

RATES REMISSION POLICY



Division	Finance
Date created	January 2015
Publication date	June 2015
Review period	6 years
Owner	Financial Transaction Services Manager
Approved by	Chief Financial Officer

Version	Author	Date	Description
V 1.0	Rates Manager	30/06/12	Approved by Council.
V 2.0	Rates & Receivable Team Leader	June 2015	Approved by Council.
V 2.1	Chief Financial Officer	July 2020	Approved by Council

1. INTRODUCTION

In order to allow rates relief where it is considered fair and reasonable to do so, Council is required to adopt policies specifying the circumstances under which rates will be considered for remission. There are various types of remission, and the circumstances under which a remission will be considered for each type may be different. The conditions and criteria relating to each type of remission are therefore set out separately in the following pages, together with the objectives of the policy.

This policy is prepared under section 109 of the Local Government Act 2002 for consultation using the special consultative procedure laid down in section 83 of the same Act.

2. PART 1 – REMISSION FOR COMMUNITY, SPORTING AND OTHER ORGANISATIONS

2.1 OBJECTIVES OF THE POLICY

- To facilitate the ongoing provision of non-commercial community services that meet the needs of the residents of the city
- To facilitate the ongoing provision of non-commercial recreational opportunities for the residents of the city
- To assist the organisations' survival
- To make membership of the organisations more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, and economically disadvantaged people

2.2 CONDITIONS AND CRITERIA

Council may remit rates where the application meets the following criteria:

- The policy will apply to land owned by Council or owned and occupied by a charitable organisation, which is used exclusively or principally for sporting, recreation, or community purposes
- The policy does not apply to organisations operated for private pecuniary profit
- The policy will also not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only
- Applications for remission must be made in writing to Council prior to the commencement of the rating year. Applications received during a rating year will be applicable from the commencement of the following rating year. Applications will not be backdated
- Organisations making application should include the following documents in support of their application:
 - Statement of objectives
 - Financial accounts
 - Information on activities and programmes

- Details of membership or clients
- Any remission granted in relation to the general rate under this policy will be 50% of the amount charged
- Qualifying organisation rated in the Community Facilities differential 1 (CF1) and 2 (CF2) category will be eligible for rates remission under this policy
- The policy shall apply to such organisations as are approved by Council as meeting the relevant criteria
- No remission will be granted on targeted rates for water supply under this policy.
- Remission of targeted rates for wastewater disposal under this policy will only be granted as follows, to the types of organisations specified:
 - Places of Religious Worship will be charged for a maximum of two pans, except in circumstances where it is evident that there is regular weekday use of the building for non-worship purposes
 - Child Care Facilities will be charged for a maximum of two pans
 - Sports clubs will be charged for a maximum of two pans
 - No more than 200 pans are to be charged on any one property
 - Marae and other similar meeting places are to be charged for a maximum of two pans

2.3 DELEGATIONS

Council may delegate the authority to make such approvals to particular Council officers as specified by a resolution of Council.

3. PART 2 – REMISSION OF PENALTIES ADDED TO UNPAID RATES

3.1 OBJECTIVE OF THE POLICY

To enable Council to act fairly and reasonably in its consideration of penalties on rates which have not been paid by the due date.

3.2 CONDITIONS AND CRITERIA

- Upon receipt of an application from the ratepayer, or if identified by Council, Council may remit a penalty where it considers that it is fair and equitable to do so. Matters that will be taken into consideration by Council include the following:
 - The ratepayer's payment history
 - The impact on the ratepayer of extraordinary events
 - The payment of the full amount of rates due
 - The ratepayer entering into an agreement with Council for the payment of rates
- Council reserves the right to impose conditions on the remission of penalties

3.3 DELEGATIONS

Decisions on the remission of penalties may be delegated to Council officers or a Committee of Council. All delegations will be recorded in Council's delegations register.

4. PART 3 – REMISSION OF UNIFORM ANNUAL GENERAL CHARGES AND TARGETED RATES IN CERTAIN CIRCUMSTANCES

4.1 OBJECTIVE OF THE POLICY

Section 20 of the Local Government (Rating) Act 2002 provides for two or more rating units to be treated as one unit for setting a rate if the units are:

- In the same ownership
- Used jointly as a single unit
- Contiguous or separated only by a road etc

This policy provides for the possibility of rates remission where the above three conditions are not all met, but where it is nevertheless considered inequitable for the rating units to be treated as separate.

In addition, it provides for remission of uniform annual general charges and/or targeted rates for water and wastewater in cases where a rating unit is liable for multiple charges, but it is considered inequitable or excessive to assess full charges.

