Te Kaunihera o
Te Awa Kairangi ki Uta
Upper Hutt City Council

RATES REMISSION AND POSTPONEMENT POLICIES

DOCUMENT PROPERTIES

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1.0	Financial Controller	1 July 2024	Council adoption

This policy is made in accordance with sections 102 and 108 – 110 of the Local Government Act 2002 and are applied according to sections 85 – 90 of the Local Government (Rating) Act 2002.

Contents

Objectives

This policy enables Council to:

- Act in an equitable way to help facilitate financial assistance and support for ratepayers, and
- Support core Council activities and essential services, and
- Contribute to Council's priority of resilience with an emphasis on financial sustainability, and
- Address certain anomalies in the rating system.

Commencement

Origin and reviews

This policy was originally adopted by Council with effect on 1 July 2005. The policy was last reviewed in 2021. The 2024 revisions will come into effect on 1 July 2024.

Scope

Limitations of application

Remissions or postponements are only applicable to ratepayers identified in the Council's rating information database, not the occupant of the property.

Remissions or postponements are limited to rates set and assessed by the Council. Council collects rates on behalf of the Wellington Regional Council and has no authority to remit or postpone such rates other than by specific approval of that Council.

Making an application

When required, an application can be made in writing using the form on our website or by contacting Council's Customer Service team.

Decisions

Delegation and conditions

Decisions on the remission or postponement of rates are delegated to Council Officers, except as noted.

All delegations are recorded in Council's delegation manual.

Council reserves the right to impose conditions on any remission of rates or penalties.

Remission of rates

What is it?

Remission of rates involves reducing the amount owing or waiving collection of rates.

Council's rates remission policy considers the following:

- Rates remissions to promote sport, recreation, health, and education
- Rates and/or penalties levied in error
- Rates remission on Māori freehold land
- Rates remission for financial hardship
- Remission of late-payment penalties
- Remissions for natural disasters
- Remissions for economic development
- Remission for miscellaneous circumstances

Rates remissions to promote sport, recreation, health, and education

Objective

The remission of rates to promote sport, recreation, health, and education facilitates the ongoing provision of non-commercial sporting and recreational opportunities. The purpose of granting rates remission to an organisation is to recognise the public good contribution and to assist the organisations to continue operations.

Conditions and criteria

Council will grant a 30 percent remission of rates levied on land which is 50 percent non-rateable in accordance with clause 2 of Part 2 of Schedule 1 of the Local Government (Rating) Act 2002, which is land owned or used by a society or association of persons (whether incorporated or not) for games or sports, except galloping races, harness races, or greyhound races.

Remission of rates and/or penalty errors

Objective

The objective of this consideration is to enable Council to act equitably where rating or penalty errors have occurred.

Conditions and criteria

On receipt of an application by a ratepayer, or if identified by Council, Council will remit rates and/or penalties where it is demonstrated that the rates or penalty was levied in error by Council.

Remissions of rates on Māori freehold land

Background

Section 102 of the Local Government Act 2002 requires Council to adopt a policy on the remission of rates on Māori freehold land. Māori freehold land is that which has the status set out in Part 6 s129(2)(b) of Te Ture Whenua Māori Act 1993.

Policy

Council will not remit rates on Māori freehold land, except where its other remissions or postponement considerations apply.

Remissions for financial hardship

Objective

The objective of this consideration is to enable Council to address and mitigate the impacts of financial hardship on both individuals and businesses, contributing a community that is resilient and equitable.

Conditions and criteria

In the context of this policy, hardship is defined as a situation where the income of a ratepayer reduces to a point where paying rates would significantly compromise the ratepayer's ability to meet their basic needs.

Council will consider remissions under this consideration only where postponement is, in Council's opinion, not suitable.

Each application will be considered on a case-by-case basis, and as well as the evidence presented by the applicant, Council will evaluate whether:

1. Applicants have demonstrated they are unable to pay rates because of hardship.
2. Applicants have tried all other avenues to fund their rates.

3. The hardship results from demonstrated significant income reduction.
4. A history of regular rates payments in Upper Hutt for two years or longer.

Remission of late-payment penalties

Objective

The objective of this consideration is to enable Council to act equitably when a ratepayer has made a late payment, attracting penalties, but the late payment is unusual in the context of the ratepayer's payment history and due to an extraordinary circumstance.

