

# Final decisions on rating policy options

## Annual Plan 2020/21

18 June 2020



# Property revaluation 2019

- Residential property increased by 31.8%

Includes Wainuiomata 55%, Naenae 46%, Taita 41%

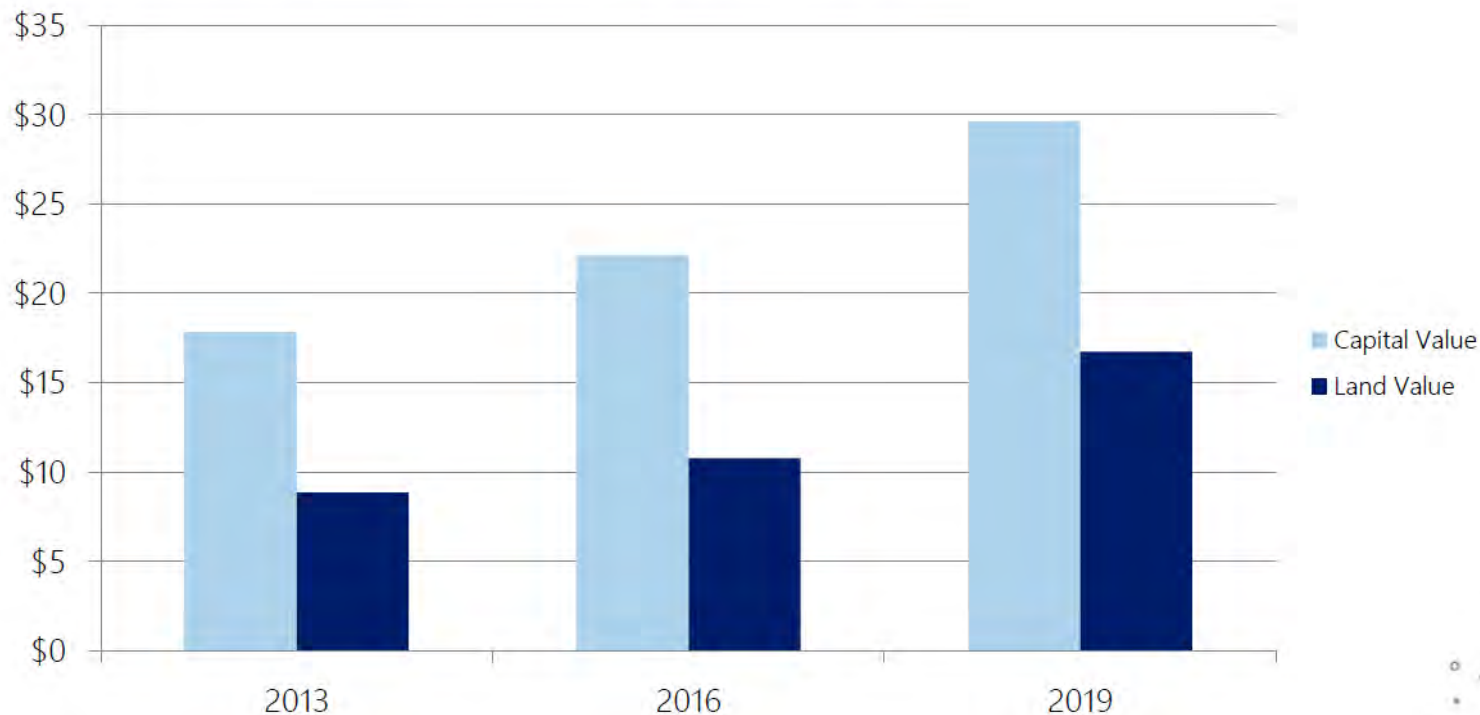
- Commercial property increased by 16.9%

