

COUNCIL 7. 6. 2012

8. EARTHQUAKE RELATED RATES RELIEF

General Manager responsible:	General Manager Corporate Services, DDI: 941-8528
Officer responsible:	Corporate Finance Manager (Diane Brandish)
Author:	Funds and Financial Policy Manager (Steve Kelson)

PURPOSE OF REPORT

1. This report is provided to provide additional information requested by the Council regarding possible earthquake related rates remissions.

EXECUTIVE SUMMARY

2. Since September 2010 the Council has considered earthquake related rates remissions policies on five occasions. The Current policy was adopted as part of the 2011/12 Annual Plan and amended in December 2011 to provide relief for properties required to be vacated under section 124 of the Building Act.
3. The current earthquake related rates remissions policy is:
 - (a) 40 per cent rates remission for residential and non-rateable properties that are unable to be occupied
 - (b) 30 per cent rates remissions for business properties located within the central city cordon as at 1 July 2011 and for the period they remain within the cordon, and
 - (c) 30 per cent rates remission for businesses outside the Central City Cordon for the period that the buildings are unable to be occupied due to dangerous adjacent buildings
 - (d) 100 per cent rates remission for residential and non-rateable properties that are considered by the Council to be at risk of rock-fall, cliff collapse, unsafe access or retaining wall issues, and where the occupant has been instructed by the Council to vacate the property and issued with a notice under section 124(1)(b) of the Building Act 2004.
4. At its meeting on 17 May 2012 Nigel Salsbury addressed the Council on rates relief for the current financial year, for houses made uninhabitable by the earthquakes. Mr Salsbury requested the Council grant a 100 per cent rates relief for all uninhabitable residential properties, back dated to the time the property became uninhabitable. The Council resolved that staff bring back a report to Council on 7 June 2012 on the issues raised by Mr Salsbury.
5. To date 5,491 residential and other properties have qualified for a 40 per cent rates remission because they are unable to be occupied. The total cost of residential remissions since September 2010 is \$4.907 million (GST exclusive).
6. Should the Council resolve to increase the current earthquake related rates remissions for residential and other properties that are unable to be occupied from 40 to 100 per cent and backdate that increase to the date on which the properties became unable to be occupied would be an additional \$7.361 million.
7. Should Environment Canterbury also choose to adopt such a remission policy the cost to it would be \$1.178 million.

Other Considerations

8. Residential insurance policies generally provide six to 12 months accommodation or a lump sum payment to home-owners when the insured property is uninhabitable. Therefore, for the period covered, if ratepayers are obliged by the Council to continue paying rates on an uninhabitable property they will be paying partial rates on only one property (the one they own rather than the one they are temporarily residing in).

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9. Work and Income provides the Temporary Accommodation Assistance Allowance to insured homeowners whose homes are uninhabitable and whose insurance cover for temporary accommodation has, or is about to, run out. It is not means tested and is provided to help with the cost of rent, board or motel stays.
10. The amount provided by the allowance is \$180 per week for individuals, \$275 for couples or a sole parent with one child, and \$300 per week for families with three or more members. It is available until:
 - the homeowner is able to reoccupy their home, or
 - the homeowner receives full settlement from the Government and/or their insurance company, or
 - the Government Offer expires, or
 - the Programme expires on 16 February 2013.
11. While this benefit will not necessarily cover all costs relating to alternative accommodation it does make a significant contribution towards costs. The 2012/13 proposed rates for the average residential property are \$1,799. This equates to \$21 per week for a property receiving the 40 per cent remission.

FINANCIAL IMPLICATIONS

12. Should the Council resolve to increase the current earthquake related rates remissions the additional \$7.361 million cost is unbudgeted.

Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

13. No.

LEGAL CONSIDERATIONS

14. The Council has previously amended its Rates Remission Policy using powers in the Canterbury Earthquake (LGA 2002) Order 2010. This Order has now expired. However, the Council's Rates Remission Policy, adopted as part of the 2009-19 Long Term Council Community Plan, allows the Council to remit any rate or rates penalty by specific resolution where it considers it to be just and equitable to do so. The Council can resolve that it is just and equitable to remit all rates on earthquake affected properties.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

15. Not applicable.

Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

16. No.

ALIGNMENT WITH STRATEGIES

17. Not applicable.

CONSULTATION FULFILMENT

18. No consultation has been carried out in relation to this issue.

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STAFF RECOMMENDATION

It is recommended that the Council:

- (a) Note the cost of increasing the current earthquake related rates remissions from 40 to 100 per cent for residential and other properties that are unable to be occupied, and backdating that increase to the date on which the properties became unable to be occupied would be \$7.361 million.
- (b) Note that Work and Income provides the Temporary Accommodation Assistance Allowance to homeowners whose homes are uninhabitable and whose insurance cover for temporary accommodation has, or is about to, run out.