

Report No:	RCN12-05-06
File No:	R103
Date:	24 April 2012
Decision Required	

REPORT SUMMARY

Report to: Full Council
Meeting Date: 3 May 2012
Report Author: Dennis Bush-King, Acting Chief Executive
Subject: **Rates Remission Policy for Land Affected by Natural Disasters**

EXECUTIVE SUMMARY

The Rain Event of 13/14 December 2011 resulted in a number of properties being inundated with mud and debris from land slips and flooding. A number of these properties suffered extensive damage, to the point they are uninhabitable. The nature of the damage to some properties has forced a re-evaluation of whether they will ever be inhabited, or rebuilt on the same site.

Council is being requested to consider a rates remission policy to provide rates relief for properties subjected to natural disaster. Council asked staff to review the paper in light of discussions and this paper is re-presented for consideration

RECOMMENDATION

THAT the Tasman District Council receives Report RCN12-05-06 on a possible Rates Remission Policy for Natural Disasters; and

THAT the Tasman District Council agrees that the Summary of Information and Statement of Proposal attached as Appendix 1 to Report RCN12-05-06 be approved and advertised for public consultation using the Special Consultative Procedure (section 83 of the Local Government Act 2002).

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Subject: **Rates Remission Policy for Land Affected by Natural Disasters**

1. Purpose

- 1.1 To review Council's Rates Remission policies with a view to extending the policies to cover relief to ratepayers whose properties have suffered damage from natural disaster to the extent that they are not inhabitable.

2. Background

- 2.1 The rain event of 13/14 December 2011 resulted in a number of properties being inundated with mud and debris from land slips and river flooding. A number of these properties suffered extensive damage, to the point they are uninhabitable. The nature of the damage to some properties has forced a re-evaluation of whether they will ever be inhabited, or rebuilt on the same spot. A full quantification of damage to these properties has not yet been undertaken.
- 2.2 There are 19 properties which still have a section 124 notice attached, meaning that the occupiers are not yet permitted to live in the property. The level of damage ranges from partial damage to complete demolition of the residences.
- 2.3 The Council debated an earlier version of this paper at its March meeting. It decided at that meeting to decline a proposal to rebate water charges for users connected to the Pohara supply because water was tankered in, but requested staff further consider the prospect of a rates remission policy.

3. Present Situation/Matters to be Considered

- 3.1 There is still an expectation in some quarters for remissions on rates for properties which have been damaged by the rain event of December 2011.

- 3.2 Council's current Rates Remission policy is focused on sporting and community organisations and on land held for conservation purposes and does not allow for remissions to individuals who have properties which have been damaged or destroyed by natural disaster.
- 3.3 Property owners whose property is severely impacted by a natural disaster to the extent that its value is impaired can apply to Quotable Value (QV), Council's valuation service provider, for a reassessment of the value of their property. Any change in value would have effect in the subsequent rating year.
- 3.4 Council currently has a Grants from Rates scheme but this is not generally available to individual ratepayers and is not a likely funding source unless the eligibility criteria were change.
- 3.5 The Mayoral Donations fund, for discretionary spending, usually for individual scholarships and donations, has an annual budget of \$13,390 and expenditure currently stands at \$3,220. The Mayoral Relief Fund set up following the December rain event has already been disbursed.
- 3.6 Accordingly a rates remission policy is the only feasible option to provide relief to the most adversely affected property owners, if the Council is so minded. Christchurch City Council, Waimakariri District Council, and Nelson City Council currently have a relief package in place.
- 3.7 If Council is of a mind to consider such a policy, a draft Statement of Proposal is attached outlining the objectives, conditions and criteria that could apply in implementing a policy. The Christchurch model specifies a percentage remission (40% for residential and 30% for commercial properties) whereas the Nelson model is more open ended and leaves the remission level as a matter of discretion. Both models leave open the prospect that anyone adversely affected by the natural disaster for any length of time could apply. However where properties can be reoccupied and rebuilt it would not seem to be fair or appropriate to provide rates relief as the owners can still benefit from use of their asset. Staff recommend a 30 day "stand down" period before eligibility kicks in.
- 3.8 There has been some media comment in Christchurch about providing total remission where properties can not be reoccupied – i.e. those in the 'Red Zones'. Total remission does not seem appropriate as there are many properties at any one time that are vacant/unoccupied but still rated. The issue centres on whether the land can ever be reused. It is better that this be left as a matter of valuation or for consideration at a time any request for rates relief is considered.