Conditions and criteria

Council will consider remitting penalties under this consideration where the ratepayer:

1. has made a payment late, attracting penalties,
2. has a two-year history of regular payments of rates or a payment plan for rates arrears that is being complied with, and
3. can demonstrate that the delay in payment is due to an extraordinary circumstance.

Remissions for natural disasters

Objective

To allow Council, at its discretion, to remit rates and/or penalties for any rating unit that has been detrimentally affected by natural disaster (significant event caused by natural hazards such as an earthquake, landslide, flood, storm, or a natural hazard fire) rendering dwellings uninhabitable.

Conditions and criteria

Council may remit all or a part of any rate or user charge made and levied in respect of land, if the land is detrimentally affected by natural disaster and its capacity to be inhabited, used or otherwise occupied for an extended period of time is affected.

Council is unlikely to grant a remission where the rating unit affected is in a known hazard prone location.

For the purposes of this policy, 'detrimentally affected' means:

- a rating unit that uninhabitable, unoccupiable or otherwise unusable due to a 's124 notice' being issued under the Building Act 2004 and the residents have been required to move out by the Council; or

- a rating unit that is a total loss; or
- as determined by Council after considering the matters specified in this policy.

In determining whether a rating unit is detrimentally affected and the period for which the rates remission is to apply Council may take into account:

1. whether the rating unit is known to be hazard prone,
2. the extent to which essential services such as water, or sewerage to any dwellings were interrupted and could not be supplied.
3. whether essential services such as water or sewerage to any dwellings are able to be provided.
4. whether any part of the dwellings remain habitable, and
5. any property revaluation undertaken by Councils valuation provider.

Applications must be received within six months of the event, or within such further time as Council may allow.

The remission will be for such period of time as Council considers reasonable, limited to the time between the event and when buildings are deemed usable, but no less than 30 days after the event.

The decision to remit all or any part of a rate or penalty or user charge shall be at the discretion of Council.

Rates remission for Economic Development

Objective

Rates remissions for economic development provide support for Business Development and Strategic Economic Projects promoting employment and economic development within the city, by:

- Assisting new businesses to become established in the city.
- Assisting existing businesses in the city to expand and grow.
- Assisting the establishment of significant initiatives which are of strategic economic value to the city.

Business development objective

To provide remissions for Business Development projects promoting employment and economic development within the city. These may include commercial and/or industrial developments, involving the construction or alteration of any building or buildings, fixed plant and machinery, or other works intended to be used for industrial, commercial, or administrative purposes.

Business development conditions and criteria

In determining remissions for business development projects Council will consider the extent to which a project contributes to the following:

1. The development is of importance for the future economic development of the city, which may be demonstrated by the scale, type or nature of the development.
2. The number of new employment opportunities the development will create.
3. The amount of new capital investment the development will bring into the city.
4. The extent that the new development would increase the rating base.
5. The business demonstrates a long-term commitment to remain and operate in the city. Property ownership or a long-term lease of property may be accepted as a proof of commitment.
6. The development protects or retains cultural aspects of the city e.g. maintains and protects a heritage building.
7. The development adds new and/or visually attractive infrastructure/ buildings to the city.
8. The granting of a remission would encourage the development to proceed.

Any remission for a business development project requires the approval of Council based on a formal application. Applications for such projects will be presented to Council at the discretion of the Chief Executive.

Council at its discretion will determine the amount, type and duration of any rates remission granted, and may impose such additional or special conditions as it make think fit in any particular case.

Strategic economic projects objective

Rates remissions for strategic economic projects apply to large, complex projects, that promote employment and economic development in Upper Hutt.

Strategic economic projects conditions and criteria

In determining remissions for strategic economic projects Council will consider the extent to which a project contributes to the following:

1. The project will make an ongoing strategic economic contribution to the city.
2. The project will create new and ongoing employment opportunities.

3. The project will bring new capital investment to the city.
4. The project will provide a point of difference for the city.

Applications for remission for such projects will be presented to Council at the discretion of the Chief Executive.

Council, at its discretion, will determine the amount, type, and duration of any rates remission granted, and may impose such additional or special conditions as it may think fit in any particular case.

Remission for miscellaneous circumstances

Objective

Not all situations in which Council may wish to remit rates will be known in advance and be included in Council policy.

This consideration allows for the possibility of a rates remission in circumstances that have not been specifically addressed in other parts of this policy, and where Council considers it equitable to remit rates.

