



# Frequently Asked Questions

If you are a property owner in the proposed Orchard Hills re-zoning area, this information is provided in relation to how land re-zonings may impact your council rates.

## Land re-zonings and council rates

### **How will the proposed land re-zonings impact council rates?**

Land re-zonings that change the allowable use of the land to a use of a higher value will likely increase the value of the land, sometimes significantly.

If property owners expect their land value to rise due to the proposed re-zoning, they should be aware that this could lead to above-average increases in council rates every two to three years when the land is revalued.

In some cases, speculative purchasing of properties in your area at prices higher than current valuations could also drive-up land values and council rates, even before the re-zoning is approved.

### **When will property owners know if their rates will increase?**

Land valuations are re-assessed every two to three years, so increases in land valuation will impact council rates every two to three years. Between valuation updates, rates also usually increase by about 3 to 4% due to inflation.

Penrith City Council last received land valuations in 2022, which were used to assess rates from 1 July 2023. These valuations have also been used for rates from 1 July 2024, with a 4.8% inflation increase applied.

New land valuations will be received in late 2024 and will be used for rate assessments starting 1 July 2025.

Since land valuations are based on actual land sales in your area, some owners may face above-average rate increases from 1 July 2025 if recent sales have been influenced by speculation of re-zonings.



The 2024 valuations will be used for rate assessments for the next two to three years, until the land is re-valued or re-zoned. After 1 July 2025, landowners are unlikely to see significant rate increases until at least July 2027.

## How are council rates calculated?

In NSW, the amount you pay for rates is based on three factors:

1. The unimproved land valuation of your property
2. The rating category of your property
3. The rate that applies to that category or sub-category.

Rates are calculated by multiplying the land valuation for the property by the rate for the rating category. Independent land valuations are provided to Council by the NSW Valuer General and are usually updated every two to three years. Land valuations are based on actual land sales in your area so are reflective of actual values.

There are four main rating categories: Business, Residential, Farmland, and Mining, with sub-categories in each. Penrith City Council has two business sub-categories and two residential sub-categories for rural properties.

Rates vary by category, from lowest to highest:

- Farmland (50% lower than Residential General)
- Residential Rural Area and Residential Rural 2 to 40 Hectares with dwelling (30% lower than Residential General)
- Residential General
- Business General
- Business St Marys Town Centre
- Penrith CBD

Most properties in Orchard Hills are categorised as Residential Rural Area. Properties in this category already receive a **30% discount** on the Residential General rate due to a change made by Council in 2021 to lower rates for rural properties. Your property may also be classified as Farmland or Business, depending on its primary use.



You can find your property's rating category, land valuation and rate on your rates notice. For example, it might appear as:

- *Residential - Rural Area Rate \$1,000,000 @ 0.0016402.*

### **Can property owners query or object their rating category?**

You have the right to query or object to your rating category with Penrith City Council. If you disagree with Council's decision, you can appeal to the NSW Land and Environment Court under specific circumstances.

You can request a review of your rating category at any time. If your property is reassessed and changed to a rating category that has a lower rate, Council will adjust your rates and either credit your account or issue a refund.

If you disagree with Council's decision after the review, you can appeal to the Land and Environment Court within 30 days of the decision, as per Section 526(1) of the NSW Local Government Act 1993.

### **Can property owners query or object to their land valuation?**

You have the right to question or object to your land valuation with the NSW Valuer General. If you're not satisfied with their decision, you can appeal in the NSW Land and Environment Court under special circumstances.

If the NSW Valuer General reviews and reduces your land valuation, Council will adjust your rates accordingly, credit your rates account, or issue a refund.

There are time limits for disputing your land valuation after you receive your valuation notice, which is usually sent in January every three years for rates purposes. For more information, visit [www.valuergeneral.nsw.gov.au](http://www.valuergeneral.nsw.gov.au).

### **What will happen to my council rates when land is re-zoned?**

Once land is re-zoned, it may be revalued by the NSW Valuer General under the NSW Valuation of Land Act 1916. Although this new valuation may take some time to reach



Council, once received, it will be used to backdate rates from the date the re-zoning is officially gazetted and to calculate future rates.

Property owners should be aware that once land is re-zoned, **you can postpone payment of part of the rates increase**. This means you can defer payment of part of your new rates to a later date. The deferred amount must be paid back when the property is sold or developed, and interest will be charged. However, if you stay in the property for more than five years after postponing, Council will waive some of the deferred rates and interest charges. Further details can be found in the **Postponement of rates** section.

### **What if the re-zoning does not increase my land value?**

If the property valuation does not change after the re-zoning, there will be no immediate change to your rates. If the property valuation reduces due to the re-zoning (which does happen in some cases) Council will adjust your rates accordingly and refund any amount overpaid if applicable.

