Should we change the way we share rates across the district?

As part of the Council's long-term planning we've reviewed our rating system, which sets out the way that rates are allocated among the district's approximately 25,000 ratepayers. *Note this does not affect the total amount of rates we collect.*

We're asking for your feedback on whether we should leave the rating system as it currently is, or make changes to the way we share costs.

Concerns about affordability

We've listened to people's concerns about the affordability of rates, and know that some on low and fixed incomes struggle to pay them.

According to the 2007 'Shand report', rates shouldn't be more than 5% of a household's income. We use this threshold as a guideline, and are aware that in some areas in the district, such as Waikanae West, Ōtaki and Paraparaumu Central, rates are more likely to be over 5% of a household's income. However, this is typically because of lower income levels in these areas rather than higher rates.

Both the government and the Council offer support for lower-income ratepayers on a case-by-case basis. When this assistance is taken into account, rates are generally much closer to, or even below, 5% of household income.

Our approach

The aim of our rating system review is to ensure that our rating system is equitable and affordable for our ratepayers, and sustainable for Kāpiti.

Our rating system is currently made up of 14 individual charges; some are fixed while others differ according to property values. Added together these charges make up your rates bill from the Kāpiti Coast District Council (excluding rates which we collect on behalf of the Greater Wellington Regional Council).

Currently the fixed charges make up more than half of the rates we collect. This means that owners of lower-value homes can have rates bills that are similar to those of owners of much higher-value properties.

We believe that reducing the level of fixed charges in our rates will help to alleviate the affordability problem in our district.

Our proposed change:

Our proposed change has two components.

1. We change the fixed-charge roading rate to an apportioned charge

We propose changing the districtwide roading rate from a fixed charge to a charge set according to a property's 'capital value' (which you can see on your rates notices).

Under this change rates collected through fixed charges would reduce from 51% of the total value to 42%. This would help to alleviate affordability issues and move closer to our target of 30% fixed charges.

Find out more about our rating system review at **kapiticoast.govt.nz/kapiti2038**

Express yourself Kāpiti

2. We establish a commercial targeted rate

We work with communities, businesses and others alongside regional and central government to get our district operating at its full potential. The Council plans to spend $2.7m in the next year on economic development activities. Currently these activities are funded from our districtwide general rate. Our focus is on:

- → attracting a more diverse range of businesses;
- → promoting local businesses and attracting people to our village retail areas;
- → offering more skilled and sustainable employment opportunities; and
- → growing the number of visitors who spend time and money in Kāpiti and add value to the local business community.

To reflect the benefit that businesses gain from having more people either moving to the district or visiting and spending on goods and services here, we propose introducing a commercial targeted rate totalling $0.5m which businesses in Kāpiti would contribute to. The remaining $2.2m of economic development funding would continue to be shared across all ratepayers.

Improving Council support for lower income ratepayers:
To make rates assistance easier to access, we're proposing changes to our rates remission policy as part of this long term plan. Find out more on page 28.

continued next page

The effects of last year's property revaluations

All councils are required to keep up-to-date registers of property valuations in their areas.

Last year we engaged Quotable Value to undertake a three-yearly review of our valuations, and the results reflected the strong increase in residential property values throughout Kāpiti. Commercial and rural property values also rose, although not as much as the residential ones.

Rising property values in the district don't affect the total amount of rates we collect. Where the values of some property types or some areas increase more than others, as has happened in Kāpiti, they can change the way rates contributions are shared.

Under our current rating system, the sharp increase in residential property prices would see the approximately 21,000 residential properties in the district shouldering an additional $1m of rates between them and non-residential properties $1m less.

How would the proposed changes affect your rates?

See pages 24–25 for examples of rates impacts or go to **kapiticoast.govt.nz/proposedrates** to see how rates for your property would be affected by the proposed rating system change and your property revaluation.

What about Greater Wellington Regional Council rates?

Kāpiti Coast District Council collects rates on behalf of Greater Wellington Regional Council (GWRC), and your rates bill includes both local and regional rates.

Our review is only of the Kāpiti Coast District Council's rating system. GWRC has also reviewed its rates and is asking for your feedback on its proposed changes. You can find out more at **whatmatters.co.nz**.

What do you think? Should we...

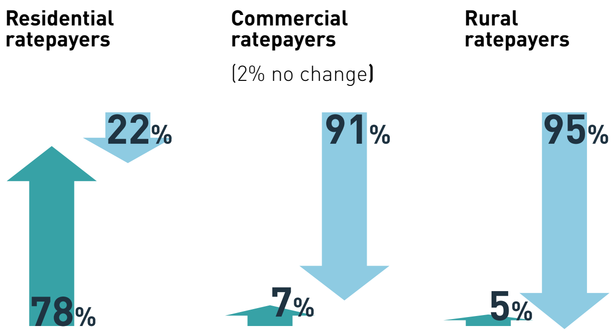
Option A

Keep the status quo

and leave the rating system as it currently is?

Keeping the current rating system would mean 51% of our rates' value would be collected via fixed-rate charges, and the affordability issue would continue, with owners of some lower-value properties paying similar rates to owners of some higher-value properties.

Number of properties with rates increases and decreases under status quo option



Note: these figures reflect the 2017 revaluation impact before annual rates increases are added

Option B

OUR Preferred OPTION

Improve affordability

by reducing the proportion of fixed-rate charges and introducing a commercially targeted rate?

Our preferred option

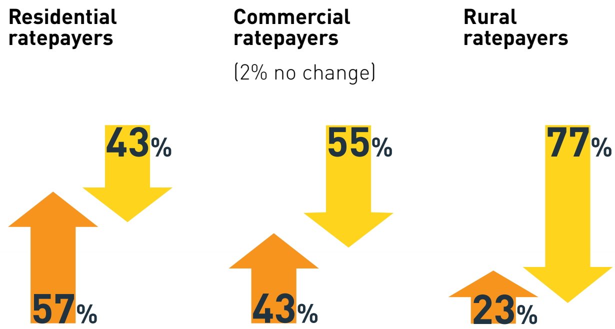
The proposal has two changes:

- → $7.6m of the districtwide roading contributions would change from being a fixed charge to a charge relative to a property's capital value; and
- → $0.5m of economic development funding would be transferred from the districtwide general rate to a new $0.5m commercial targeted rate. Only commercial properties would contribute, in relation to their capital values.

Under the proposed change, for example, before annual rates increases are added:

- → the rates for a house with a capital value of around $550,000 would be similar to last year's;
- → the rates for a house of lower value, say $295,000, would be reduced by around $100, and for a property valued at $740,000 would be increased by approximately $200; and
- → a shop valued at $530,000 would see their rates increase by about $300, while a $1m property housing more than one business would reduce by approximately $200.

Number of properties with rates increases and decreases under this option



Note: these figures reflect the 2017 revaluation impact and proposed rating system change before annual rates increases are added

Express yourself Kāpiti

Find out more about our rating system review and have your say at

kapiticoast.govt.nz/kapiti2038