Conditions and Criteria

Council may remit rates and/or penalties on a rating unit where it determines that:

1. the rates, or a particular rate, assessed on that rating unit are disproportionate to those assessed in respect of comparable rating units; or
2. the circumstances of the rating unit or the ratepayer are comparable to those where a remission may be granted under the Council's other rates remission policies, but are not actually covered by any of those policies; or
3. the circumstances are such that the rates assessed by Council are inequitable.

The amount and duration of a remission using this provision will be determined by Council on a case-by-case basis.

Council reserves the right to impose further conditions on a case-by-case basis.

Approval of this remission will not set a precedent that application of the usual rates unfairly disadvantages other ratepayers.

Rates postponement

What is it?

Rates postponement means that Council allows the ratepayer to delay paying their rates. Ratepayers still have to pay postponed rates, but at a later time. In some cases, rates may be postponed for a set number of years. In other cases, rates may be postponed until a certain event occurs, such as the ratepayer selling their property or dying.

Council's rates postponement policy considers the following:

- Financial hardship
- Māori freehold land

Postponement due to financial hardship

Objective

The objective of this policy is to enable Council to address and mitigate the impacts of financial hardship on both individuals and businesses contributing to a community that is resilient and equitable.

Conditions and criteria

In the context of this policy, hardship is defined as a situation where the income of a ratepayer reduces to a point where paying rates would significantly compromise the ratepayer's ability to meet their basic needs.

Where ratepayers are suffering from hardship Council will, in the first instance, work with them to consider if a payment plan arrangement is a suitable way to address payment of their rates. One or more instalments may be paid in smaller amounts over a period, where such arrangements have been agreed to between Council Officers and the ratepayer.

Where this is not possible, ratepayers may apply for a postponement of all or some of the rates applicable to the rating unit subject to the following conditions:

1. Each application will be considered on a case-by-case basis.
2. Applicants have demonstrated to the satisfaction of Council they are unable to pay rates because of hardship, having regard to the hardship criteria set out below.
3. Applicants must have a previous good history of on time payment.

Relevant considerations for Council will include:

1. Whether applicants have tried all other avenues to fund their rates.
2. Whether hardship has been caused by an unforeseen emergency or Civil Defence event.
3. If the ratepayer is eligible for the government rate rebate or other support.

If a postponement is granted, the following conditions will apply to the rating unit and ratepayer.

1. Any outstanding rates still owing at the end of the agreed postponement period will be subject to penalties.
2. An annual postponement fee may be required. This fee will be calculated as a percentage interest rate and will be used to cover Council's administrative and financial costs.
3. Postponed rates may be registered as a charge, by registering a *Notice of Charge* on the Record of Title.
4. If the rating unit in respect of which postponement is sought is subject to a mortgage, then the applicant will be required to obtain the mortgagee's consent before the Council will agree to postpone rates.
5. The postponed rates, or any part thereof, may be paid at any time.
6. Any postponed rates (under this policy) will be postponed until the earlier of:
   - A. the ratepayer's death, or
   - B. the ratepayer no longer owns the rating unit, or
   - C. the ratepayer stops using the property as their residence; or
   - D. the end date specified by the Council.
7. For the rates to be postponed the Council will require evidence each year, by way of statutory declaration, of the ratepayer's property insurance and the value of encumbrances against the property, including mortgages and loans.

Hardship criteria

The following criteria will be used to determine hardship, and the applicant must provide evidence to support their claim for postponement:

1. loss of employment; and/or
2. a significant reduction in income; and/or
3. (for business only) a significant reduction in revenue from the business, over a recent period; and/or
4. qualification for a mortgage 'holiday' from the bank; and/or
5. other third-party evidence that demonstrates significant difficulty to pay rates, and/or
6. (for business only) qualification for a government emergency financial support package, such as an emergency wage subsidy scheme.

Postponement of rates on Māori freehold land

Objective

Section 102 of the Local Government Act 2002 requires Council to adopt a policy on the remission and postponement of rates on Māori freehold land. Māori freehold land is that which has the status set out in Part 6 s129(2)(b), Te Ture Whenua Māori Act 1993.

Policy

Council policy is that it will not postpone rates on Māori freehold land. However, the conditions and criteria for the postponement of rates provided for within this policy will also apply to Māori freehold land, where applicable.