Key concern

Rating impacts and  
affordability



## Overall Results (\$Billion)



# LTP 2012-2022 focus on “growth and rejuvenation of the city”

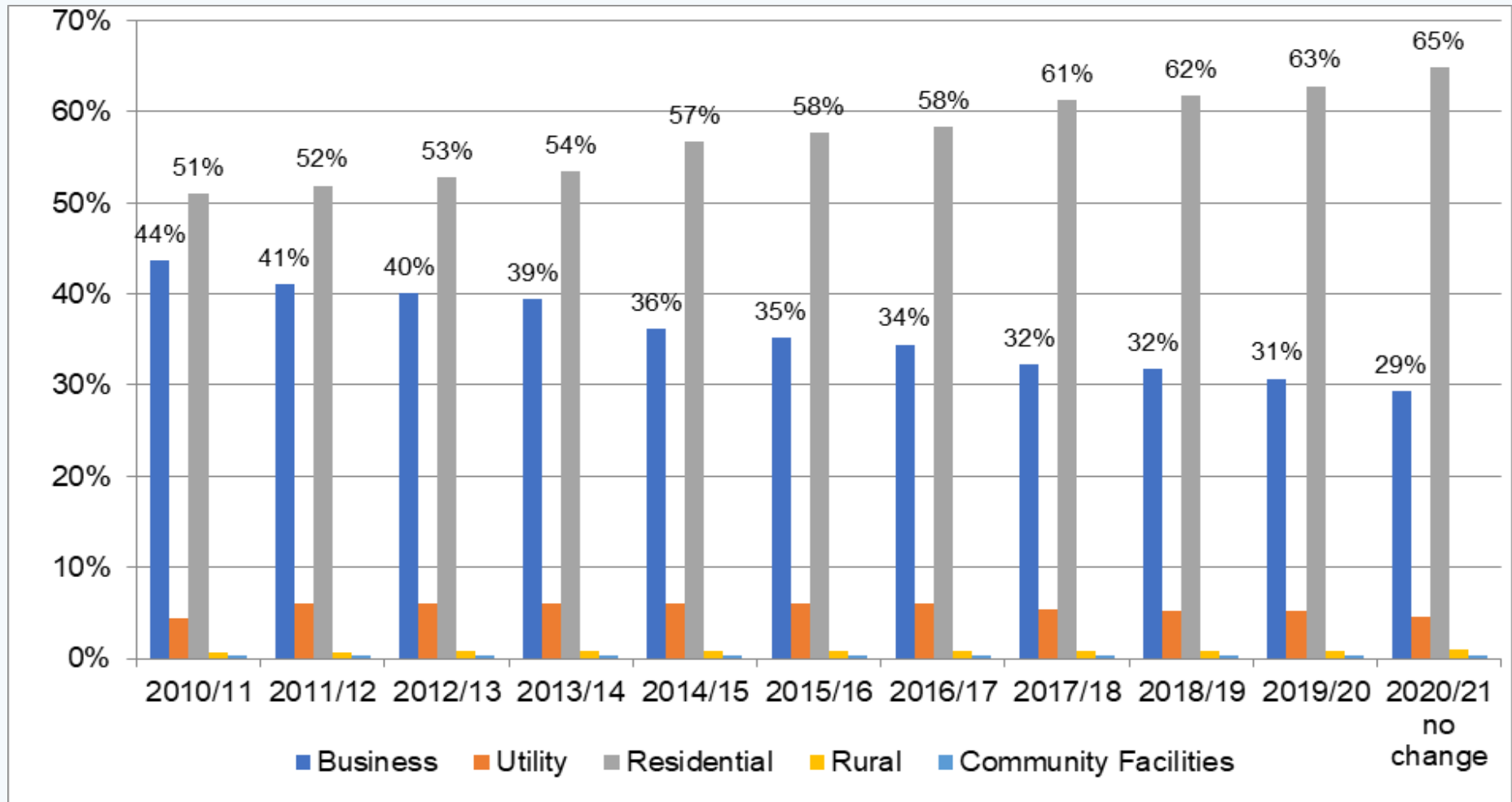
## Differential transition plan over 10 years

Extract from Annual Plan 2019/20 of rating differentials

Differential	2019/20	2020/21	2021/22	2022/23
Business accommodation	2.51	2.44	2.37	2.29
Business central	2.72	2.58	2.44	2.29
Business suburban	2.63	2.52	2.41	2.29
Utility Networks	2.36	2.34	2.32	2.29

# Rates trend

Residential share of general rates pie 51% in 2010/11 and 65% in 2020/21. Original intent was about 60% share.



