5.0%	5%
11	**Certified General Valuation Roll (CGVR)**							
11.1	Compilation, Print, Certification & Deliver		January 31, 2021	1	0%	0.00%	10.0%	10%
(A)	**PHASE 1 - PROVISIONAL DELIVERABLES & WORK PROGRAM**					63%	100%	100%

70%

25%

63%

40%

50%

50%

0%

Hand over end January 2021, 5 months prior implimentation date 01 July 2021

deliverables project planner (cont.)

PROJECT PLANNER (SECTION 2)

Project Title: Matjhabeng Local Municipality Project Start Date: Wednesday, April 1, 2020

Items	Task Description & Deliverables	Start Date	End Date	Duration in Months		% Complete
(B)	**PHASE 2 - OBJECTION PERIOD**					
12	Objection Management					
12.1	Section 51 Processing of Objections	February 1, 2021	April 30, 2021	3		70%
13	Objection Outcome Notifications					
13.1	Section 53 Notifications of Outcome and Furnishing of Reasons	May 1, 2020	May 30, 2020	1		10%
14	Supplementary Valuations					
14.1	For period between certification date and closing of objections	February 1, 2021	May 30, 2020	4		10%
15	Supplementary Valuation Outcome Notifications					
15.1	Section 78(5) Notifications of Outcome and Furnishing of Reasons	June 1, 2020	June 30, 2020	1		10%
16	Project Close-out					
16.1	Close down project and hand over all data to municipality	July 1, 2021	August 31, 2021	2		10%

Notes:
Points 12, 13 and 15 have no compulsory timeframe, but the Valuer should aim at closing enquiries.

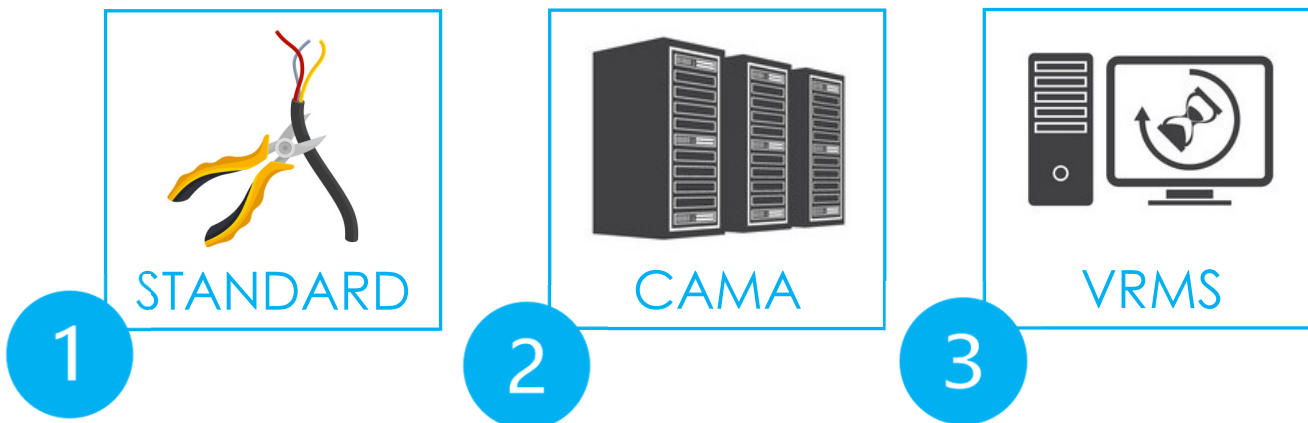| **(B)**	**PHASE 2 - OBJECTIONS DELIVERABLES & WORK PROGRAM**					110%

Deliverables - Objections

Summarised into

the pros and cons for application and evolvement of standard approach versus systematic tools....

Meaning?

1 STANDARD	**2** CAMA	**3** VRMS

"Sole purpose will be for improvement of risk management and maintenance...."

