

FINANCIAL SERVICES

RATES REMISSION POLICY 2023

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Local Government Act 2002 s102(3)(a)

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Local Government Act 2002 s.109(2A)

Included in the LTP: No



RATES REMISSION POLICY

Date of adoption by Council	<i>TBC upon adoption</i> ¹
Resolution Number	<i>TBC upon adoption</i>
Date by which review must be completed	2028
Relevant Legislation	Local Government Act 2002 s102(3)(a) and s.109(2A)
Statutory or Operational Policy	Statutory
Included in the LTP	No

This policy remits rates under ten specific objectives and criteria:

1. Economic Development
2. Incentives to address earthquake-prone buildings
3. Community, sporting and other not-for-profit organisations
4. Multiple toilet pans
5. Penalties
6. Land affected by natural calamity
7. Land protected for natural conservation purposes
8. Financial hardship, disproportionate rates compared to the value of the property, or other extenuating circumstances
9. Incentivising residential development
10. Any other matters

This policy is in addition to the statutory provisions for fully non-rateable land provided in Schedule 1 of the Local Government (Rating) Act 2002.

1 Rates Relief for economic development

1.1 Objective

To assist the economic development of the Rangitikei and to increase the variety of goods and services able to be obtained in the Rangitikei.

1.2 Conditions and criteria

¹ This policy was first adopted 15 July 2004 (04/RDC/154), reviewed 29 June 2006 (06/RDC/193), reviewed 25 June 2009 (09/RDC/233), reviewed 28 June 2012 (12/RDC/112), reviewed 2 May 2013 (13/RDC/109), amendment for earthquake-prone buildings 30 October 2014 (14/RDC/233), amendment for incentives for business development 29 October 2015 (15/RDC/307), amendments for financial hardship, disproportionate rates, extenuating circumstances 26 May 2016 (16/RDC/117), amendments for incentivising residential development 31 January 2019 (19/RDC/019), 31 October 2019 (19/RDC/395), 12 December 2019 (19/RDC/427), reviewed 25 June 2020 (20/RDC/209), amended 9 June 2022 (22/RDC/189)

As provided by section 85 of the Local Government (Rating) Act 2002, the Council will consider the remission of rates (other than Uniform Annual Charges) to any business or businesses that wish to establish and operate as a business which in the view of the Council:

- is a new type of business or a type of business which does not compete with any existing business within a recognised zone or area; and
- operates from premises, which are regarded as commercial, i.e. as distinct from residential.

1.3 Consideration of Applications

Applications for a remission of rates for economic development may be made at any time to the Council’s Chief Executive.

Applications will be presented to Council for consideration having regard for the six attributes in the table below. Each attribute will be scored on a five point scale (1 being the lowest and 5 the highest) and weighted according to the specified significance.

No rates remission will be granted to an application which scores fewer than 5 unweighted points for the two attributes of high significance.

The score evaluation will be conducted in open meeting. However, as section 38(1)(e) of the Local Government (Rating) Act prohibits public disclosure of remissions, the determination of the basis for a remission and setting of the actual amount and term of the remission will be determined by Council in a public excluded session.

ATTRIBUTE	EXPLANATION	SIGNIFICANCE
Employment opportunities	Regard will be given to the number of new jobs created by the expansion, their characteristics (seasonal/skill etc.) and the likelihood that they will be filled by people who live locally	High (25%)
Impact of the business on the local economy	Regard will be given for the significance of the business in the local (or district) economy, and how the business will complement, support or develop other enterprises	High (25%)

Impact of the business on the local community	Regard will be had for how the business will engage with the community, e.g. by way of sponsorship, involvement with volunteer groups etc.	Medium (15%)
Stability of investment	Regard will be had for likelihood of the expansion being sustained over the longer term	Medium (15%)
Technological leadership	Regard will be had for the extent to which the business applies/develops technology to improve the quality of its product, extend market reach etc.	Low/Medium (10%)
Ownership structure	Regard will be had for the extent to which the business is owned and managed locally	Low/Medium (10%)

2 Incentives to address earthquake-prone buildings

2.1 Introduction

Council recognises the value of addressing earthquake-prone buildings, either by strengthening them or by rebuilding following demolition. While there will be varying views over the respective value of preserving heritage compared with creating a new structure, Council's concern is that such sites remain viable business entities. Council recognises that strengthening all or part of heritage buildings or retaining the street façade as part of a replacement building helps retain townscape character.