### **Is financial assistance available if I can't afford to pay my rates?**

All councils can provide rates relief through a mandatory rebate to pensioners or through postponing (deferring part of the payment) where the land value has increased after the re-zoning.

In other cases, Penrith City Council can help ratepayers who may have difficulty paying their rates by allowing payment arrangements and extensions to suit their individual circumstances.

If you need assistance now or in the future when your rates may increase, please email [rateshelp@penrith.city](mailto:rateshelp@penrith.city) or call us on 02 4732 7777.



## Postponement of rates

*Important note: The information below was correct when published, however the NSW Government has legislated some proposed changes to the postponement of rates which may affect your eligibility.*

### Who is eligible for postponement of rates?

Postponement of rates applies to property owners whose land has been re-zoned. If your land has been re-zoned, you may be eligible to postpone payment of part of your rates if your land is:

- Residential with a single dwelling, zoned for residential or commercial use or subdivision.
- Rural land, zoned for a use other than rural, or if subdivision allows lots smaller than 40 hectares. Rural land is defined as a parcel of rateable land over 8,000 square meters used wholly or mainly for farming activities like grazing or horticulture.

Council will send postponement application forms to affected owners after the re-zoning has gone through. You can also find the forms at [penrith.city/paperless](https://penrith.city/paperless).

Please note, due to legislation, postponing rates is not available for dual occupancies or business/commercial properties, unless they meet the rural land criteria (i.e., used for farming purposes).

### How much of the rates will be postponed?

To assess how much you will need to pay and how much will be postponed, the land is given two values in the assessment of rates determined by the NSW Valuer General:

1. **Value to determine how much rates are to be paid:** The land value if the property is used as a single dwelling or for rural purposes.
2. **Value to determine how much rates are to be postponed:** The full land value under the new zoning, minus the amount from Value 1.

Generally, the amount you need to pay each year (the part not postponed) will be similar to what you were paying before the re-zoning, with the postponed portion deferred for later.

### What is the benefit of postponing rates if I plan on holding the land?

After five years, if the land is still not developed or sold, Council will write off the first year's postponed rates and interest, then add the new postponed amount for that year. This process continues each year, with the new year's postponed rates added and the rates from five years prior written off. You will only owe a maximum of 5 years of postponed rates when the land is developed or sold.

**Example: The table shows the amount payable after ten years if \$5,000 in rates and \$200 in interest were postponed each year (this example only includes the postponed amounts, not the non-postponed rates paid annually).**

|               | Rates postponed                | Postponed interest charges     | Postponed rates and interest waived  | Notes  |
|---------------|--------------------------------|--------------------------------|--|--|
| Year 1        | \$5,000                        | \$200                          |  |  |
| Year 2        | \$5,000                        | \$200                          |  |  |
| Year 3        | \$5,000                        | \$200                          |  |  |
| Year 4        | \$5,000                        | \$200                          |  |  |
| Year 5        | \$5,000                        | \$200                          |  |  |
| Year 6        | \$5,000                        | \$200                          | - \$5,200  | Year 1 waived                                    |
| Year 7        | \$5,000                        | \$200                          | - \$5,200  | Year 2 waived                                    |
| Year 8        | \$5,000                        | \$200                          | - \$5,200  | Year 3 waived                                    |
| Year 9        | \$5,000                        | \$200                          | - \$5,200  | Year 4 waived                                    |
| Year 10       | \$5,000                        | \$200                          | - \$5,200  | Year 5 waived                                    |
| <b>TOTALS</b> | <b>\$50,000</b>                | <b>\$2,000</b>                 | <b>- \$26,000</b>  | <b>\$26,000</b>                                  |
|               | Total postponed over ten years | Total postponed over ten years | Less postponed rates and interest charges waived starting after five years | Amount payable if property sold after ten years. |



## **What else is there to consider?**

If you plan to hold the land for less than five years, it may be beneficial to not postpone paying your rates and instead explore financing options that offer lower interest rates compared to the 10.5% annual rate on postponed rates (this rate changes yearly). However, if you have trouble securing finance, you might choose to postpone some of the rates even if you plan to sell within a couple of years and pay the postponed amount when you sell the property.

Council cannot advise you on the best option, so it's important to seek independent advice to understand what works best for you. It's also recommended that you consult legal and financial experts about your circumstances as proposed re-zonings may impact many areas of other state and federal taxations.

It's important to be aware that land re-zoning that increases your land's value will also raise your council rates. Property owners should prepare for impacts to their financial situation, particularly significant holding costs until the full capital increase is realised sometime in the future.

**If you have any queries, please contact Council's Rates Manager  
Matthew Saunders on [matthew.saunders@penrith.city](mailto:matthew.saunders@penrith.city) or 02 4732 7756.**