To combine processes between the audience, and keep track of active present functionalities, as well as tracing historical data……
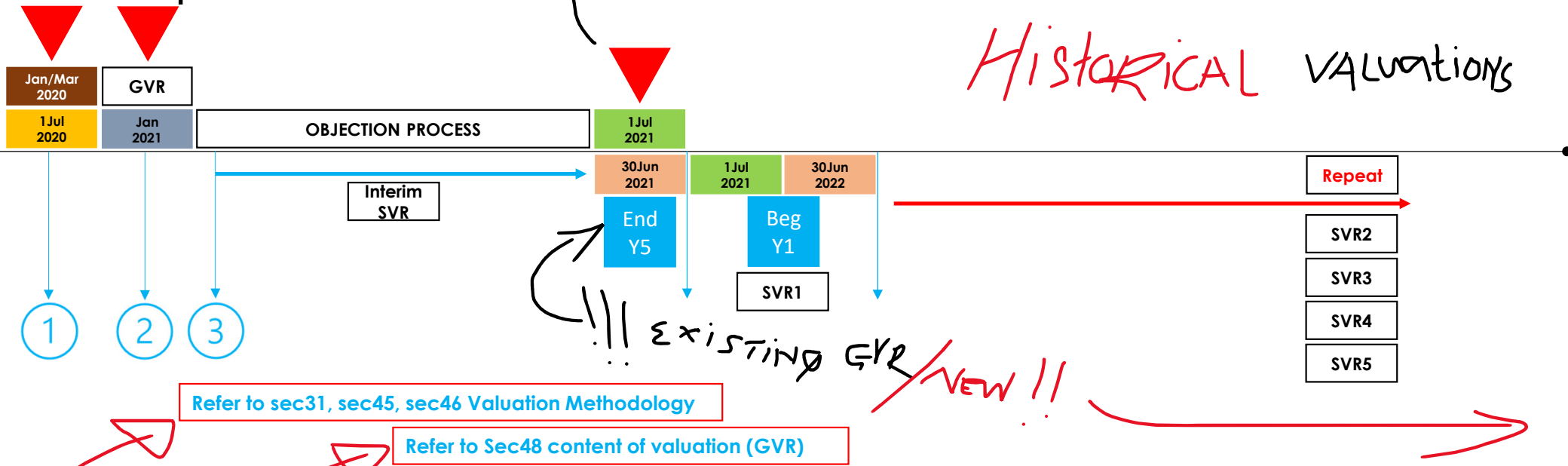
Why?

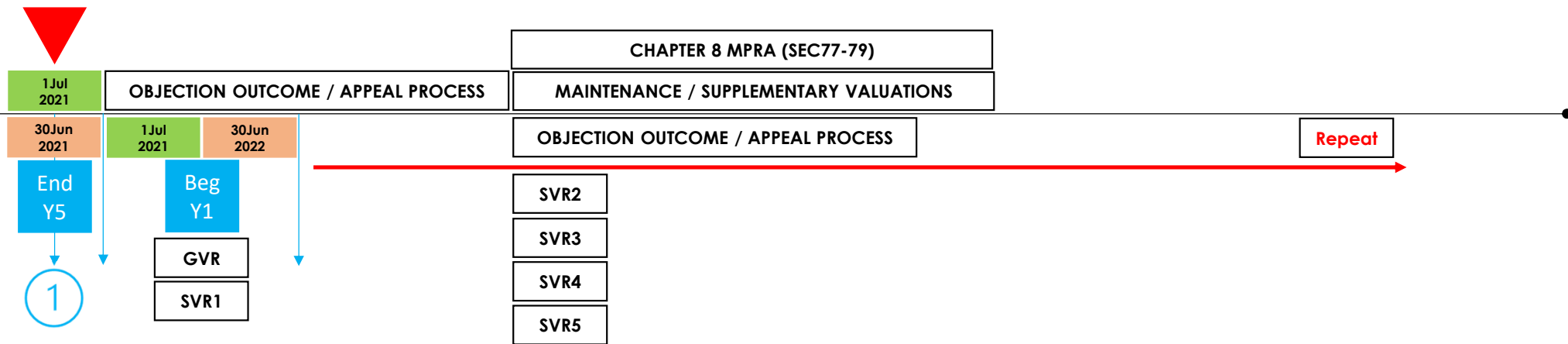"well to improve risk management and maintenance…."

