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RATES REMISSIONS POLICY:

# **Our 10-year plan**

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*Wellington City Council's Draft Long-term Plan 2015-25*

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# **2015-25 LTP DRAFT RATES REMISSION POLICY**

## **1. INTRODUCTION**

In accordance with Section 85 of the Local Government (Rating) Act, 2002:

- i. A local authority may remit all or part of the rates on a rating unit (including penalties for unpaid rates) if –
  - a. the local authority has adopted a remissions policy under section 102 of the Local Government Act 2002, and
  - b. the local authority is satisfied that the conditions and criteria in the policy are met.
- ii. The local authority must give notice to the ratepayer identifying the remitted rates.

Where there is more than one remission applicable to the same rating unit, the same rates that would normally be applicable will not be remitted more than once in the same rating year.

## **2. CIRCUMSTANCES WHERE A REMISSION MAY APPLY**

### **2.1. RURAL OPEN SPACE REMISSION**

#### **REMISSION STATEMENT**

The Council may grant a 50 percent remission on land classified as rural under the District Plan where the rating unit is rated under the Base differential and used principally for farming or conservation purposes.

#### **POLICY OBJECTIVE**

To provide rates relief for rural, farmland and open spaces.

#### **CONDITIONS AND CRITERIA**

Land used principally for farming or conservation purposes

A rates remission of 50 percent of the Base general rate will be granted to rating units that are classified as rural under the District Plan and used principally for farming or conservation purposes. Under this policy 'principally for farming or conservation purposes' is defined as where:

- i. The rating unit (or property) exceeds 30 hectares in area, and
- ii. 50 percent or more of the rateable capital value of the property is made up of the land value, and

- iii. the principal use of the land is for conservation, agriculture, horticulture, pastoral or silviculture purposes, or for the keeping of bees, poultry or other livestock excluding commercial dog kennels or catteries.

## **2.2. REMISSIONS ON LAND USED PRINCIPALLY FOR GAMES OR SPORT**

### **REMISSION STATEMENT**

Where the Council considers a rating unit is used principally for games or sport, it will apply a 50 percent remission of general rates where the rating unit:

- i. has a club licence under the Sale of Liquor Act 1989, and
- ii. would otherwise qualify as 50 percent non-rateable under Part 2, Schedule 1, of the Local Government (Rating) Act, and
- iii. the property is rated at the Base differential.

### **POLICY OBJECTIVE**

To reduce the adverse financial impact of the Local Government (Rating) Act 2002 on land used principally for games or sports, occupied by clubs that hold a club liquor licence and no longer qualify as 50 percent non-rateable.

### **CONDITIONS AND CRITERIA**

All applications must be received in writing using the Wellington City Council 'Application for Remission' form. A remission under this policy will apply for one year only. Applicants must reapply annually. The application for a rate remission must be made prior to the commencement of the rating year (1 July). Successful applications received during a rating year will be applicable from the commencement of the following year. No applications will be backdated. For the avoidance of doubt, this policy specifically excludes chartered clubs and clubs holding permanent charters.

## **2.3. REMISSION OF TARGETED RATES ON PROPERTY UNDER DEVELOPMENT OR EARTHQUAKE STRENGTHENING**

### **REMISSION STATEMENT**

The Council may remit part or all of the commercial sector targeted rate and downtown targeted rates on land classified under the Council's *commercial, industrial and business differential* as defined within our Funding Impact Statement Rating Mechanisms, where the property is deemed to be 'not fit for purpose' due to the property being under development or due to the existing building being earthquake strengthened.

The Council may remit part or all of the Base sector targeted rate on land classified under the Council's *Base differential* (including residential) as defined within our Funding Impact Statement Rating Mechanisms, where the property is deemed to be 'not fit for purpose' due to earthquake strengthening.

### **POLICY OBJECTIVE**

To provide rates relief for property temporarily not fit for purpose due to the property undergoing development or earthquake strengthening and therefore not receiving the benefits derived by contributing to the commercial, residential or downtown targeted rates.

### **CONDITIONS AND CRITERIA**

To enable the remission statement above, 'not fit for purpose' is defined in this policy as where:

- i. the property (rating unit) will not hold sufficient consents to permit occupation and,
- ii. the property (rating unit) will not be used for any purpose, apart from the construction of buildings, premises or associated works, or earthquake strengthening works and
- iii. the property (rating unit) will not generate any revenue stream

The above criteria apply to, and must be met by, an entire rating unit as identified in the Council's rating information database (RID) and apply only for the period the building is not 'fit for purpose'.