This policy applies to

- a) all buildings originally constructed prior to 1945 in the commercial zones of the District where the businesses operating within them (currently or projected) depend on the presence of a significant number of public customers or employees to be viable; and
- b) any other commercial or industrial building where the businesses operating within it (currently or projected) depends on the presence of a significant number of public customers or employees to be viable, for which the owner provides evidence of a professional assessment that the building is earthquake prone (i.e. below the 33% threshold of the New Building Standard).

This policy does not apply to any earthquake-prone building for which the Council has provided grants and/or waiver of fees equivalent to (or exceeding) financial assistance available within this policy. Where that assistance is less, the policy will be applied on a pro rata basis.

This policy does not apply to any demolition, strengthening or rebuilding for which building consents were issued prior to this policy being adopted.

2.2 Remission during building work

A full remission of rates will be granted for up to six months during the period when

- a) the building is strengthened; or
- b) the building is demolished, and a new building is erected on the site; or
- c) the building is demolished, the site is cleared and (in consultation with the Council) set out for passive public use, and a new building is erected on another site within the commercial area of that town

The site must be unoccupied other than by contractors undertaking the building work.

Application for this remission must be made no later than three months before the intended strengthening and demolition. The application must include documentation which gives evidence of

- a) *either* the proposed strengthening work and the time envisaged for that work to be done,
- b) *or* the proposed demolition and rebuilding and the time envisaged for that work to be done.

Approval of this remission will be associated with a waiver of all District Council consent costs up to a maximum of \$5,000 (plus GST). This excludes any government levies and charges, which will remain the responsibility of the property owner.

If the proposed strengthening or demolition/rebuilding is not achieved within the time noted in the application, or as otherwise mutually agreed, Council will reverse the remission and may recover part or all of the waived fees.

2.3 Remission following completion of building work

A full remission of rates will be granted for a maximum of three years for a property containing one or more earthquake-prone buildings once a Code Compliance Certificate has been issued for *either* the strengthening of such earthquake-prone buildings *or* the erection of a new building on a site previously occupied by one or more earthquake-prone buildings *or* the erection of a new building on another site in the commercial zone of that town provided that the use of the former site is consistent with the provisions of the District Plan, irrespective of whether the owner retains the site, transfers it to another entity or (at no cost) vests that site in Council.

Application for this remission must be made no later than three months after the issue of the Code Compliance Certificate.

This remission is available only to the owner of the site when the strengthening or new building work was undertaken.

2.4 Consideration of applications

Applications for a remission of rates may be made at any time to the Council's Chief Executive.

The Chief Executive has authority to grant the remission up to \$5,000 (excl GST) Amounts above this level require Council approval.

3 Rates remissions for Community, Sporting and other Not-For-Profit Organisations

3.1 Objective

To facilitate the ongoing provision of non-commercial community services and non-commercial recreational opportunities for the residents of the Rangitikei District.

3.2 Conditions and criteria

This part of the policy applies to land owned or occupied by a charitable organisation, (by or in trust for any society or association of persons, whether incorporated or not) which is used exclusively for the free maintenance and relief² of persons in need³, or provides welfare, sporting, recreation, or community services. The policy does not apply to organisations operated for private pecuniary profit.

Full Remission

To qualify, land –

- must be owned and occupied by an organisation, whose object or principal object is to promote generally the arts or any purpose of recreation, cultural, health, education, or instruction for the benefit of all the residents or any group or groups of residents of the District, and who are responsible for the rates; and
- does not fit within the definition of non-rateable land under schedule 1 of the Local Government (Rating) Act 2002; but

²An Institution will be treated as carried on for the free maintenance and relief of the persons to whom this clause applies if;

(a) those persons are admitted to the institution regardless of their ability to pay for the maintenance or relief; and
(b) no charge is made to those persons or any other persons if payment of the charge would cause those persons to suffer hardship.

³Persons in need are defined as persons in New Zealand, who need care, support, or assistance because they are orphaned, aged, infirm, disabled, sick or needy.

