

# Christchurch City Council

## Funds and Financial Policy

### Memorandum

**Date:** 1st July 2004

**From:** GEOFF BARNES - FUNDS AND FINANCIAL POLICY MANAGER

**To:** COUNCIL

#### RURAL RATING – POLICY CHANGE

#### Purpose of this report

This report seeks clarification of the impact of the resolution passed at the Council meeting 30 June 2004.

The resolution passed is:

- “1. That those properties which were rated as rural in the 2003/04 rating year be rated as rural for the next twelve 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.”

#### Interpretation issues

Staff believe the Council’s intention was to address the 287 rating units recently selected, however taking a broad interpretation of the clause 1 means that normal daily maintenance of the Rate Information Database is impacted.

Most changes are effected when subdivision, zoning or construction occurs. The change in use come to our attention through revaluation following building consents, inspection by valuers or staff, zone changes and information from resource consents. The Local Government (Rating) Act and rating process allows for and prescribes processes for recognition of rating unit changes and consequential maintenance of the Rate Information Database.

Clarification and direction is sought from Council to allow this to generally continue, excluding the targeted set of rating units.

I have used the terms 'Rural', 'Residential' and 'Business' as defined in the Rating Differential scheme on page 112 of the draft LTCCP Vol 3. attached as an appendix. They may be different from the City Plan use of the terms.

The resolution raises several concerns and I have separated them out under the following headings:

**1. Impact of subdivisions - change of use from 'Rural' to 'Residential' or 'Business'**

The resolution refers to "... those properties ...".

On subdivision a rating unit property ceases to exist and several new properties or rating units are created.

The new rating units will be rated under their correct differential classification from 1 July 2004.

The direction under resolution 1 above therefore does not apply to these rating units.

Examples include the significant subdivisions of Northwood, Aidenfield, Milnes Rd, Hills Rd blocks etc.

**2. Change of use from 'Rural' to 'Business' – no subdivision**

There has been changes to new commercial use on what was 'green field' land. The land was rated 'Rural' and will, under the differential scheme, be rated 'Business' from 1 July 2004. No subdivision has occurred and therefore the rating unit would be caught under clause 1 of the resolution.

Examples include a new supermarket on the edge of a substantial residential subdivision.

I believe the resolution was not intended to include these few rating units and therefore I recommend an amendment to the resolution excluding these properties from the resolution.

**3. Change of use - new dwellings on 'Rural' rating units**

Where a new dwelling was recently constructed, therefore there is a change of use, it is appropriate to now rate them as residential where:

- the rating unit is fully serviced,
- in the urban area, and
- zoned Living.

The rating unit is just another residential development in the city.

Where the rating unit outside the serviced area (sewered) it will be subject to the resolution exclusion and rate change, if any, deferred for twelve months.

An amendment to pick up the few which have had a recent change of use is recommended.

If there has been no recent change of use, recognised over the last year, the rating unit will remain rated 'Rural' pursuant to the resolution passed yesterday as well as the 131 which, following inspection, would not have changed.

**Recommendation:** That an amendment to clause 1 of the resolution passed 30<sup>th</sup> June 2004 be made:

The following Rating Units excluded from clause one of the 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.

Geoff Barnes

**FUNDS AND FINANCIAL POLICY MANAGER**