## **2.4. REMISSION OF METERED WATER RATES**

### **REMISSION STATEMENT**

The Council may grant a remission on a metered water rate where excess water consumption has occurred due to a leak beyond the point of supply on the ratepayer's property. The excess water consumption may only be remitted to the level of the current Greater Wellington Regional Council bulk water rate.

### **POLICY OBJECTIVE**

The objective of this remission policy is to provide a measure of rates relief where a water leak has been detected on the ratepayer's property with a water meter, and prompt remedial action to repair the leak has been undertaken. However the ratepayer is responsible for water leaks, the pipes and the usage of water on their property in accordance with the Water Services Bylaw.

### **CONDITIONS AND CRITERIA**

A remission of the metered water rate may be granted for excess water consumption where the leak is the rate payer's responsibility (beyond the point of supply). Excess water consumption will be calculated as the difference between actual metered usage on the latest reading and the average daily metered usage over the last four readings prior to the leak. The full water rate will be charged on the average daily usage over the last four readings and the excess water consumption (as calculated above) will be charged at the current Greater Wellington Regional Council bulk water rate. Where sufficient information is not available on

historic readings, excess water consumption will be calculated as the difference between the latest reading prior to the fault being remedied, and the average daily metered usage over the last three monthly readings after the fault is remedied. This remission should only be applied for if:

- i. the leak occurred on a metered water property; and
- ii. excess water consumption has occurred through a broken or leaking pipe; and
- iii. evidence is provided that the fault has been remedied within a reasonable time period and prior to the application for a remission;

In the advent of a recurrence of a water leak, Council would require the property owner to get a condition assessment of the pipes on the property prior to any decisions to remit a subsequent remission.

## **2.5. SPECIAL CIRCUMSTANCES REMISSION**

### **REMISSION STATEMENT**

It is recognised that not all situations in which it may be appropriate for the Council to remit rates will necessarily be known in advance and/or provided for in specific rating policies. In circumstances where the rating policy is deemed by the Council to unfairly disadvantage an individual ratepayer, the Council may grant a one-off remission of part or all of the rates assessed for a rating unit (or property) on the condition that the remission does not set a precedent that unfairly disadvantages other ratepayers.

### **POLICY OBJECTIVE**

To provide for the possibility of a rates remission in circumstances that have not been specifically addressed in other parts of the Council's Rates Remission and Postponement Policies.

### **CONDITIONS AND CRITERIA**

The Council may remit part of the general rate assessed in relation to particular rating unit where:

- i. the rates on that rating unit are disproportionate to those assessed in respect of comparable rating units, or
- ii. the rating policy is determined by the Council to unfairly disadvantage an individual ratepayer.

The approval of the remission must not set a precedent that unfairly disadvantages other ratepayers.

## **2.6. REMISSION OF RATES FOR BUILDINGS REMOVED FROM THE EARTHQUAKE PRONE BUILDINGS LIST**

### **REMISSION STATEMENT**

The Council may grant a remission on a property's rates where the property was on the Council's Earthquake Prone Building List and the owner has taken action to remove that building from the list (either by strengthening that building to above 33 percent of the New Building Standard (NBS) or by removing the building from the site).

The building owner (ratepayer) may qualify for this remission for a period of rating years after the removal of the building from the Earthquake Prone Building list<sup>1</sup>, or up until the building is sold (whichever is the sooner).

The terms of remission that apply are as follows:

- a. A remission period of 3 years for all buildings (not applicable to the heritage remissions below) that are removed from the earthquake prone list, or
- b. A remission period of 5 years for all buildings removed from the earthquake prone list that are listed on the Wellington City District Plan Heritage List, or
- c. A remission period of 10 years for all buildings as per (b) and are identified by Heritage New Zealand as Category I on the New Zealand Heritage list, or
- d. A remission period of 8 years for all buildings as per (b) and are identified by Heritage New Zealand as Category II on the New Zealand Heritage list.

The building owner must apply for this remission within 12 months of the removal of the building from the earthquake prone building list (by issuance of a code of compliance for work performed).