Such as?

important dates timeline for a start?

HISTORICAL VALUATIONS

Jan/Mar 2020	GVR	
1 Jul 2020	Jan 2021	OBJECTION PROCESS

1 Jul 2021		Repeat
30 Jun 2021	1 Jul 2021	30 Jun 2022
End Y5	Beg Y1	

Interim SVR

SVR1

SVR2

SVR3

SVR4

SVR5

!!! EXISTING GVR / NEW !!

① ② ③

Refer to sec31, sec45, sec46 Valuation Methodology

Refer to Sec48 content of valuation (GVR)

❶ Date of Valuation (sec31) (example 1 July 2020 twelve months prior implementation date 1 July 2021) (Important date – valuations historically backdated)

❷ Public Notice - Advertising (pros and cons?) – Sec49(1)(a) – Once certified GVR submitted, 21 days for MM to publish in provincial Gazette and Media **(other?)**

❸ Inspection of, objections to the GVR – Sec50 (Public, representative, municipality or other)(support)(30 days plus Sec49), etc.

❹ Closing objection period – Sec50(5)(Closing, within 14 days forward objections to Valuer)**(Promptly)(Not time specific)**

❺ interim supplementary valuations (what we missed (draft) and new info pertaining deeds changes, and perhaps errors)(End May 00)(SVR)

important dates timeline (cont.)

1 Jul 2021	OBJECTION OUTCOME / APPEAL PROCESS	CHAPTER 8 MPRA (SEC77-79)	
		MAINTENANCE / SUPPLEMENTARY VALUATIONS	
30 Jun 2021	1 Jul 2021	30 Jun 2022	OBJECTION OUTCOME / APPEAL PROCESS	Repeat

End Y5

Beg Y1

GVR

SVR1

SVR2

SVR3

SVR4

SVR5

①

① Objection processing (sec51) and notification **and reasons to** objectors (sec53) and review (sec52) and objector appeal within 30 days after outcome (sec54(2)).

② sec54(3) – 14 days and 60 days for deliver and processing from VAB.

③ Repeating the whole process (sec78(5)(6)

what is meant by historical valuations?

- Remember the **date of valuation** is fixed (Sec31)? Say 1 July 2020…. Then?

- Therefore, each valuation or correction will be retrospective to the "date of valuation"!!
- The date of implementation was already 1 year later;
- As will each new financial year make the date valuation retrospective;
- And each valuation retrospective and therefor a historical valuation.

This once again refer to the various "valuation methodologies", since market derived data and date of valuation, will be retrospective. And so will errors from the past being dealt with as "maintenance/supplementary valuations"!

the effect of effective dates?

- **Implementation date** of the GVR, 1 July 2021, twelve months **after date of valuation** 1 July 2020;

- If maintenance/supplementary valuations are done, due to an error (omitted, incorrectly valued, captured, etc.), the **effective date remain date of implementation** (it is an error any of the audience were to identify) not an excuse/legislation;

- **But what if** 2 years later, a subdivision, consolidation, new house, new entry? Effective date? Date of valuation?

