

HUTT CITY COUNCIL

FN70-02
10 September 2004

The Mayor and Councillors HUTT CITY COUNCIL

RATES REMISSION ON FLOOD AFFECTED PROPERTIES

Report No.

RECOMMENDATIONS:

That the Council:

- (i) approves the applications for residential rates remissions on flood affected properties between 16 February and 31 August 2004 totalling \$10,552.84, as listed in Appendix 1 to this report;
- (ii) approves the applications for business rates remissions, on flood affected properties between 16 February and 31 August 2004 totalling \$1,430.94, as listed in Appendix 2 to this report;
- (iii) delegates authority to the General Manager Finance and the Treasurer to allow further rates remissions on the properties listed in Appendices 1 and 2 up until the owners return to their homes or resume full use of the properties, or until 28 February 2005, whichever is the sooner;
- (iv) approaches the Greater Wellington Regional Council with a request to give favourable consideration to remitting its rates on these same properties, for the same period of time; AND
- (v) approves the applications for residential rates remissions on the properties affected by a landslip on 18 August 2004, as listed in Appendix 2, and delegates authority to the General Manager Finance and the Treasurer to allow further remissions on these two properties until they are able to be re-occupied, or until 30 June 2005, whichever is the earlier.

1. PURPOSE OF REPORT

- 1.1 At the Council meeting on 2 March 2004 Council resolved to postpone rates on owner-occupied properties made uninhabitable by the flooding that occurred during the storm on 16 February 2004, and to review the postponements after six months.
- 1.2 This report outlines events since the flooding and recommends a course of action to deal with the current postponements of rates.

2. SIGNIFICANCE OF DECISION

- 2.1 The decision sought does not reach any of the thresholds set out in Part 1 of the Decision-making Checklist. The level of compliance required with the Local Government Act 2002 decision-making requirements is therefore lower and consequently it was not necessary to complete Part 2 of the Checklist.

3. BACKGROUND

- 3.1 Following the flooding of 16 February, 25 applications were received from ratepayers for a rates postponement. Of this 25, 2 related to business premises and were declined as not being authorised. A further one was withdrawn when the property was sold and the rates paid up to date. Of the remaining 22, 14 ratepayers have now returned home while 8 are still awaiting completion of remedial works.
- 3.2 A further storm on 18 August caused a large landslip at Days Bay, severely damaging several houses. Applications have been received from two of the affected homeowners for postponement and remission of rates because the houses are uninhabitable.
- 3.3 A new Part 8 was added to Council's Rates Remission Policy in the amended Community Plan for the current year. The new policy is set out in full in Appendix 3. This policy specifically allows Council to consider rates remissions for ratepayers affected by flooding or other natural calamity. Unlike the postponement policy, this policy also allows remissions to be considered for business premises.
- 3.4 In March The Minister of Local Government advised details of a scheme to reimburse Councils the amount of any rates remissions granted to "income-generating properties" i.e. businesses. While this measure was mainly aimed at assisting farms, this Council has been allocated up to \$27,383 as a reimbursement of any remissions granted to businesses affected by the storm.

4. COMMENT

Remission of Rates on Residential Properties

- 4.1 It is now seven months since the flood event that gave rise to these applications. Over half of the ratepayers are now back in their homes and wish to finalise their indebtedness for rates during the period since they were evacuated. At present they have all been advised of the postponed amount, but they do not yet know whether this will require to be repaid in the future.
- 4.2 It is recommended that all of the 22 applicants with postponed residential rates be granted a remission. In many cases these ratepayers lost almost all of their possessions, and all suffered financial hardship, even if insured. To require repayment now, or in the future of the currently postponed rates would involve imposing a further hardship on these ratepayers.
- 4.3 The cost of remitting city rates on re-occupied properties is \$6,079.49. The cost of remitting rates to 31 August on still vacant properties is a further \$4,473.35, making a total cost to 31 August of \$10,552.84 (net of GST).
- 4.4 The effect of delegating authority to officers to allow further remissions to 28 February 2005, is exposure to a maximum further cost of \$4,252.33. The actual cost of this is anticipated to be much less as most, if not all applicants expect to move back in before Christmas. The delegation will however allow each remission to be finalised promptly as families return home.

Remission of Business Rates

- 4.5 Only two businesses made application for remission and/or postponement. One has now resumed full operation, and the second one expects to resume shortly.
- 4.6 In terms of the current policy, no postponement of rates on these properties could be allowed. The remissions policy however does allow businesses to be granted remissions in these circumstances.
- 4.7 As with the residential applications, it is recommended that these be granted to 31 August, and delegated authority be given to finalise the remaining outstanding application when the ratepayer resumes operation.

