

Report No:	RCN12-09-04
File No:	
Date:	28 August 2012
Decision Required	

REPORT SUMMARY

Report to: Full Council
Meeting Date: 6 September 2011
Report Author Lindsay McKenzie, Chief Executive
Subject: **Rates Remission Policy for Land Affected by Natural Disasters**

EXECUTIVE SUMMARY

At its meeting of 6 June 2012, Council approved a Summary of Information and Statement of Proposal for a Rates Remission Policy for Land Affected by Natural Disasters (Rates Remission Policy). The proposal was, in particular, in reaction to the flood events of December 2011 that occurred around the Tasman region.

The Proposal and Summary of Information were duly advertised under the Special Consultative Procedure in section 83 of the Local Government Act 2002. Submissions were called for and submissions closed on 24 August 2012.

Of the 29 submissions received, 26 were in favour of a Rates Remission Policy, one was against a Rates Remission Policy and two were unspecified as to whether they were for or against.

Council now needs to decide whether to request staff to draft a Rates Remission Policy to bring to the Council to approve; or whether Council does not wish to proceed any further with this proposal.

RECOMMENDATION

It is recommended that the Council request staff to draft a Rates Remission Policy for land affected by natural disasters.

DRAFT RESOLUTION

THAT the Tasman District Council receives this report RCN12-09-04; and

Requests staff to bring a draft Rates Remission Policy for Land Affected by Natural Disasters back to the next Council meeting for Council consideration and approval.

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1. Purpose

- 1.1 The purpose of this report is to enable Council to consider the submissions received on a statement of proposal for a Rates Remission Policy (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 By June 2012, 18 properties remained 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.
- 2.3 At its meeting of 21 June 2012, Council approved the Summary of Information and Statement of Proposal for a Rates Remission Policy for land affected by natural disasters, to be advertised for public consultation using the Special Consultative Procedure in section 83 of the Local Government Act 2002.
- 2.4 Submissions have now closed, with 29 submissions being received.
- 2.5 Council is now required to decide whether to proceed to the next step and ask staff to draft a Rates Remission Policy for approval.

3. Summary of Submissions.

- 3.1 29 submissions were received on the Proposal. Copies of the submissions are attached as Attachment A.
- 3.2 Councillors will hear those wishing to speak to their submissions earlier in this meeting.

- 3.3 26 submissions are in favour of a Rates Remission Policy, one is against, and two are unspecified.
- 3.4 24 submissions are from people residing in Takaka, one from Richmond, two are unspecified and two represent regional interests.
- 3.5 6 submissions are from people directly affected by the flooding event of December 2011. 10 submissions are from people who do not own an affected property, and 13 are unspecified.
- 3.6 29 submissions represent a very small sample of the total number of ratepayers in the Tasman region; however of those submissions received there is a clear majority in favour of the Rates Remission Policy.
- 3.6 Some additional comments from the submissions are summarised below:

Will create additional financial burdens. Insurance cover will compensate for financial loss. Subsidy of some ratepayers by others. Council faces challenges in balancing increasing costs of services and income. Potential reduced incentive to repair infrastructure in a timely manner to prevent adverse affects on human health.

Rate demand has added to depression and financial hardship.

Services not required because the housing is not able to be used or occupied

Suggests changes to proposal. Rates remission should be extended to homes still inhabitable who suffered trauma and loss.

Remove Earthquake option from the four causes that could generate a request for remission -a large number of claims could have a significant impact on TDC cashflow and finances

Suggests some dispute resolution process in the event of dispute.

Having to pay rates on destroyed house totally unfair and unreasonable

Adoption of this policy is sensible

Fully support for residents with S124 notices on their homes and with sections rendered useless

4. Considerations

- 4.1 Council's current Rates Remission Policies are 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.
- 4.2 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.
- 4.3 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.
- 4.4 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.
- 4.5 A Statement of Proposal for the Rates Remission Policy leaves the remission level as a matter of discretion of Council or its delegated officers.
- 4.6 The Statement of Proposal recommended a 30 day “stand down” period before eligibility kicks in.

5. Financial/Budgetary Considerations

- 5.1 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 is unbudgeted and will need to come from savings.
- 5.2 Given this policy would apply to other future natural disaster events Council does need to consider the likely funding implications of the policy.
- 5.3 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.

6. Options

- 6.1 Do not proceed with a Rates Remission Policy. This would go against the majority opinion expressed in the submissions received, but will require no unbudgeted funding, will protect Council from any future natural disasters which lead to applications against this policy, and will require no more staff resources to process applications.
- 6.2 Establish a rates remissions policy for natural disasters to provide assistance for adversely affected ratepayers. This follows the majority opinion expressed in the submissions received.

7. Next Steps

- 7.1 If Council requests staff to proceed, a Policy will be drafted for approval at the next Council meeting. If approved, the Policy will have immediate effect.

8. Recommendation

It is recommended that the Council request staff to draft a Rates Remission Policy for land affected by natural disasters.

9. Draft Resolution

THAT the Tasman District Council receives this report RCN12-09-04; and

Requests staff to bring a draft Rates Remission Policy for land affected by natural disasters back to the next Council meeting for Council consideration and approval.

Attachments

Attachment 1: 29 submissions received on the Statement of Proposal

Attachment 2: Copy of the Statement of Proposal for a Rates Remission Policy for Land Affected by Natural Disaster

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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