Remain

→ Sec 78 (4) (a) (b) (c) (d) (e)

GVR

Property Register

Land Audit
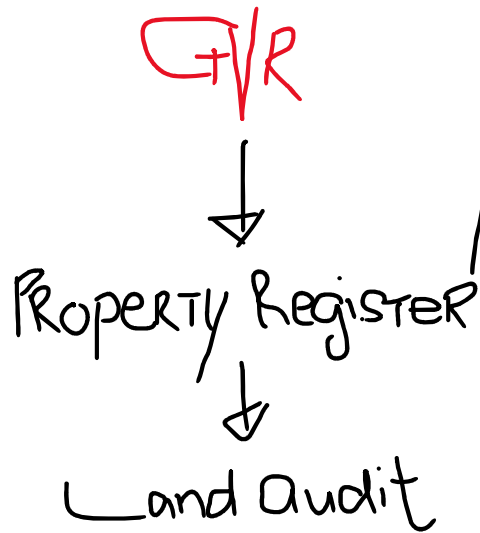
→ Maintenance, Finance, & Ad Hocs

① Sup Vals & Rolls

② GRAP (LAR → VALUER)
         (A& → Engineer)

③ INSURANCE (UPDATES & Impair)
   Cost approach !!!

④ PERHAPS Disposals or Leases
         or Servitudes, etc.

valuation methodologies

(1) methods and (2) application: (what does this mean?)

- Sec45(1) refers to a recognized approach;
- Comparable Sales;
- Income Approach; (Capitalized Net Annual Income, DCF, Hardcore topslice
- Cost Approach; (Replacement Costs Less Depreciation / Plus Appreciation + Land Value)
- If historical, how and why?

- sole purpose is to determine Market Value, Fair Value, Open Market Value, etc. Same difference.

valuation methodologies (cont.)

(1) methods and (2) application: (what does this mean?)

- Sec45(3)(a)(b) refers to a mass approach related to the various valuation methodologies, the Valuer authorized by legislation, may apply;

- As Valuer I will defend and motivate my own valuation, therefore cannot be foretold what to do;

- It does not prescribe the methodologies the Valuer must apply;

- It rather broaden the options for the Valuer, except for some (CAMAS – Tool and Approach – Market Value vs Banding) to be approved by the municipality.

- Nowhere does it state the Valuer must provide a management system nor an appraisal system. The Valuer provide a GVR with Values and Categories, verified and identified.

- Nothing however prevent the municipality from having those, if they can afford and requires such systematic tools. But it has its pros and cons for the Valuer….
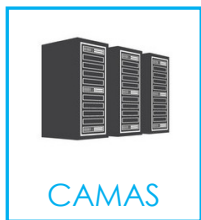
how does software and valuation methodologies or management systems fit in GVR and Maintenance?

In concept of a
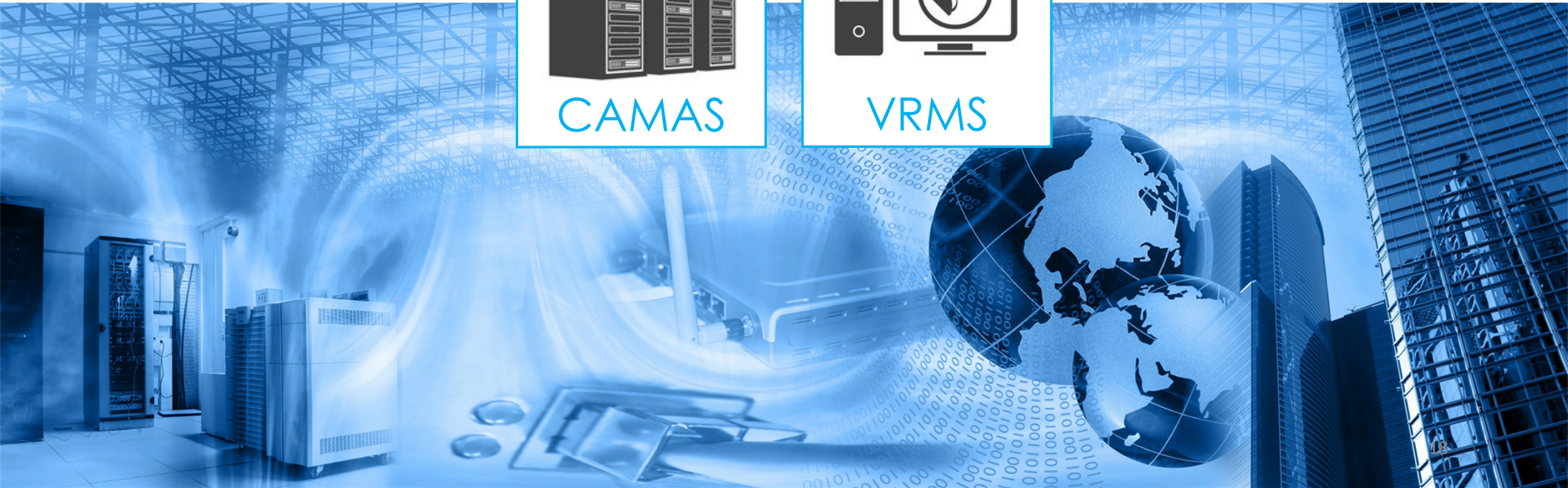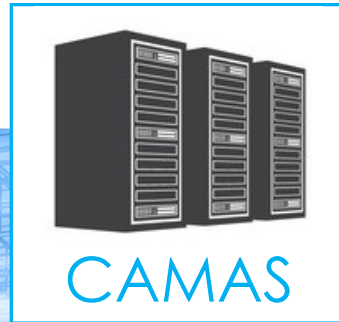
CAMAS