4. Financial/Budgetary Considerations

- 4.1 The rate charge applicable to qualifying properties will vary from property to property. Calculations on the total possible incidence of likely costs is not easily calculated although with 19 potential candidate properties from the December event, the quantum of rates remissions could be as much as \$20,000 in total, depending on timing, which is not material. However as there is no ability to change rating levels during any rating year, any costs of providing rates relief will need to come from savings.
- 4.2 Given this policy would apply to other future natural disaster events Council does need to consider the likely funding implications of the policy. What is fair and equitable? In any emergency people will be affected to different degrees. Some will not be able to reoccupy their homes; many may be affected by loss or reduction in household incomes and other disruptions to their lives.
- 4.3 Under our current rating regime all people are contributing through their rates to the general disaster fund which is used to respond to natural disasters. On balance the staff view is that an open ended discretion is appropriate for the purpose of public consultation.

5. Options

- 5.1 Offer no remission, as with other properties which have suffered damage from fire or other events during any given year.
- 5.2 Establish a Rates Remissions policy for natural disasters to provide assistance for adversely affected ratepayers.

6. Next Steps

- 6.1 Following approval of the Rates Remission proposal, submissions will be invited. Appropriate notices will be placed in Newline and Council's website. If a hearing of submissions is required we have programmed this to coincide with the Long Term Plan process.

7. Recommendation

THAT the Tasman District Council receives Report RCN12-05-06 on a possible Rates Remission Policy for Natural Disasters; and

THAT the Tasman District Council agrees that the Summary of Information and Statement of Proposal attached as Appendix 1 to Report RCN12-05-06 be approved and advertised for public consultation using the Special Consultative Procedure (section 83 of the Local Government Act 2002).

APPENDICES:

Appendix 1 – Summary of Information

Appendix 2 – Statement of Proposal

SUMMARY OF INFORMATION

Rates remission policy for land affected by natural disaster

Introduction

Council proposes to adopt a rates remission policy for residential land affected by natural disaster in order to provide rating relief for ratepayers unable to inhabit their dwellings or buildings as a result of natural disaster.

Rates relief for those affected by the December 2011 rainfall event will be determined by Council through a separate process once this general rates remission policy for land affected by natural disaster has been adopted.

Detail of the Proposal

The proposal is to allow the Council, in its discretion, to remit rates charged on any land used for residential purposes that has been detrimentally affected by natural disaster (such as erosion, subsidence, avulsion, or earthquake) and is aimed at aiding those ratepayers most adversely affected.

The conditions and criteria of the policy include:

The Council may remit any rate or user charge made and levied in respect of the land, if following the declaration of a civil defence emergency:

1. Land used for residential purposes is detrimentally affected by natural disaster (such as erosion, subsidence, avulsion or earthquake) and:
 - a) as a result dwellings or buildings previously habitable were made uninhabitable*; and
 - b) the activity for which the land and/or buildings were used prior to the disaster is unable to be undertaken or continued.

**For the purposes of this policy 'uninhabitable' shall mean a building cannot be used for the purpose it was intended due to a 's124 notice' being issued under the Building Act 2004, and that the residents have been required to move out by the Council, and the property is not being lived in or otherwise occupied or used.*

2. The remission may be for such period of time as the Council considers reasonable, commencing from the date upon which the Council determines that the dwelling, buildings, or land were made uninhabitable and unable to be used for the activity for which they were used prior to the disaster, which shall

be no less than 30 days after the event which gives rise to an evacuation, up to and limited to the time that the land and / or buildings are deemed by Council to be able to become habitable or available for use. There may be circumstances where Council will not grant any rates remission even if a property is uninhabitable for a period of greater than 30 days, for example where a property had been built on land knowing that it was in a hazard prone location.

3. In determining whether or not a property is uninhabitable and the period of time for which the rates remission is to apply Council will take into account:
 - a) the extent to which essential services such as water, sewerage or refuse collection to any dwelling or building were interrupted and could not be supplied;
 - b) whether essential services such as water, sewerage or refuse collection to any dwelling or building are able to be provided; and
 - c) whether any part of the building or land remains habitable or available for use.
4. Rates remissions will only be considered following the receipt of an application by the ratepayer and the application must be received within 6 months of the event, or within such further time as Council in its sole discretion might allow.
5. Each natural disaster event will be considered for rates remission on a case by case basis by Council.
6. The extent of any remission shall be determined by the Council or its delegated officer[s].

Reason for Proposal

As a result of the December 2011 rainfall event, it has become evident that Council does not have a mechanism which permits it to remit rates to ratepayers unable to inhabit their dwellings or buildings as a result of natural disaster. In order to apply a principle of fairness by not charging for services for which little benefit may be received while the dwelling or buildings are not able to be used or occupied as a result of natural disaster, the Council is proposing to adopt a rates remission policy.

Period for Submissions

Consultation on this Statement of Proposal opens Saturday 12 May 2012 and closes 4pm Monday 11 June 2012.