For earthquake-prone buildings that have been seismically strengthened to > 33 percent NBS the following will apply:

- a. the remission application will be accepted after the code of compliance has been issued for the seismic strengthening project
- b. the remission shall equate to the rates (general rate, downtown targeted rate, commercial industrial and business sector or base sector targeted rates, stormwater network and sewerage rates) payable due to any rating valuation uplift<sup>2</sup> that may arise from seismic strengthening works
- c. if there has been no rating valuation uplift on the property as a result of seismic strengthening work then no remission will apply

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<sup>1</sup> As maintained by Wellington City Council

<sup>2</sup> Rating valuation adjustments will occur either as part of the Council's three-yearly city wide revaluation cycle, or through adjustments that occur in between cycles where improvement works have taken place resulting in a measurable value change. Building owners will be notified of any valuation change in both circumstances. Under both circumstances rates are not impacted until the next rating year commencing 1 July. Officers reserve the right to use their discretion in determining valuation changes that may arise from, and relate to, seismic strengthening under this policy.

The valuation uplift from seismic strengthening works will be calculated as:

$$\begin{array}{rcccl} \text{Final} & & \text{Initial} & & \text{Initial floor} \\ \text{Improvement} & & \text{Improvement} & & \text{area of} \\ \text{Value \$ per m2} & - & \text{Value \$ per m2} & \times & \text{earthquake} \\ \text{(A)} & & \text{(B)} & & \text{prone building} \\ & & & & \text{(C)} \end{array}$$

A = This is the total improvement value portion of the revaluation of the whole rating unit (after issuance of the code of compliance and after removal of building from the Earthquake Prone Building List) divided by the floor area at the time of code of compliance, after removal of the building from the Earthquake Prone Building List

B = This is the total improvement value portion of the rateable value of the earthquake prone building at the time the building consent for earthquake strengthening work is approved, divided by the floor area of the earthquake prone building at the time the building consent for earthquake strengthening work is approved.

C = This is the floor area of the earthquake prone building at the time the building consent for earthquake strengthening work is approved.

The valuation uplift amount that has been calculated using the above methodology will be used to calculate the rates remission for the duration of the remission. The valuation uplift amount will not be re-calculated to take into account any future changes to the building's valuation post the first valuation assessment carried out after removal from the Earthquake Prone Building List (by issuance of a code of compliance). For clarity, changes in land value are excluded from the above calculations and any remission calculation.

For earthquake prone buildings that have been removed from the site the following will apply:

- a. the remission application will be accepted after evidence of the building removal has been provided to Council and the building has been removed from the earthquake prone building list
- b. the remission will be calculated as 10 percent of the rates (general rate, downtown targeted rate, commercial industrial and business sector or base sector targeted rates, stormwater network and sewerage rates) payable on the property, on the valuation post removal of the earthquake-prone building from the site, for each of the three years following the acceptance of the remission application

## **POLICY OBJECTIVE**

The objective of this remission policy is to minimise the rates impact of valuation increases arising for property owners who have taken positive action to address the structural safety of their earthquake-prone buildings, or remove their unsafe buildings.

## **CONDITIONS AND CRITERIA**

A remission of rates may apply under the following conditions and criteria:

- i. the building must have been on the Earthquake Prone Buildings list<sup>3</sup>
- ii. the building owner must have taken action to remove their building from this list either through seismic strengthening or building removal
- iii. the remission must be applied for within 12 months of the building being removed from the Earthquake Prone Buildings list and will relate to the following specified number of rating years only (the property owner does not need to re-apply in subsequent years). The terms of remission that apply are as follows:
  - a. For all buildings (not applicable to the heritage remissions below) that are removed from the earthquake prone list, the building owner may apply for this remission for a total period of 3 years,  
or
  - b. For all buildings removed from the earthquake prone list that are listed on the Wellington City District Plan Heritage List, the building owner may apply for this remission for a total period of 5 years after the removal of the building from the earthquake prone building list,  
or
  - c. For all buildings as per (b) and are identified by Heritage New Zealand as Category I on the New Zealand Heritage list, the building owner may apply for this remission for a total period of 10 years after the removal of the building from the earthquake prone building list,  
or
  - d. For all buildings as per (b) and are identified by Heritage New Zealand as Category II on the New Zealand Heritage list, the building owner may apply for this remission for a total period of 8 years after the removal of the building from the earthquake prone building.
- iv. the remission will not be available retrospectively for buildings already removed from the list prior to this policy being implemented
- v. the remission is only available to the property owner who has taken action to remedy their building. It will not be available to a third-party purchaser of the building even if a sale took place within the remission period applicable to that building being removed from the Earthquake Prone Buildings list
- vi. For earthquake prone buildings that have been removed from the site, evidence must be provided to Council of the building removal and the building must have been removed from the earthquake prone building list