VRMS

does software and valuation methodologies fit in GVR and Maintenance? (cont.)

- **Yes**, they do, and **no**, they don't;

- What is a CAMA system and what is a VRMS system, and does the MPRA state the Valuer **must apply or provide** such system? No, it doesn't.

- **However**, I am of opinion developing Valuers and Municipalities should be able to have the necessary tools, such as access to Deeds, Spatial Systems and **a VRMS tool** available, or access to such tool… (What does that mean?) (And pros and cons?)

- It depends on the extent or scale of the project and size of property register, say between a Metro and a small municipality….

CAMAS

An expensive online web-based tool where data pertaining property deeds information, type, use, condition, location, comparisons, sales data are fed into the system, with statistical computerized algorithms providing an estimated value based upon comparability.

Property Register & Valuation

does software and valuation methodologies fit in GVR and Maintenance? (cont.)

VRMS

Management

An expensive system **enable** the data extract (Property Register and GVR) from the CAMAS or any other approach and methodology of mass appraisal applied by the Valuer, and **manage maintenance procedures** and required functionalities pertaining to:

- **Upload** of GVR

- Matched with Municipal Finance Billing System **data** (Why?)

- Matched **new** with **old** property register (Why?)

- Manage **timeframes** applicable to GVR, Objections, Notices, Appeals, Reviews, Supplementary Valuations, Annual Supplementary Valuation Rolls, Etc. Why?

- Keep track of **maintenance/enquiries/records/history**. Why?

- User **functionality** (User roles/Access, etc.). Why?
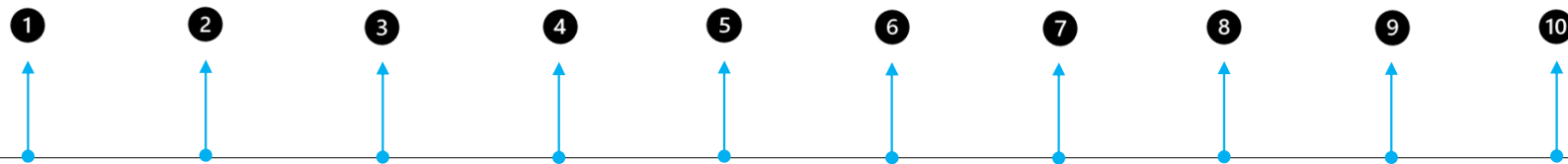
a typical supplementary valuation enquiry

A scenario:

- The municipal official send the Valuer an **email** with a possible supplementary valuation;

- The Valuer do a supplementary valuation (category change), scrap and replaced approach on their property register;

- And send an email with the supplementary valuation back to the municipality.