Key priority: Rates affordability

DAP proposed a “holding position” for 2020/21

NB: LTP 2021-2031 full review of Revenue & Financing Policy

# Option 3 – continue with current plan, 5% submitters in favour

- Continue for transition differential adjustments
- Rates changes vary from 5.9% increase to 29% decrease

Property category	2019/20 rates		2020/21 Option 3		
	Average amount of general rates	% of general rates take	Average amount of general rates	Differential	Percentage change from 2019/20
Average business accommodation	\$19,003	0.76%	\$18,631	2.4	(1.96%)
Average business central	\$11,907	4.97%	\$11,128	2.6	(6.54%)
Queensgate	\$2,156,450	2.46%	\$1,579,822	2.6	(26.74%)
Average business suburban	\$10,195	22.53%	\$10,469	2.5	2.69%
Average residential	\$1,510	62.81%	\$1,600	1.0	5.94%
Average rural	\$1,548	0.86%	\$1,102	0.8	(28.79%)
Average utilities	\$17,738	5.26%	\$15,706	2.3	(11.46%)



## Option 2 – Freeze differential, 17% of submitters in favour

Freeze the differentials to be same as 2019/20

- Rates changes vary from 5.73% increase to 23.81% decrease

Property category	2019/20 rates		2020/21 Option 2		
	Average amount of general rates	% of general rates take	Average amount of general rates	Differential	Percentage change from 2019/20
Average business accommodation	\$19,003	0.76%	\$18,907	2.5	(0.51%)
Average business central	\$11,907	4.97%	\$11,574	2.7	(2.80%)
Queensgate	\$2,156,450	2.46%	\$1,643,100	2.7	(23.81%)
Average business suburban	\$10,195	22.53%	\$10,779	2.6	5.73%
Average residential	\$1,510	62.81%	\$1,578	1.0	4.51%
Average rural	\$1,548	0.86%	\$1,631	0.8	5.37%
Average utilities	\$17,738	5.26%	\$15,627	2.4	(11.90%)

# Option 1 – Maintain % splits, 78% of submitters in favour

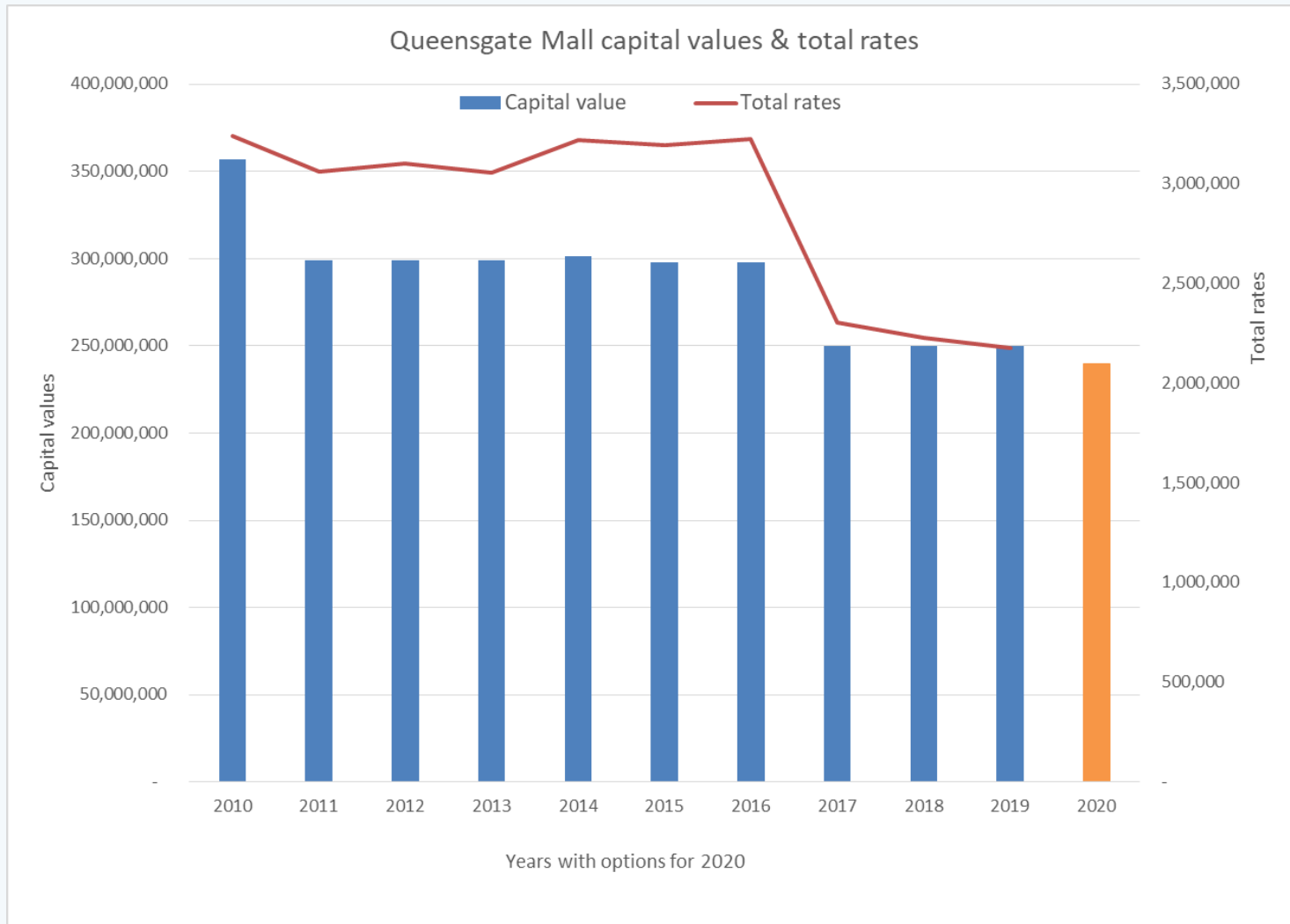
With rates affordability as key priority maintain % splits from 2019/20