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<sup>3</sup> As maintained by Wellington City Council

### **Valuation changes**

Wellington City Council is currently on a three-yearly valuation cycle for all properties in the city. The next city-wide valuation will occur as at 1 September 2015 and will be used to calculate rates for the next three rating years commencing 1 July 2016.

Rating valuations are also subject to adjustments at any time between the valuation cycles when there has been a measurable value change, usually triggered by consented improvement works.

Building owners will be notified when the capital value of their property has changed. Rates will be calculated using the new capital value from the next rating year commencing 1 July.

### **Application**

This remission may be applied for at any time during the year. If approved by Council officers the remission will take effect either from the next rating year (1 July), or will be backdated to take effect from the start of the current rating year at the nomination of the property owner and agreement of Council officers. The remission will cease after the specified number of years from the agreed effective start date, or up until the building is sold (whichever is the sooner).

## **2.7. REMISSION FOR NATURAL DISASTERS AND EMERGENCIES**

### **REMISSION STATEMENT**

In order to provide relief to ratepayers where a natural disaster or other type of emergency affects one or more rating units' capacity to be inhabited, used or otherwise occupied for an extended period of time, Council may remit all or part of any rate or charge where it considers it fair to do so. Individual events causing a disaster or emergency are to be identified by Council resolution. Council will determine the criteria for the remission at that time and those criteria may change depending on the nature and severity of the event and available funding at the time. Remissions approved under this policy do not set a precedent and will be applied for each specific event and only to properties directly affected by the event.

### **POLICY OBJECTIVE**

The objective of this remission policy is to provide a measure of rates relief where a natural disaster or other type of emergency affects one or more rating units' capacity to be inhabited, used or otherwise occupied for an extended period of time.

### **CONDITIONS AND CRITERIA**

Council may remit all or part of any rate or charge assessed in relation to a particular rating unit where:

- i. a natural disaster or other type of emergency has affected its capacity to be inhabited, used or otherwise occupied for an extended period of time
- ii. Council considers it fair to do so and has identified the individual event causing a disaster or emergency through Council resolution
- iii. it meets the criteria for remission that is set by Council for the particular event, depending on the nature and severity of the event and available funding at the time

## **2.8. REMISSION FOR NEW RESIDENTIAL GREENFIELD DEVELOPMENTS**

### **REMISSION STATEMENT**

The Council may grant a remission on a new residential greenfield development of 30 or more allotments (or dwellings where it is proposed that the dwellings will be unit-titled) in the Lower Stebbings and Lincolnshire-Woodridge Special Housing Areas.

The property owner may qualify for this remission for a period of 2 years after a section 224(c) certificate and new titles are issued, or until the allotment or title is sold (whichever is the sooner).

The remission shall equate to the approximate increase in rates (general rate, base sector targeted rates, and stormwater network rates) payable due to the increase in land value that may arise from a residential greenfield subdivision.

The remission may be applied for once a section 224(c) certificate and new titles have been issued, and only within the duration of the Housing Accord which ends on 30 June 2019. The remission will apply for two rating years and the property owner does not need to reapply in year two.

The remission will be calculated on the uplift in rates from subdividing greenfield land into residential lots. The amount is calculated as the land value of each allotment (after title is issued) less the equivalent land value for the allotment before subdivision. The 'equivalent' value before subdivision is calculated as \$20 per m<sup>2</sup> multiplied by the allotment area.

### **POLICY OBJECTIVE**

The objective of this remission policy is to minimise the rates impact of valuation increases arising for developers from new residential greenfield developments in the Special Housing Areas, to promote the supply of land for housing.