- is not leased to a third party and the terms of the lease provide for rates to be paid by the Lessor.
- excludes land in respect to which a club licence under the Sale of Liquor Act 1989 is for the time being in force.

The Council will grant the following rates remission:

- 100% on all rates other than rates for utility services.
- 50% on rates for utility services (water supply, sewage disposal, and stormwater).

Partial Remission

To those organisations in respect to which a club licence under the Sale of Liquor Act 1989 is for the time being in force the council will grant the following rates remission.

- A remission of 75% on all rates other than rates for utility services.

3.3 Application Information

Organisations making application for the first time must include the following in their application:

- statement of objectives or charter document; and
- financial accounts; and
- information on activities and programmes; and
- details of membership or clients; and
- any other information that supports the application in relation to the eligibility criteria

Council requires that organisations receiving the remission under this specific objective must confirm their eligibility on an annual basis. Council will remind organisations of this requirement prior to the first rates instalment in any rates year.

3.4 Consideration of Applications

Applications for this type of rate remission should be made to the Chief Executive officer. The Chief Executive Officer has the authority to assess and approve, as appropriate, this type of rate remission application.

4 Contiguous rating units owned or leased by a single ratepayer

4.1 Objective

To enable the Council to act fairly and reasonably in its consideration of rates where two or more rating units fail to meet the requirements of section 20 of The Local Government (Rating) Act 2002, to be treated as one unit for setting a rate ONLY because the units are NOT owned by the same person or persons.

4.2 Conditions and Criteria

Two or more rating units may be treated as 1 unit for setting a rate if those units are—

- a) used jointly as a single unit; and
- b) contiguous or separated only by a road, railway, drain, water race, river, or stream, and
- c) leased so as to meet all the requirements of Section 11 of the Local Government (Rating) Act 2002 such that the lessee is entered into the rating information database and district valuation roll as the ratepayer in respect of a rating unit.

Section 11 of the Local Government (Rating) Act 2002 states:

Entry of ratepayer in rating information database and district valuation roll

- 1) The name of the following persons must be entered in the rating information database and district valuation roll as the ratepayer in respect of a rating unit:
 - a) the owner of the rating unit; or
 - b) the lessee of the rating unit under a lease that—
 - i) is registered, after the commencement of this section, under section 115 of the Land Transfer Act 1952; and
 - ii) is for a term (including renewals) of not less than 10 years; and
 - iii) provides that the lessee must be entered in the rating information database and the district valuation roll as the ratepayer in respect of the unit.
- 2) The name of a person who is a lessee of a rating unit must be entered in the rating information database and district valuation roll as the ratepayer in respect of the unit if—
 - a) the name of the person was, immediately before the commencement of this section, entered in the district valuation roll as the occupier of a separately rateable property under the Rating Powers Act 1988 that substantially corresponds with the rating unit entered in the rating information database; and
 - b) the person is a party to a lease or licence with the owner—
 - i) that was entered into by the owner and the person before 8 August 2001; and
 - ii) remains in force; and

iii) either—

(A) precludes the renegotiation of rent or any other payments that would allow the owner to be reimbursed if the owner were directly liable to pay the rates due on the unit; or

(B) is a lease registered under section 115 of the Land Transfer Act 1952.

3) Subsection (1) is subject to subsection (2).

4) For the purposes of subsection (2), it is sufficient evidence, unless the contrary is proved, that the person referred to in that subsection must be named in the rating information database and the district valuation roll if,—

a) in the case of a lease under subsection (2)(b)(iii)(A), the owner has provided a statutory declaration to the local authority that those provisions apply:

b) in the case of a lease under subsection (2)(b)(iii)(B), the owner has provided a certified copy of the certificate of title in relation to the unit that shows the lease has been registered.

5) For the purposes of subsection (2)(b)(ii), a lease must be treated as remaining in force if the lessee has exercised a right to renew the lease on the same terms and conditions.

6) In this section, lessee includes a person to whom the lessee transfers or assigns the lessee's interest in the lease.

4.3 Application Information

The applicant must apply in writing to the Group Manager Finance and Business Support of Rangitikei District Council providing details of the lease agreement, including a copy of the lease, which qualifies the applicant for this remission.