- Aim to have even spread of rates change across each property category, range 2.5% to 4.6%

Property category	2019/20 rates		2020/21 Option 1		
	Average amount of general rates	% of general rates take	Average amount of general rates	Differential	Percentage change from 2019/20
Average business accommodation	\$19,003	0.76%	\$19,878	2.687	4.607%
Average business central	\$11,907	4.97%	\$12,312	2.946	3.404%
Queensgate	\$2,156,450	2.46%	\$2,209,680	3.724	2.468%
Average business suburban	\$10,195	22.53%	\$10,521	2.613	3.197%
Average residential	\$1,510	62.81%	\$1,550	1.000	2.657%
Average rural	\$1,548	0.86%	\$1,596	0.747	3.130%
Average utilities	\$17,738	5.26%	\$18,227	2.803	2.758%

# Queensgate Mall submission

- Concern about moving away from policy of gradual decrease of business differential over time
- Option 2 preference - freeze differential
- No separate rating category for Queensgate (remain with Business Central category)
- Or if option 1 then need to ensure Queensgate and Business Central have same differential of 2.98





# Option 1B – Maintain % splits, Single Business Central & Queensgate category, with same differential 3.164

- Business Central has 11% increase, Queensgate have 13% decrease

Property category	2019/20 rates		2020/21 Option 1B		
	Average amount of general rates	% of general rates take	Average amount of general rates	Differential	Percentage change from 2019/20
Average business accommodation	\$19,003	0.76%	\$19,878	2.687	4.61%
Average business central	\$11,907	4.97%	\$13,225	3.164	11.07%
Queensgate	\$2,156,450	2.46%	\$1,877,513	3.164	(12.94%)
Average business suburban	\$10,195	22.53%	\$10,521	2.613	3.20%
Average residential	\$1,510	62.81%	\$1,550	1.000	2.66%
Average rural	\$1,548	0.86%	\$1,596	0.747	3.13%
Average utilities	\$17,738	5.26%	\$18,227	2.803	2.76%

# Option 1C – Maintain % splits, impact of Queensgate decrease in value spread across all ratepayers rather than only Business Central

- Queensgate general rates maintained at same level as option 1B
- Avoids 11% rates increase for Business Central

Property category	2019/20 rates		2020/21 Option 1C		
	Average amount of general rates	% of general rates take	Average amount of general rates	Differential	Percentage change from 2019/20
Average business accommodation	\$19,003	0.76%	\$19,952	2.687	4.99%
Average business central	\$11,907	4.97%	\$12,358	2.946	3.79%
Queensgate	\$2,156,450	2.46%	\$1,885,013	3.165	(12.59%)
Average business suburban	\$10,195	22.53%	\$10,563	2.614	3.61%
Average residential	\$1,510	62.81%	\$1,556	1.000	3.04%
Average rural	\$1,548	0.86%	\$1,602	0.747	3.51%
Average utilities	\$17,738	5.26%	\$18,294	2.803	3.14%

# Impact for average residential ratepayer

Including targeted rates

DAP \$122 p.a. or \$2.35 per week

Option 1C - \$127 p.a. or \$2.44 per week

	Average rates increase per annum	Average rates increase per week	General rates increase
Option 1	\$121	\$2.33	2.66%
Option 1B	\$121	\$2.33	2.66%
Option 1C	\$127	\$2.44	3.04%
Option 2	\$150	\$2.88	4.51%
Option 3	\$172	\$3.30	5.94%