- 4.8 Because of the contribution of the Government for flood affected business remissions, the cost of these remissions will be fully met from this contribution, with no cost to this Council.

Remission of Rates on Houses Damaged by Landslip

- 4.9 It is not yet known whether the houses damaged by the landslip will be able to be repaired, or whether they will require demolition. At least one appears likely to be demolished.
- 4.10 In order to allow the owners of these Ferry Road properties time to clarify the future of the buildings it is recommended that rates on these properties be remitted for the remainder of the current rating year, or until they are re-occupied, whichever is the sooner.
- 4.11 Postponed rates to 31 August on these properties total \$102.21, and remission to 30 June next year will add a further \$2,391.47, making a maximum cost for recommended remission of \$2,493.68. By delegating authority to officers, remission amounts can be finalised immediately either of the homes is re-occupied.
- 4.12 The need for a remission after 30 June is unclear as the valuations to be used for the following year should take account of any changes in land or buildings.

Remission of Greater Wellington Regional Rates

- 4.13 All of the above figures for remission refer only to Hutt City Council rates. These properties are still liable for rates payable to the Greater Wellington Regional Council.
- 4.14 In discussions with officers it has been indicated that the Regional Council is likely to only grant rates remissions on the two business properties, as these will be reimbursed by the Government. The Regional Council has however in the past been reluctant to grant rates remissions for any reason.
- 4.15 In order to assist these ratepayers who have suffered loss and damage to their homes it is recommended that this Council gives full support to their applications to the GWRC for rates remission, on the same basis as approved by Hutt City Council.

5. CONSULTATION

5.1 The remissions policy under which these applications are recommended was adopted after consultation this year as part of the Community Plan.

6. POLICY CONSIDERATIONS

6.1 All recommendations are in accordance with the current policy.

7. FINANCIAL CONSIDERATIONS

7.1 The maximum cost to the Council of the recommended remissions is as follows:

Residential Remissions to 31 August 2004	\$10,552.84
Business Remissions to 31 August 2004	\$1,430.94
Landslip Remissions to 31 August 2004	\$102.21
Maximum Potential remission to 28 February 2005	\$4,740.37
Maximum Potential Remission to 30 June 2005	\$2,391.47
Less Refund from Government	<u>(\$1,918.98)</u>
Maximum Potential Cost	<u>\$17,298.85</u>

7.2 Although no budget provision exists for this amount, it is anticipated that it will be offset by the variance between actual and budgeted rates income for the year.

8. LEGAL CONSIDERATIONS

8.1 In terms of the Local Government (Rating) Act 2002 the Council has the power to remit rates as it sees fit, provided it is done in accordance with a duly adopted policy. These recommendations are in accordance with our current policy, which has been duly adopted.

9. PUBLICITY CONSIDERATIONS

9.1 There are no publicity considerations.

10. OTHER CONSIDERATIONS

10.1 There are no other considerations.

11. APPENDICES

Appendix 1: Schedule of Recommended Residential Rates Remissions

Appendix 2: Schedule of Recommended other Rates Remissions

Appendix 3: Part 8 of Council's Remissions Policy

Report prepared by:

Peter Collins
Treasurer

Approved by:

Tony Stallinger
General Manager Finance

SCHEDULE OF RECOMMENDED RESIDENTIAL RATES REMISSIONS

Property Address	Status	Date Returned	GST Inclusive			Net of GST			Net HCC
			Total HCC	Total GWRC	Total Remission	Total HCC	Total GWRC	Total Remission	Max. Extra Cost to 28 Feb 05
Residential Rates Remissions – 16 February 2004									
16 Wyndrum Avenue	Returned Home	18 Mar 2004	97.23	17.31	114.54	86.43	15.39	101.82	-
21/3 Manuka Street	Returned Home	18 Mar 2004	108.87	21.49	130.36	96.77	19.10	115.87	-
33 Riverside Drive	Returned Home	8 May 2004	269.87	50.34	320.21	239.88	44.75	284.63	-
36 Hinemoa Street	Returned Home	10 May 2004	327.47	69.88	397.35	291.08	62.12	353.20	-
4 Croft Grove	Returned Home	19 May 2004	280.37	47.91	328.28	249.22	42.59	291.81	-
63 Brookfield Lane	Returned Home	31 May 2004	251.72	89.81	341.53	223.75	79.83	303.58	-
3/19 Pirie Crescent	Returned Home	17 Jun 2004	270.82	28.03	298.85	240.73	24.92	265.65	-
17A Riverside Drive	Returned Home	3 Jul 2004	457.84	85.48	543.32	406.97	75.98	482.95	-
15/2 Riverside Drive	Returned Home	12 Jul 2004	554.37	114.99	669.36	492.77	102.21	594.98	-
41 Riverside Drive	Returned Home	16 Jul 2004	465.13	80.69	545.82	413.45	71.72	485.17	-
59/2 Riverside Drive	Returned Home	17 Jul 2004	505.74	94.69	600.43	449.55	84.17	533.72	-
136 Seddon Street	Returned Home	23 Jul 2004	606.05	127.27	733.32	538.71	113.13	651.84	-
3 Riverside Drive	Returned Home	30 Jul 2004	605.86	123.24	729.10	538.54	109.55	648.09	-
25 Cheviot Road	Returned Home	1 Aug 2004	2,038.09	636.86	2,674.95	1,811.64	566.10	2,377.74	-
31 Riverside Drive			609.64	106.91	716.55	541.90	95.03	636.93	514.81
28B Leighton Ave			463.07	54.24	517.31	411.62	48.21	459.83	388.65
152 Seddon Street			689.58	135.63	825.21	612.96	120.56	733.52	583.63
9 Riverside Drive			656.26	123.66	779.92	583.34	109.92	693.26	554.96
39 Riverside Drive			638.50	117.27	755.77	567.56	104.24	671.80	539.67
5 Riverside Drive			607.42	106.10	713.52	539.93	94.31	634.24	512.90
7 Riverside Drive			700.67	139.61	840.28	622.82	124.10	746.92	593.19
35 Riverside Drive			667.37	127.63	795.00	593.22	113.45	706.67	564.52
			2,499.04			12,774.22			
Total – Council Funded			11,871.94	14,370.98	10,552.84	2,221.38			4,252.33

SCHEDULES OF RECOMMENDED BUSINESS AND LANDSLIP RATES REMISSIONS

Property Address	Status	Returned to House	GST Inclusive			Net of GST			Net HCC
			Total HCC	Total GWRC	Total Remission	Total HCC	Total GWRC	Total Remission	Max. Extra Cost to 28 Feb 05
Business Rates Remissions – 16 February 2004									
8 Konini Street, Woa	Back in Use	23 Aug 2004	1,031.78	64.36	1,096.14	917.14	57.21	974.35	-
105 Hutt Park Road			578.02	25.10	603.12	513.80	22.31	536.11	488.04
			89.46			1,510.46			
Total – Government Reimbursed			1,609.80		1,699.26	1,430.94	79.52		488.04
Landslip Rates Remissions – 18 August 2004									
5 Ferry Road			59.03	13.81	72.84	52.47	12.28	64.75	1,227.59
7 Ferry Road			55.96	12.71	68.67	49.74	11.30	61.04	1,163.87
			26.52			125.79			
Total			114.99		141.51	102.21	23.58		2,391.47

RATES REMISSION POLICY

Part 8 – Remission of Rates and Charges on Land affected by Natural Calamity

Objective

To provide relief and assistance to any ratepayer where the use that may be made of any rating unit has been detrimentally affected by erosion, subsidence, submersion, or other natural calamity.

Conditions and Criteria

- This part of the policy will apply to any rating unit affected by natural calamity.
- In the case of residential rating units, up to 100% of all rates and charges, including charges made for water and wastewater services, may be remitted for the period during which the buildings are uninhabitable.
- In the case of all other rating units, up to 100% of all rates and charges, including charges made for water and wastewater services, may be remitted for the period during which the rating unit is unable to be fully utilised, or utilised to the same extent as it was prior to the occurrence of the natural calamity.
- Applications are required to be made in writing by the ratepayer.
- Applications will generally only be considered for assistance where the rating unit is uninhabitable or unusable for a period exceeding one month.
- The application must describe the nature of the natural calamity, and outline the steps that the owner has taken, or will be taking to return the rating unit to a usable state and provide an estimate of the time the rating unit is expected to be affected.
- The amount of remission granted in any individual case will be determined based on the severity of the damage to the rating unit, as well as the individual circumstances of the ratepayer and the financial circumstances of the Council.
- Applicants for a remission under this part of the policy, will be deemed to be eligible to be also considered for a postponement of rates under the Rates Postponement Policy. Assistance granted may therefore be in the form of either a postponement or a remission of rates, or a combination of both, whichever is most appropriate in the individual circumstances.
- Any rates postponed on rating units affected by natural calamity may, at a later date be considered for a remission under this policy, when the full extent and duration of the event has become more clearly defined.
- All applications must be made in writing by the ratepayer within three months of the event.

Delegations

Applications for remission under this part of the policy will be decided by a Committee of Council, acting under delegated authority.