4.2 CONDITIONS AND CRITERIA

- The units may be in separate ownership, but if they are contiguous and are used jointly as a single unit, they will be treated as a single unit
- Contiguous rating units in the same ownership will be treated as a single unit where any of the following circumstances exist:
 - ☐ One unit is used as a private residence and the contiguous unit(s) is used solely as a garden or similar private part of the grounds only in connection with the residence.
 - ☐ One unit is used solely for vehicle parking in conjunction with a building on a contiguous rating unit in the same ownership
- A rating unit used for residential purposes and which includes a separately inhabited part may apply to be treated as having only one separately used or inhabited part if the second part is occupied by a dependent member of the family of the owner
- Owners wishing to claim a remission under this policy are required to make a written application and to supply such evidence as may be requested to verify that a remission should be granted under this policy. While a remission may be granted for the current year, no consideration will be given to applications relating to prior years

4.3 DELEGATIONS

Council will delegate authority to consider and approve applications to Council officers.

5. PART 4 – REMISSION ON LAND PROTECTED FOR NATURAL, HISTORIC OR CULTURAL CONSERVATION PURPOSES

5.1 OBJECTIVE OF THE POLICY

To protect and promote significant natural areas, culturally significant sites, historic buildings, structures and places, and archaeological sites.

This policy will support the provisions of the District Plan where a number of these features have been identified.

5.2 CONDITIONS AND CRITERIA

- Ratepayers who own rating units which include significant natural areas, culturally significant sites, historic buildings, structures and places, and archaeological sites, including those identified in the District Plan, and who have voluntarily protected these features, may qualify for remission of rates under this part of the policy.
- Land that is non-rateable under section 8 of the Local Government (Rating) Act and is liable only for rates for water supply, wastewater disposal or refuse collection will not qualify for remission under this part of the policy.
- Applications must be made in writing. Applications should be supported by documentary evidence of the protected status of the rating unit, eg. a copy of the Covenant or other legal mechanism.
 - In considering any application for remission of rates under this part of the policy Council will consider the following criteria:
- The extent to which the protection and promotion of significant natural areas, culturally significant sites, historic buildings, structures and places, and archaeological sites will be promoted by granting remission of rates on the rating unit.
 - The degree to which the significant natural areas, culturally significant sites, historic buildings, structures and places, and archaeological sites are present on the land.
 - The degree to which the significant natural areas, culturally significant sites, historic buildings, structures and places, and archaeological sites inhibit the economic utilisation of the land.
- In granting remissions under this part of the policy Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.
- Council will decide what amount of rates will be remitted on a case-by-case basis subject to a maximum amount of 50% of rates owing per year.

Applications for the remission for protection of heritage will be considered by a Committee of Council, acting under delegated authority from Council.

6. PART 5 – RATES REMISSION & GRANTS FOR ECONOMIC DEVELOPMENT

6.1 OBJECTIVES OF THE POLICY

To promote employment and economic development within the city of Lower Hutt by offering rates remission and economic development grants to:

- Encourage new businesses to become established in or relocate to the city; or
- Encourage existing businesses in the city to expand and grow.

This policy is one of a number of initiatives for businesses that Council has in place to assist in achieving the outcomes in its Economic Development Plan 2015-2020.

RATES REMISSION FOR ECONOMIC DEVELOPMENT

6.2 CONDITIONS AND CRITERIA

This part of the policy applies to commercial and/or industrial developments that involve the construction, erection or alteration of any building or buildings, or other works intended to be used for industrial, commercial or administrative purposes. Residential developments will not qualify for remission under this part of the Policy.

In order for an application for rates remission for economic development to be considered, applicants must meet all the criteria in either Part A (1) or Part A (2).

Each application made under Part 5 of the Rates Remission Policy – Economic Development will be considered on a case-by-case basis. Satisfaction of the criteria outlined in this Policy does not guarantee a remission of rates. The final decision to grant a remission of rates will be at Council's sole discretion.

Part A

1. General Criteria

- The development must be of strategic importance for the future economic development of the city. This may be demonstrated by the scale, type or nature of the development.
- The development will create new employment opportunities. Generally a development targeted at a new business to the city would be expected to immediately create at least 50 new full-time- equivalent jobs to Lower Hutt. Developments that target an existing business would be expected to immediately increase its full-time equivalent staff numbers by:
 - Over 50% of existing full-time equivalent jobs; or
 - At least 50 new full-time equivalent jobs, whichever is the lesser.
- The development is unlikely to be in competition with existing businesses. Generally the

applicant will be required to demonstrate that the development will create little or no competition with existing businesses, or that there is unfulfilled demand in the market for the type of business that will be targeted.