Submissions in response to this Statement of Proposal can be made in writing, online at www.tasman.govt.nz, or at any Tasman District Council Library or Council offices. Submitters who ask to speak to Council about the proposal will be invited to a public hearing planned for 27 June 2012.

STATEMENT OF PROPOSAL FOR A RATES REMISSION POLICY FOR LAND AFFECTED BY NATURAL DISASTER, FOR IMMEDIATE EFFECT AT THE TIME IT IS PASSED

1. Background

- 1.1 The current Tasman District Council Long Term Plan 2009-2019 and Draft Tasman District Council Long Term Plan 2012-2022 already contain a number of rates remission policies. They do not however contain a rates remission policy that allows Council to provide rating relief for dwellings or buildings which are unable to be inhabited due to natural disaster.
- 1.2 In December 2011 Tasman District experienced a severe rainfall event which has made up to 19 dwellings or buildings uninhabitable for an extended period of time.
- 1.3 This statement of proposal proposes to adopt a Rates Remission Policy for land affected by natural disaster in order to provide a mechanism to provide rating relief for ratepayers unable to inhabit their dwellings or buildings as a result of natural disaster.
- 1.4 Council is required by the Local Government Act 2002 to seek public feedback through a Special Consultative Procedure on this Statement of Proposal in order to adopt a rates remission policy.

2. Detail of the Proposal

- 2.1. This proposal aims to detail when rates relief would be provided in the event of natural disaster by adopting a new Rates Remission Policy.
- 2.2. The proposal is to allow the Council, in its discretion, to remit rates charged on any land used for residential purposes that has been detrimentally affected by natural disaster (such as erosion, subsidence, avulsion or earthquake) and is aimed at aiding those ratepayers most adversely affected.
- 2.3. The conditions and criteria of the policy include:

The Council may remit any rate or user charge made and levied in respect of the land, if following the declaration of a civil defence emergency:

1. Land used for residential purposes is detrimentally affected by natural disaster (such as erosion, subsidence, avulsion or earthquake) and:

- a) as a result dwellings or buildings previously habitable were made uninhabitable*; and
- b) the activity for which the land and/or buildings were used prior to the disaster is unable to be undertaken or continued.

**For the purposes of this policy 'uninhabitable' shall mean a building cannot be used for the purpose it was intended due to a 's124 notice' being issued under the Building Act 2004, and that the residents have been required to move out by the Council, and the property is not being lived in or otherwise occupied or used.*

2. The remission may be for such period of time as the Council considers reasonable, commencing from the date upon which the Council determines that the dwelling, buildings, or land were made uninhabitable and unable to be used for the activity for which they were used prior to the disaster, which shall be no less than 30 days after the event which gives rise to an evacuation, up to and limited to the time that the land and / or buildings are deemed by Council to be able to become habitable or available for use. There may be circumstances where Council will not grant any rates remission even if a property is uninhabitable for a period of greater than 30 days, for example where a property had been built on land knowing that it was in a hazard prone location.
3. In determining whether or not a property is uninhabitable and the period of time for which the rates remission is to apply Council will take into account:
 - a) the extent to which essential services such as water, sewerage or refuse collection to any dwelling or building were interrupted and could not be supplied;
 - b) whether essential services such as water, sewerage or refuse collection to any dwelling or building are able to be provided; and
 - c) whether any part of the building or land remains habitable or available for use.
4. Rates remissions will only be considered following the receipt of an application by the ratepayer and the application must be received within 6 months of the event, or within such further time as Council in its sole discretion might allow.
5. Each natural disaster event will be considered for rates remission on a case by case basis by Council.
6. The extent of any remission shall be determined by the Council or its delegated officer[s].

3. Reason for Proposal

- 3.1. As a result of the December 2011 rainfall event, it has become evident that Council does not have a mechanism which permits it to remit rates to ratepayers unable to inhabit their dwellings or buildings as a result of natural disaster.
- 3.2. In order to apply a principle of fairness by not charging for services that are not required while the dwellings or buildings are not able to be used or occupied as a result of natural disaster, the Council is proposing to adopt a rates remission policy.
- 3.3. This policy would be in place for any future events, until such time as the Council revokes or amends the policy.

4. Consideration of alternative options

- 4.1. Council could choose not to remit rates to ratepayers unable to inhabit their dwellings or buildings.
- 4.2. Council does not normally waive or remit rates payable on properties damaged during a rating year. Rates are legally payable and Council generally expects that owners /occupiers of a property which is damaged or affected by a disaster, natural or otherwise, will be covered by insurance.
- 4.3. However, while insurance may cover some relocation costs it does not generally cover council rates in respect of the property that has been evacuated. Having a mechanism in place to assess rates remission allows Council to recognise the impacts on ratepayers of such an event and provide some relief, especially to those ratepayers most adversely affected.