The applicant must advise Council of any change in circumstances or the terms of the lease and will, in all events, confirm eligibility on an annual basis.

5 Remission of rates set on Multiple Toilet Pans

5.1 Objective

To recognise that many properties with multiple toilet pans are not fully utilised and offer some relief to those rating units so affected.

5.2 Conditions and criteria

Where the Council has set a rate per number of water closet and urinals (toilet pans) within the rating unit or part of the rating unit the Council will remit the rate according to the following formula:

- The first two pans will receive only one charge
- 3-10 toilet pans: 50% of the value of the Uniform Annual Charge for each pan
- 11+ toilet pans: 75% of the value of the Uniform Annual Charge for each pan

5.3 Application of remission

This remission is applied by Council staff, based on historical data and any new building/resource consents that are received.

6 Remission of penalties

6.1 Objective

To enable the Council to act fairly and reasonably in its consideration of rates that have not been received by the Council by the Penalty date.

6.2 Conditions and criteria

- Unless there is an element of error on the part of the Council or the Council staff, then any application for penalty remission is declined unless remitted as part of a payment plan.
- The Finance Officer- Rates is delegated the authority to remit one instalment penalty in cases where the rate payment history of the property occupier over the last five years (or back to purchase date where property has been occupied/owned for less than five years) shows no evidence of previous late payment and the instalment was received within 10 working days of the penalty date.
- The Finance Officer- Rates is delegated the authority to remit one instalment penalty if the owner/occupier of the property enters into a Direct Debit payment plan for the next instalment.

7 Remission of rates on Land Affected by Natural Calamity

7.1 Objective

To assist ratepayers experiencing extreme financial hardship due to a natural calamity that affects their ability to pay rates.

7.2 Conditions and criteria

This part of the policy applies to a single event where erosion, subsidence, submersion, or other natural calamity has affected the use or occupation of any rating unit. The policy does not apply to erosion, subsidence, submersion, etc that may have occurred without a recognised major event.

The Council may, at its discretion, remit all or part of any rate assessed on any rating unit so affected by natural calamity.

The Council will set the criteria for remission with each event. Criteria may change depending on the severity of the event and available funding at the time. The Council may require financial or other records to be provided as part of the remission approval process.

7.3 Consideration of applications

Applications for this type of rate remission may be made at any time to the Council's Chief Executive. Applications will be presented to Council for consideration.

8 Rates remission on Land Protected for Natural Conservation Purposes

8.1 Objective

To provide rates relief to property owners who have voluntarily protected land of natural conservation purposes; to protect and promote significant natural areas; and to support the District Plan where a number of these features have been identified.

8.2 Conditions and Criteria

Ratepayers who own rating units which include significant natural areas, including those identified in the District Plan, and who have voluntarily protected these features, may qualify for remission of rates under this part of the policy.

Land that is non rateable under section 8 of the Local Government (Rating) Act and is liable only for rates for water supply, wastewater or refuse collection will not qualify for remission under this part of the policy.

Applications must be made in writing. Applications should be supported by documentary evidence of the protected status of the rating unit, e.g. a copy of the covenant or other legal mechanism.

Applications for the remission will be considered by officers of the Council acting under delegated authority from the Council.

In consideration of any application for rates remission under this part of the policy, Council will consider the following criteria:

- The extent to which the protection of significant natural areas will be promoted by granting remission of rates on the rating unit;
- The degree to which the significant natural areas are present on the land, and
- The degree to which the significant natural areas inhibit the economic utilisation of the land.

In granting the submissions for land protected for natural conservation purposes, the Council may specify conditions that must be met before remission is granted. Applicants will agree in writing to these conditions and agree to repay the remission if the conditions are violated.

Council will decide remissions on a case-by-case basis; remissions will usually be applied to the value of the rating unit or proportion of a rating unit that contains the areas of significant natural flora.

The Council may agree to an on-going remission in perpetuity provided the terms and conditions of the voluntary legal mechanism applying to the feature are not altered.

8.3 Consideration of applications

Applications for this type of rate remission may be made at any time to the Council's Chief Executive. Applications will be presented to Council for consideration.