- The development will bring a significant amount of new capital investment into the city. The amount of new investment should be not less than \$2,500,000 unless the business falls within the category identified in 2 below. Consideration will be given to the extent that the new development would increase the rating base.

2. Criteria regarding innovative or rare types of business for Lower Hutt using advanced science and/or advanced technology

Developments that attract new or grow existing innovative or rare types of business for Lower Hutt using advanced science and/or advanced technology are likely to be more favourably considered for remission. Where this type of business does not initially meet the criteria for employment creation or new capital investment as outlined above:

- The development must be of strategic importance for the future economic development of the city. This will be demonstrated by the advanced science and/or advanced technology nature of the development.
- The development is unlikely to be in competition with existing businesses. Generally the applicant will be required to demonstrate that the development will create little or no competition with existing businesses, or that there is unfulfilled demand in the market for the type of business that will be targeted.
- The applicant must demonstrate -Through recognized research and development programmes; and/or through ownership or access to recognized intellectual property rights, that it has a realistic future potential to meet the criteria for employment creation and new capital investment as outlined above, within 3 years.

To further assist in considering applications for remission under this part of the policy Council will also have regard to the extent applications meet all or some of the additional guidelines outlined in Part B.

GRANTS FOR ECONOMIC DEVELOPMENT

6.3 CONDITIONS AND CRITERIA

This part of the policy applies to the establishment or relocation of commercial and/or industrial businesses new to Lower Hutt and the expansion of existing commercial and/or industrial businesses in Lower Hutt that does not involve the construction, erection or major alteration of any building or buildings intended to be used for industrial, commercial or administrative purposes.

Residential activity will not qualify for grants under this part of the Policy.

In order for an application for economic development grants to be considered, applicants must meet all the criteria in Part A (3).

Each application will be considered on a case-by-case basis. Satisfaction of the criteria outlined in Part A (3) of this Policy does not guarantee an economic development grant. The final decision to approve an economic development grant will be at Council's sole discretion.

Part A

3. General Criteria

- The business must be of strategic importance for the future economic development of the city. This may be demonstrated by the scale, type or nature of the business.
- The business will create new employment opportunities. Generally a new business to the city would be expected to immediately create at least 50 new full-time-equivalent jobs in Lower Hutt. Existing business would be expected to immediately increase its full-time equivalent staff numbers by at least 50 new full-time equivalent jobs,
- The business is unlikely to be in direct competition with existing businesses. Generally the applicant will be required to demonstrate that the business will create little or no competition with existing businesses.
- The business demonstrates a long-term commitment to remain and operate in the city. Property ownership or a long-term lease of property (minimum of 6 years) may be accepted as a proof of commitment.

To further assist in considering applications for economic development grants under this part of the policy Council will also have regard to the extent applications meet all or some of the additional guidelines outlined in Part B.

Part B – Additional Guidelines

These additional guidelines have been developed to assist in assessing the suitability of an application for an economic development grant and in determining at what level, if any, an economic development grant should be set. Only when an application has been shown to meet the mandatory criteria outlined in Part A (3) will the additional guidelines in Part B be applied (as applicable).

- The extent that the new or expanded business would increase economic activity in the city
- The business has minimal impact on the environment in terms of air, water or soil.
- It is likely that any grant provided would encourage the business to proceed with the

establishment, relocation or expansion in the city.

6.4 APPLICATION PROCESS

Applications must be made in writing and received allowing sufficient time to be considered prior to the commencement of construction or relocation or expansion of the business. Commencement of construction will be deemed to have occurred when the activity for which a building consent has been issued is substantially underway and progressing. Establishment, relocation or expansion of the business will be deemed to have occurred once occupancy of the business personnel has occurred.

For the purposes of this policy a development is any project or group of projects requiring one or more building consents that, as a body of work, occurs within a similar timeframe, and that stands alone as a complete activity in and of itself.

This policy does not exclude the potential for more than one development to occur on the same site. Applications must be supported by:

- A description of the development or business
- A plan of the development or business premises (where possible)
- An estimate of costs of the development (for rates remission applications only)
- An indication of the businesses that will be attracted by the development
- An estimate of the likely number and type of jobs created by the development or business.
- Evidence that the jobs (positions) created are new to Lower Hutt.
- An environmental impact report (if applicable)
- Evidence of ownership or access to intellectual property rights (if applicable)
- Evidence of future commercial potential of use of that intellectual property (if applicable).

Where the applicant is not the owner or the ratepayer of the property, the applicant must provide written proof of support from the property owner. If the applicant is a lessee then the lease expiry date should be stated, as well as any rights of renewal etc.

In considering applications Council may seek independent verification of any information provided on an application.