Cons:

- The municipal official or Valuer resign. Email Address terminated. Where did the corresponding go? Was there at least a paper trail saved both sides? Was the correction made? 5 months later the official ask for the same supplementary valuation again. Apparently not. And or accuse the Valuer of the error.

- The amendment was made on the Valuer's own register and not on those of the Municipality. (Scrap and replace?)

- And each year this creates numerous unnecessary questions or problems. Why?

a typical supplementary timeline and approach…

1 **2** **3** **4** **5** **6** **7** **8** **9** **10**

1	Enquiry by municipality – Property **Description** and **Purpose** or **Reason**
2	The Valuer consider and perhaps conduct a **Supplementary Valuation.**
3	A **Scrap** and **Amend** or **Insert New** process. **What does it mean and why?**
4	Date captured, date of valuation, effective date, etc., applicable. **Why important?**
5	Valuation certificate send to municipality for **adjustment** or **create new** account on their billing system
6	The **Valuer** have to send a **Notification** to the owner (Sec78(5). **Problematic. Why?**
7	Sec78(6) state the municipality must **at least** once a year compile a **supplementary valuation roll**.
8	And the Sec49 to 55 process replays itself.

1

STANDARD

It works, but it doesn't as well….

Valuation Roll Management Systems….

The **pros** and advantage of management systems:

- **Online accessibility** between users, Municipality and the Valuer;

- User add/remove/takeover/allocate **user functionality**/ies;

- **Data storage** save/server, etc.

- **Upload important documentations** (SLA, Objection Forms, Rates Policies, By-laws, Project Plans, Reports, etc.)

- Manage **advertisements** and processes;

- Manage **objection** references, uploads, outcomes, reviews, sec52 reviews, **appeals**, etc.

- Manage **timelines** and compliancy, reporting, etc.

- Easy **lodging** of enquiries or supplementary instructions and online maintenance;

Valuation Roll Management Systems…. (cont.)

- Save history allowing the tracing of historical actions; (1st Term, 2nd Term, 3rd Term and older)

- Allow for **repeat changes** and save historical records;

- Access to **owner information** for supplementary valuation notifications;

- Access to **Spatial information** (Cadastral/Aerial/Streetview/Building Plans, etc.)

- Annual Supplementary Valuation Rolls (One or more) and can trace records retrospective…

Valuation Roll Management Systems…. (cont.)

The cons and disadvantage of management systems:

- Expensive and require **regular update and training**;

- **User-friendly or not?** What does that mean?

- **Online or offline** web-based systems? (What if there is no electricity, internet, etc.)

- What if the necessary equipment or access to tools are not available? (Both sides Valuer/Municipality) What does that mean?

- **Small** municipalities versus **large** municipalities. (Active maintenance, etc.)

- **In-house** versus **external** Valuers (Valuation and Maintenance). (Question around CPA and Conflict of Interest, FSP)

- **Cost to company**? Who will pay for this? Can municipalities afford it? Can the Valuer afford it?

- ETC.

questions and concerns….

- A member of this audience asked, now that we had these 4 sessions, what now?
- Where are we taking this and what is it that we want to identify and working towards improving? Individually and together?

There is an African proverb stating "If you want to move fast, go alone. If you want to go far, move together".

- I made note of costs, economic conditions, politics, education and teamwork;
- I made note of wire and plier standard tools and approach, and Lamborghini's;
- Education problems, standards and the legislative enquiries;

We need to make a difference, and fast, as it does not look good out there…….

