## 10. RURAL RATES

| Officer responsible | Author |
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**PROPOSAL/PURPOSE OF REPORT**

The purpose of this report is to advise the Council on the options to extend the "moratorium" on those properties which were scheduled to be reclassified from rural to residential (for rating purposes) but, as part of the adoption of the LTCCP, were deferred.

**RECOMMENDATION**

That a decision on this matter be deferred until after the Rating Policy Seminar scheduled for 7 December 2004.

**BACKGROUND**

At the Council meeting on 30 June 2004, at which the LTCCP was adopted and the rates set, an amendment to how we would apply the Rates Setting and Rates Policy of the LTCCP was adopted.

The resolution was:

*1.    That those properties which were rated as rural in the 2003/04 rating year be rated as rural for the next 12 months.*

*2.    That a set of criteria be developed against which the 'rural' nature of individual properties are measured.*

*3.    That the Council develop policy which clarifies the relationship between land use and rating type, including (but not limited to) the appropriate rating of properties in living zones when their use changes, either by way of resource consent or by permitted development, and considers criteria against which they could be measured.*

At the 1 July meeting of the Council the following amendment was passed:

*The following Rating Units excluded from clause one of the (June) resolution are:*

- *Those which change to 'Business'; and*
- *Those which are zoned Living and where there has been a recent change of use because of a new dwelling building consent.*

The June resolution related to some 147 properties that were due to be reclassified from rural to residential under our existing policy, and effectively meant that these properties remained rated rural for 2004/05.

Part 3 of the June resolution relates to us ensuring consistency between our Rates Policy and the City Plan regarding definitions etc. We had always planned to review our Rates policy for the 2006/07 LTCCP. If any changes are considered necessary, and because the changes would require an amendment to the Revenue and Financing Policy, any such amendment would trigger an amended LTCCP process if these were implemented outside a LTCCP year. We recommend avoiding an amendment process.

Part 2 of the resolution relates to criteria to measure/determine individual changes. It is not a policy matter – rather an interpretation. We currently have such a set of criteria and a process for handling changes.

Part 1 of the resolution relates only to the 147 properties and provides particular treatment only for the current year.

At the time of the resolution there was clear rural ratepayer resistance to the proposed reclassification. The process that officers followed in determining the affected properties was the same as had been used in previous years. Also, the rate policy which was objected to by the ratepayers concerned was substantially the same as in previous years.

Unless the policy is amended, those 147 properties will be candidates to change from rural to residential for 2005/06; the policy as adopted in the LTCCP will apply.

There have been some Councillor questions on the intent and meaning of the resolutions as passed. It has been proposed that the particular treatment should continue beyond 30 June 2005.

**OPTIONS**

(1)    Extend resolution 1 to cover the 2005/06 rating year - and also have it cover other rural properties (outside the 147 properties) that come to our attention.  Please note if the June resolution is not changed then the designation of the 147 properties would change as at 1 July 2005.

(2)    Review the Revenue and Financing Policy as soon as possible and, if it is deemed necessary to change it, undertake an amended LTCCP process.  This is the correct process, albeit inconvenient.

(3)    Hold over a decision on Options 1 or 2 until after officers have run a seminar on the Rating Policy (as part of the induction programme) during which we will cover in detail the rural rate policy and how it is interpreted and implemented.