9 **Financial hardship, disproportionate rates compared to the value of the property or other extenuating circumstances**

Council may, on application of a ratepayer, remit all or part of a rates assessment for one or more years if satisfied there are sufficient grounds of financial hardship by the ratepayer, or where the size of the annual rates assessment compared with the rateable value of the property is deemed disproportionately high, or where there are other extenuating circumstances to do so.

Council's threshold for 'disproportionately high' is where the annual rates assessment exceeds 10% of the rateable value of the property.

Council is also able to reduce or waive rates only in those circumstances which it has identified in policies. This addition allows Council to consider individual circumstances, but it does not compel Council to reduce or waive rates.

9.1 Consideration of applications

Applications for this type of rate remission can be approved as follows:

Disproportionately High:	Finance Officers
Financial Hardship (up to \$5,000):	Group Manager Corporate Services
Financial Hardship (over \$5,000):	Council

10 **Incentivising residential development**

Objective

To increase the amount of housing stock in the Rangitikei.

Rates remission on new or relocated dwellings

1. Council may grant a rates remission on a new residential building constructed anywhere in the Rangitikei District or a relocated dwelling if brought from outside the District and so certified by the agency undertaking the relocation.
2. The remission will be for a total of \$5,000 (GST inclusive), and available after the Council has issued a building code compliance certificate for the dwelling. The remission will end once \$5,000 of rates has been remitted. The remission applies to the property and if sold will be transferred to the subsequent owner.
3. If more than one qualifying new or relocated dwelling is constructed on a single rating unit, the remission is increased proportionate to the number of dwellings.
4. A remission will be considered, by way of waiver of internal building consent costs, if the otherwise qualifying new or relocated dwelling is replacing an existing dwelling. Waiving of internal building consent costs for a new dwelling replacing an existing dwelling be calculated by taking the percentage increase in ratable value between the new house and the existing house and applying this percentage to the \$5,000 ratable value, with the proviso that \$5,000 would be the maximum amount waived.
5. The remission is not available retrospectively for otherwise qualifying new or relocated dwellings which have been completed before the commencement date of this policy.
6. If approved the remission will be allocated against the rate account pertaining to that property.

Rates remission on subdivisions for residential purposes

1. Council may grant a rates remission on a residential subdivision with a minimum of three sections anywhere in the Rangitikei District.
2. Once a subdivision for residential purposes receives the relevant certificates of title, Council will remit all rates which are fixed amounts* for up to three years (commencing from 1 July) on the lots which are unsold during that time provided at least one lot has been sold.
3. Any section sold from a subdivision for residential purposes during the three-year period when a remission has been granted over the whole site will be remitted 75% of all rates which are fixed amounts for one year. The remission available for new or relocated homes will apply after that year, if eligible.
4. New rates are calculated and applied at 1 July, being the start date for Council's financial year.
5. If approved, the remission will be credited against the rate account pertaining to that property.

*Rates which are fixed amounts are: the Uniform Annual General Charge; connected and public good charges for water, wastewater and stormwater; and solid waste disposal.

**Where sections are contiguous, only one of those sections can be rated for rates which are fixed amounts.

Conditions and criteria

This remission is applied in two different ways, depending upon the location of the property.

For locations at the northern end of the District (effectively Hunterville and to the north of Hunterville) this remission applies. Such locations are identified based on District valuation numbers, being:

13580; 13330; 13350; 13360; 13560; 13310; 13530; 13290; 13320

The map below shows these roll numbers.

For all other locations:

1. The remission for new or relocated dwellings only applies where:
 - A building consent has been issued by 30 June 2023; and
 - The building construction is complete and a Code Compliance Certificate has been issued by Council inspection no later than 31 December 2024.
2. The remission for residential subdivision for residential purposes only applies where the resource consent has been granted before 30 June 2023.

10.1 Consideration of applications

Applications for this type of rate remission may be made at any time to the Council's Chief Executive. The Chief Executive Officer has the authority to assess and approve, as appropriate, this type of rate remission application.

11 Any other matters

This list of rate remissions in this Policy is to be regarded as a list of the most common types of rate remissions. Any rate payer can apply for a remission on rates for any other reason. Such applications can be made to the Chief Executive and will be presented to Council for decision.