We need to pimp our ride for
SOUTH AFRICA

Session
day4 of 4

End
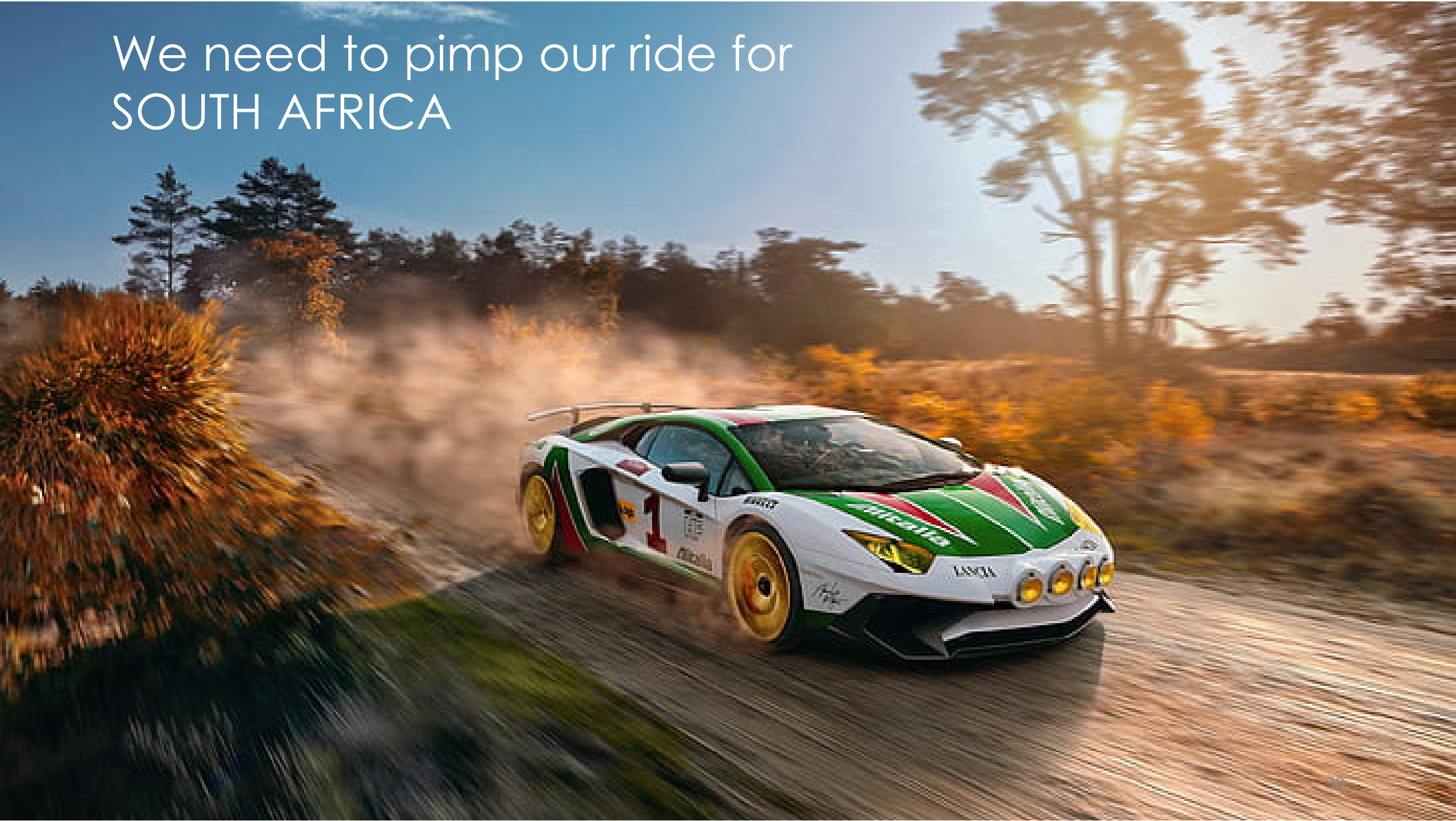
LOURENS NEL (Pr.Val)(Managing Director)(Partner)(49%)

and partner RUTH MOKONYANE (Finance Director)(Partner)(51%)

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