Each application will be considered on a case-by-case basis. Satisfaction of the criteria outlined in Part A (1), Part A (2) or Part A (3) does not guarantee a remission of rates or economic development grant. The final decision to approve a remission of rates or an economic development grant will be at Council's sole discretion.

Remissions of rates approved will generally be not less than 50%, and may be up to a maximum of 100% of the rates levied by Hutt City Council on the capital value of the new investment only, and for up to a maximum remission period of three years. Rates to be paid to Greater Wellington Regional Council cannot be remitted under this policy.

Economic development grants approved will generally be not less than 50%, and may be up to a maximum of 100% of the equivalent value of the rates levied by Hutt City Council on the capital value of the premises occupied by the business and for up to a maximum remission period of three years.

In approving rates remissions or economic development grants under this policy Council may in its discretion specify certain conditions before the rates remission or economic development grant will be granted having regard to the criteria and the application process

in this policy. Applicants will be required to agree in writing to these conditions and to pay any remitted rates or economic development grants provided if the conditions are violated.

6.5 DELEGATIONS

Applications for remission of rates and economic development grants for economic development will be decided by the Policy, Finance, and Strategy Committee, acting under delegated authority from Council.

6.6 APPEAL

Applicants may appeal against:

- a decision to decline a remission of rates or not approve a full remission of rates; or not approve an economic development grant;
- conditions imposed when a remission of rates or economic development grant has been approved. Appeals will be heard by the Finance and Performance Committee of Council.

6.7 EXCLUSIONS

This policy does not apply to Council developments.

7. PART 6 – REMISSION FOR RESIDENTIAL LAND IN COMMERCIAL OR IN INDUSTRIAL AREAS

7.1 OBJECTIVE

To ensure that owners of residential rating units situated in commercial or industrial areas are not unduly penalised by the zoning decisions of this Council and previous local authorities.

7.2 CONDITIONS AND CRITERIA

To qualify for remission under this part of the policy the rating unit must:

- Be situated within an area of land that has been zoned for commercial or industrial use.
Ratepayers can determine the zoning of their property by inspecting the District Plan, copies of which are available at Council offices.
- Be listed as a “residential” property for differential rating purposes. Ratepayers wishing to ascertain whether their property is treated as a residential property may inspect Council’s rating information database at Council offices.

Those ratepayers wishing to claim remission under this part of the policy must make an application on the prescribed form (available from Council offices).

The application for rates remission must be made to Council prior to the commencement of the rating year. Applications received during a rating year will be applicable from the commencement of the following rating year. Applications will not be backdated.

If an application is approved Council will direct its valuation service provider to inspect the rating unit and prepare a valuation that will treat the rating unit as if it were a comparable rating unit elsewhere in

the district. The ratepayer may be asked to contribute to the cost of this valuation. Ratepayers should note that the valuation service provider's decision is final and there are no statutory rights of objection or appeal for values done in this way.

The amount of remission granted under this part of the policy will be limited to the difference between the rates charged on the original value, and the rates chargeable on the valuation of the rating unit as a house in a residential area.

7.3 DELEGATIONS

Applications for remission under this part of the policy will be determined by officers of Council, acting under delegated authority from Council as specified in the delegations register.

8. PART 7 – REMISSION OF WASTEWATER CHARGES TO SCHOOLS

8.1 OBJECTIVE

To provide relief and assistance to educational establishments as defined in the Rating Powers (Special Provision for Certain Rates for Educational Establishments) Amendment Act 2001 in paying charges for wastewater services.

8.2 CONDITIONS AND CRITERIA

- This part of the policy will apply only to educational establishments as defined in the Rating Powers (Special Provision for Certain Rates for Educational Establishments) Amendment Act 2001.
- The policy does not apply to any school house, or any part of a school used for residential purposes.
- The wastewater charge to any educational establishment in any one year will be the lesser of either:
 - The amount of the targeted rate for wastewater, calculated based on the actual number of toilet pans in the establishment.
 - The amount of the targeted rate for wastewater calculated based on a notional number of toilet pans in the establishment, determined according to the following formula:
 - Based on the establishment's water consumption for the previous financial year, each 200 cubic metres of water used, or part thereof, shall count as one toilet pan.
- Where the charge made is based on the notional number of toilet pans, the amount of the remission allowed will amount to the difference between the calculations set out in a and b above.

9. PART 8 – REMISSION OF RATES AND CHARGES ON LAND AFFECTED BY NATURAL CALAMITY

9.1 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.

9.2 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 Council.
- Applicants for a remission under this part of the policy will also be deemed eligible to be 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.

9.3 DELEGATIONS

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