### **CONDITIONS AND CRITERIA**

A remission of rates may apply under the following conditions and criteria:

- i. the new residential development must be within the Lower Stebbings and Lincolnshire-Woodridge Special Housing Areas<sup>4</sup>
- ii. the development must be of 30 or more allotments (or dwellings where it is proposed that the dwellings will be unit titled)
- iii. the remission must be applied for within the duration of the Housing Accord. No application will be eligible for this remission after 30 June 2019
- iv. the remission will apply to the general rate, base sector targeted rate, and stormwater network rates
- v. the remission will not be available retrospectively for residential greenfield developments that are already completed
- vi. the remission will apply for a maximum of two years; commencing when the new allotment titles are issued and ending two years later, or when the new allotment or title is sold (whichever is the sooner)

### **3. APPLYING FOR A RATES REMISSION**

All applications must be in writing and set out the reasons for the request using the Wellington City Council 'Application for Remission' form.

Each remission application is applicable to a single rating year, except the Remission of Rates for Buildings Removed from the Earthquake Prone Buildings List and the Remission for New Greenfield Developments which may apply to multiple rating years.

Applications must be received prior to the commencement of the rating year the remission is being applied for (1 July), with the exception of the following remission applications which may be received after the start of a rating year:

- i. the Special Circumstances Remission,
- ii. the Metered Water Rates Remission,
- iii. the Remission of Rates for Buildings Removed from the Earthquake Prone Buildings List, and
- iv. the Remission for New Greenfield Developments.

No applications will be backdated beyond the current rating year.

All applications for a remission on a rating unit that has previously received a remission or remissions, must be re-submitted annually for consideration of further remissions prior to the commencement of the rating year (1 July), with the exception of the Remission of Rates for Buildings Removed from the Earthquake Prone Buildings List and the Remission for New Greenfield Developments.

The determination of eligibility and approval of any remission is at the absolute discretion of the Wellington City Council or its delegated officer.

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<sup>4</sup> As defined by the legislative instrument 'Housing Accords and Special Housing Areas (Wellington) Order 2014'

Applications made for a remission will be considered on their own merits and any previous decisions of the Council will not be regarded as creating a precedent or expectations.

#### **4. DELEGATION**

Decisions relating to the remission of rates are delegated to the Chief Executive, the Chief Financial Officer, the Manager Financial Accounting, and the Rates Team Leader.

#### **5. RATES PENALTY REMISSION**

##### **POLICY OBJECTIVE**

To enable the Council to act fairly and reasonably when rates have not been received by the due date and a penalty has been applied.

##### **CONDITIONS AND CRITERIA**

Upon receipt of an application from the ratepayer, or as identified by the Council, the Council may remit all or part of a penalty where it considers that it is fair and equitable to do so.

Matters that will be taken into consideration by the Council include the following:

- i. This is the first time a penalty is applied during a prior three year period and either:
  - a) the payment of the full amount of rates due within 14 days of due date, or
  - b) the ratepayer entering into a suitable agreement with the Council for the payment of rates within a reasonable timeframe; or
- ii. There was an extraordinary event leading to the late payment of the instalment and either:
  - a) the payment of the full amount of rates due within 14 days of due date, or
  - b) the ratepayer entering into a suitable agreement with the Council for the payment of rates within a reasonable timeframe; or
- iii. The ratepayer has agreed to pay future rates by direct debit

The Council reserves the right to impose conditions on the remission of penalties.

##### **APPLYING FOR A RATES PENALTY REMISSION**

A Rates Penalty Remission application must be in writing, setting out the reasons for the request with enough information and proof for officers to evaluate the request. No special remission form is required. The written request will be accepted by post, fax or email ([rates@wcc.govt.nz](mailto:rates@wcc.govt.nz)).

## **DELEGATION FOR A RATES PENALTY REMISSION**

Decisions relating to the remission of penalties on rates are delegated to the Chief Executive, the Chief Financial Officer, the Manager Financial Accounting, and the Rates Team Leader.

## **6. NON - RATEABLE LAND**

In addition to rates remissions, some types of property are not rateable or are partly non-rateable under Schedule 1 or Schedule 2 of the Local Government Rating Act (2002). For details of non rateable property uses refer to this legislation or the Council's website.

## **7. REMISSION OF RATES ON MAORI FREEHOLD LAND**

The Council's objectives in relation to rates remission and postponement apply equally to Maori Freehold land. Therefore the rates remission and postponement policies applicable to Maori Freehold land are identical to those that apply to non-Maori Freehold land.