

Report No:	RCN12-06-06
File No:	
Date:	21 June 2012
Decision Required	

REPORT SUMMARY

Report to: Full Council
Meeting Date: 21 June 2012
Report Author: Lindsay McKenzie, Chief Executive
Subject: **Rates Remission Policy for Land Affected by Natural Disasters**

EXECUTIVE SUMMARY

Following the rain event of 13/14 December 2011 Council was requested to consider a rates remission policy to provide rates relief for some properties affected by natural disaster. Those properties were inundated with mud and debris from land slips and flooding. Some suffered extensive damage and became uninhabitable. The nature of the damage to some properties has forced a re-evaluation of whether they can ever be inhabited, or rebuilt on the same site.

Reports to the 22 March 2012 (RCN12-03-06) and 3 May (RCN12-05-06) Council meetings recommended that a statement of proposal for a policy on rates remissions for land affected by natural disasters be publicly notified. Those recommendations were not accepted. Following the consideration of submissions on the Long Term Plan, Council resolved (22 May 2012) to request that a proposal be brought forward again. This report draws on the earlier work by Dennis Bush-King.

RECOMMENDATION

It is recommended that the Council publicly notify the Proposal to adopt a rates remission policy for land affected by natural disasters.

DRAFT RESOLUTION

THAT the Tasman District Council receives this report RCN12-06-06; and

Approves the Summary of Information and Statement of Proposal to adopt a Rates Remission Policy for land affected by natural disasters, as attached as Appendix 1 to Report RCN12-06-06 and advertises for public consultation using the Special Consultative Procedure in 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 The purpose of this report is to enable Council to consider a proposal for a rates remission policy to provide relief to ratepayers whose properties have suffered damage from natural disaster to the extent that they are not habitable.

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. Some of those 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.
- 2.2 There remain 18 properties with a section 124 notice attached. The effect of that notice is that the occupiers are not yet permitted to live in the property. The level of damage ranged from partial damage to complete demolition of the residences.

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 Other Council funds such as the Grants from Rates Scheme, the Mayoral Donations Fund, and the Mayoral Relief Fund set up following the December rain event are not able to be used for rates relief.
- 3.5 A Rates Remission Policy is the best option if Council wishes to provide relief to the most adversely affected property owners. Christchurch City Council, Waimakariri District Council, and Nelson City Council currently have a relief package in place as do a number of other Councils.
- 3.6 A draft Statement of Proposal is attached. A Rates Remission Policy is required to state the objectives sought to be achieved by the remission of rates and is to include the conditions and criteria that are to be met if the rates are to be remitted. 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. Total remission is not appropriate either as there are many properties which are vacant/unoccupied but still rated.
- 3.7 Some Councillors have previously referred to the policy adopted by Queenstown Lakes District Council and Gisborne District Council. Both policies are very simple, specify no substantive conditions, and state that decisions on rates relief are at Council discretion. This approach is considered to be too open-ended and would not acknowledge that the general ratepayer does contribute a significantly larger proportion of funds to help communities respond and recover from natural disaster.

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 18 potential candidate properties from the December event, the quantum of rates remissions could be as much as \$20,000 in total which is not material in the context of the Council’s total budget. However as there is no ability to change rating levels during the 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 a policy that leaves the Council with 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 proposal to consult on a rates remissions policy, submissions will be invited. Appropriate notices will be placed in Newline and Council's website. Section 83 of the Local Government Act 2002 specifies the process to be followed in giving notice of the proposal, how persons affected can get more information, make a submission, be heard and responded to and so on. It is recommended that public notice of the proposal be given in conjunction with any proposal for a rates postponement policy on land affected by zoning changes. Any hearings can also be combined.

7. Draft Resolution

THAT the Tasman District Council receives this report RCN12-06-06; and

Approves the Summary of Information and Statement of Proposal to adopt a rates remission policy for land affected by natural disasters, as attached as Appendix 1 to Report RCN12-06-06 and advertises for public consultation using the Special Consultative Procedure in 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****1. Introduction**

1.1 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.

1.2 It is intended that rates relief for those affected by the December 2011 rainfall event will be determined by Council, on application, once this rates remission policy for land affected by natural disaster has been adopted.

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:

- 1) The Council may remit any rate or user charge made and levied in respect of the land, if land 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 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 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.

- 3) 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.
- 4) In determining whether or not a property is uninhabitable and the period of time for which the rates remission is to apply Council may take into account:
 - a) the extent to which essential services such as water, or sewerage to any dwelling or building were interrupted and could not be supplied;
 - b) whether essential services such as water or sewerage 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.
- 5) 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.
- 6) Each natural disaster event will be considered for rates remissions on a case by case basis by Council.
- 7) 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. 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.

4. Period for Submissions

- 4.1 Consultation on this Statement of Proposal opens (to be determined) closes (to be determined).
- 4.2 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.
- 4.3 Submitters who ask to speak to Council about the proposal will be invited to a public hearing planned for (to be determined).

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 (Draft) Long Term Plan 2012-2022 already contains 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 18 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:
 - 1) The Council may remit any rate or user charge made and levied in respect of the land, if land 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 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 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.
- 3) 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.
- 4) In determining whether or not a property is uninhabitable and the period of time for which the rates remission is to apply Council may take into account:
 - a) the extent to which essential services such as water, or sewerage to any dwelling or building were interrupted and could not be supplied;
 - b) whether essential services such as water or sewerage 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.
- 5) 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.
- 6) Each natural disaster event will be considered for rates remissions on a case by case basis by Council.
- 7) 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.

7. Period for Submissions

- 7.1. Consultation on this Statement of Proposal opens (to be confirmed).
- 7.2. Consultation on this Statement of Proposal closes (to be confirmed).
- 7.3. 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.

Public Hearing

- 7.4. Submitters who ask to speak to Council about the proposal will be invited to a public hearing planned for XXXXX (to be confirmed).

Contact Tasman District Council

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