# Impact for Queensgate Mall

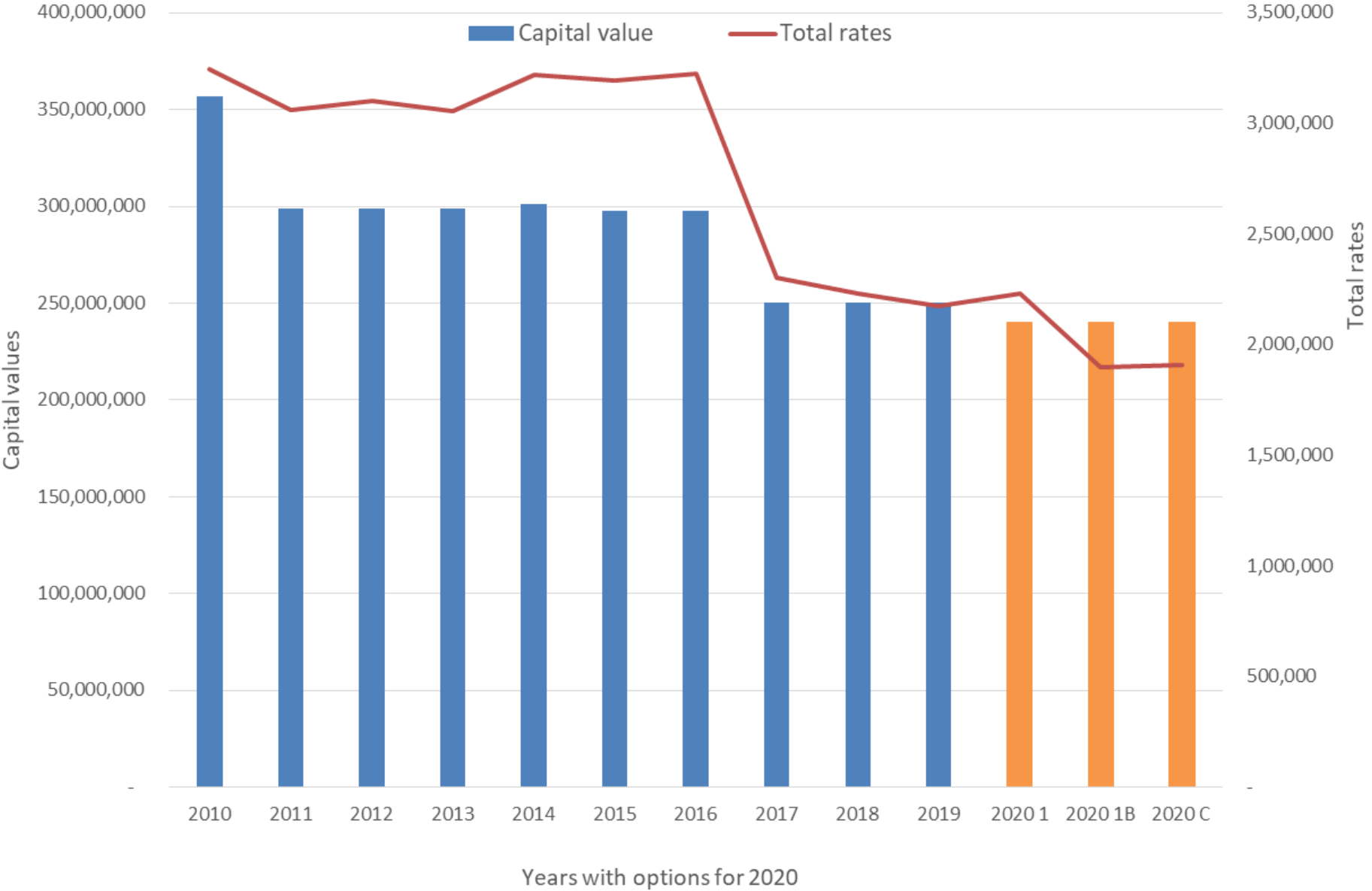
Including targeted rates

DAP/Option 1 \$2,234 p.a., 2.5% higher (\$51k)

Option 1C - \$1,906k p.a., 12.4% lower (\$270k)

Options	Rates in 2020/21	Change in rates from 2019/20	Change amount %	Differential
Option 1	\$2,231,038	Higher \$54,926	Higher 2.52%	3.724
Option 1B	\$1,899,430	Lower (\$276,682)	Lower (12.71%)	3.164
Option 1C	\$1,906,376	Lower (\$269,736)	Lower (12.40%)	3.165
Option 2	\$1,664,463	Lower (\$511,649)	Lower (23.51%)	2.7
Option 3	\$1,601,185	Lower (\$574,927)	Lower (26.42%)	2.6