5. Discussion

Financial Considerations

- 5.1. The Rates Remission Policy for land affected by natural disaster provides the mechanism for Council to consider on an event by event basis providing rates relief for ratepayers unable to inhabit their dwellings or buildings.
- 5.2. The proposed Rates Remission Policy would allow Council to provide rating relief from the date upon which the Council determines that the dwelling, buildings or land were made uninhabitable or unable to be used for the activity for which they were used prior to the disaster, which shall be no less than 30 days after the event occurs, up to and limited to the time that the land and / or buildings are deemed by Council to be able to become habitable or available for use.

- 5.3. Therefore a remission policy would allow Council to provide rates relief during a rating year. As the rates remission would not have been budgeted for, it would have an impact on the current year financial position as it would not have formed part of the rates collected in that year.
- 5.4. If the period of time that the dwelling, buildings or land were uninhabitable goes into a new rating year, the rates remission could be budgeted for and all other ratepayers would bear a share of the cost of providing this rates relief.
- 5.5. Each natural disaster event will be considered on a case by case basis by Council. The level of remission provided by Council for each event would depend both on the timing of the event in the financial year and the severity of the event. Council would consider both the impact on the financial position of Council and the impact of the rates remission on other ratepayers.
- 5.6. Whether or not any application for rates remission is approved is entirely at Council's sole discretion.

Environmental Effects

- 5.7. There are no significant environmental impacts from this proposal.

Cultural Effects

- 5.8. There are no significant cultural impacts from this proposal.

Economic Effects

- 5.9. Providing rates relief to ratepayers affected by natural disaster allows Council to recognise the impact of such an event. Providing rates relief may assist in relieving some of the financial burden on ratepayers who cannot inhabit their dwellings or buildings as a result of natural disaster.
- 5.10. The cost of any rates relief provided to individuals as a result of natural disaster is borne by all ratepayers. In a financial year where this is not budgeted for this may impact on Council being able to deliver other activities or Levels of Service.

6. Proposed Inclusion in the Long Term Plan 2012-2022.

- 6.1. If adopted, this Rates Remission Policy for land affected by natural disaster would also be included in Volume 2 of the Tasman District Council Long Term Plan 2012-2022. The policy is as follows:

Policy on Remission of Rates for Land Affected by Natural Disaster

Objective of the Policy

The objective of this Rates Remission Policy is to permit the Council, in its discretion, to remit rates charged on any land used for residential purposes that has been detrimentally affected by natural disaster (such as erosion, subsidence, avulsion, or earthquake) and is aimed at aiding those ratepayers most adversely affected.

Conditions and Criteria

The Council may remit any rate or user charge made and levied in respect of the land, if following the declaration of a civil defence emergency:

1. Land used for residential purposes is detrimentally affected by natural disaster (such as erosion, subsidence, avulsion or earthquake) and:

- a) as a result dwellings or buildings previously habitable were made uninhabitable*;* and
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2. The remission may be for such period of time as the Council considers reasonable, commencing from the date upon which the Council determines that the dwelling, buildings, or land were made uninhabitable and unable to be used for the activity for which they were used prior to the disaster, which shall be no less than 30 days after the event which gives rise to an evacuation, up to and limited to the time that the land and / or buildings are deemed by Council to be able to become habitable or available for use. There may be circumstances where Council will not grant any rates remission even if a property is uninhabitable for a period of greater than 30 days, for example where a property had been built on land knowing that it was in a hazard prone location.

3. In determining whether or not a property is uninhabitable and the period of time for which the rates remission is to apply Council will take into account:

- a) the extent to which essential services such as water, sewerage or refuse collection to any dwelling or building were interrupted and could not be supplied;*

- b) *whether essential services such as water, sewerage or refuse collection to any dwelling or building are able to be provided; and*
- c) *whether any part of the building or land remains habitable or available for use.*

4. Rates remissions will only be considered following the receipt of an application by the ratepayer and the application must be received within 6 months of the event, or within such further time as Council in its sole discretion might allow.

5. Each natural disaster event will be considered for rates remission on a case by case basis by Council.

6. The extent of any remission shall be determined by the Council or its delegated officer[s].

Application

Each natural disaster event will be considered for rates remission on a case by case basis by Council.

The extent of any remission shall be determined by the Council or its delegated officer[s].

7. Period for Submissions

7.1. Consultation on this Statement of Proposal opens Saturday 12 May 2012 and closes 4pm Monday 11 June 2012.

7.2. Submissions in response to this Statement of Proposal can be made in writing, online at www.tasman.govt.nz, or at any Tasman District Council Library or Council offices.

8. Public Hearing

8.1. Submitters who ask to speak to Council about the proposal will be invited to a public hearing planned for 27 June 2012.

Contact Tasman District Council

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