# Queensgate Mall capital values & total rates



## Summary of Option IC - Pros and Cons

Pros	Cons
<p><u>Prioritises affordability as key consideration</u>, with general rates change spread relatively evenly across all rating categories (3% to 5%). Queensgate exception here with a decrease in rates of 2.6%</p>	<p>Queensgate decrease in rates spread across all ratepayers</p>
<p>Takes into account Queensgate decrease in property value by \$10M</p>	
<p>Business Central avoid 11% rates increase in option 1B , where in same category as Queensgate</p>	<p>Queensgate a separate category and not included with Business Central</p>
<p>Queensgate differential reduced from 3.73 in DAP to 3.165 in FAP</p>	<p>Differentials for Business Central 2.946 and Queensgate 3.165 not the same (although very similar)</p>



# Property rating impacts

Property category	DAP	FAP Option 1C
Average residential property	\$122 p.a. \$2.35 p.w.	\$127 p.a. \$2.44 p.w.
Average business central	\$13,724	\$13,626
Average business suburban	\$11,863	\$11,831
Average business accommodation	\$23,095	\$23,815
Business Queensgate	\$2,233,588	\$1,906,376
Average rural	\$1,570	\$1,602
Utilities	\$17,923	\$18,294

# Property rating impacts- option 1 C

Residential Suburbs	Capital Value July 2019	2019-2020 Rates	Capital Value July 2020	% Change in Property Value	2020-2021 Rates	\$ Change Annual	\$ Change Weekly	% Change Amount
ALICETOWN	\$529,000	\$2,645	\$660,000	25%	\$2,686	\$41	\$0.79	2%
AVALON	\$459,000	\$2,423	\$605,000	32%	\$2,549	\$127	\$2.44	5%
BELMONT	\$546,000	\$2,699	\$705,000	29%	\$2,797	\$99	\$1.90	4%
BOULCOTT	\$589,000	\$2,835	\$735,000	25%	\$2,872	\$37	\$0.71	1%
EASTBOURNE	\$747,000	\$3,336	\$930,000	24%	\$3,356	\$20	\$0.38	1%
EPUNI	\$521,000	\$2,619	\$660,000	27%	\$2,686	\$66	\$1.28	3%
FAIRFIELD	\$474,000	\$2,470	\$620,000	31%	\$2,586	\$116	\$2.24	5%
HARBOUR VIEW	\$542,000	\$2,686	\$685,000	26%	\$2,748	\$62	\$1.19	2%
HAYWARDS	\$312,000	\$1,956	\$405,000	30%	\$2,053	\$97	\$1.86	5%
HUTT CENTRAL	\$689,000	\$3,152	\$855,000	24%	\$3,170	\$18	\$0.34	1%
KOROKORO	\$584,000	\$2,819	\$785,000	34%	\$2,996	\$177	\$3.40	6%
MAUNGARAKI	\$543,000	\$2,689	\$685,000	26%	\$2,748	\$59	\$1.13	2%
MELLING	\$414,000	\$2,280	\$545,000	32%	\$2,400	\$120	\$2.32	5%
MOERA	\$382,000	\$2,178	\$505,000	32%	\$2,301	\$123	\$2.36	6%
NAENAE	\$336,000	\$2,033	\$490,000	46%	\$2,264	\$231	\$4.45	11%
NORMANDALE	\$520,000	\$2,616	\$660,000	27%	\$2,686	\$70	\$1.34	3%
PETONE	\$629,000	\$2,962	\$755,000	20%	\$2,921	(\$40)	(\$0.77)	(1%)
STOKES VALLEY	\$344,000	\$2,058	\$485,000	41%	\$2,251	\$194	\$3.72	9%
TAITA	\$343,000	\$2,055	\$485,000	41%	\$2,251	\$197	\$3.78	10%
WAINUIOMATA	\$297,000	\$1,909	\$460,000	55%	\$2,189	\$281	\$5.40	15%
WAIWHETU	\$477,000	\$2,480	\$620,000	30%	\$2,586	\$107	\$2.05	4%
WATERLOO	\$553,000	\$2,721	\$695,000	26%	\$2,773	\$52	\$1.00	2%
WOBURN	\$769,000	\$3,406	\$950,000	24%	\$3,405	(\$0)	(\$0.01)	(0%)