

# Rates Remission Policy

## Introduction

In order to allow rates relief where it is considered fair and reasonable to do so, the Council is required to adopt policies specifying the circumstances under which rates will be considered for remission. There are various types of remission, and the circumstances under which a remission will be considered for each type may be different. The conditions and criteria relating to each type of remission are set out on the following pages, together with the objectives of the Policy.

This Policy is prepared under section 109 of the Local Government Act 2002 and is made up of the following ten parts:

### **Māori Freehold Land**

Part 1 Rates Remission and Rates Postponement on Māori Freehold Land

### **Rates Postponement**

- Part 2 Rates Postponement for Farmland Located in the Urban Rating Areas of the Kāpiti Coast District
- Part 3 Rates Postponement due to Extreme Financial Hardship
- Part 4 Optional Rates Postponement

### **Rates Relief**

- Part 5 Rates Remission for Council Community Properties, Sporting, Recreation and Other Community Organisations
- Part 6 Rates Remission for Recreation, Sporting and Other Community Organisations which Lease Private Property for a Period of One Year or Longer
- Part 7 Rates Remission of Late Payment Penalty
- Part 8 Rates Remissions for Land Protected for Natural or Cultural Conservation Purposes
- Part 9 Rates Relief for Residential Rating Units containing Two Separately Habitable Units
- Part 10 Rates Remission for Financial Hardship Policy – (changes to provide rates remission for financial hardship to vulnerable households relating to high water use and for one-off coast associated with repairs of water leaks, a serious health issue or for essential housing maintenance).

The Parts one to nine listed above are unchanged from the Rates Remission Policy in the 2012 Long Term Plan.

Part Ten which is the Rates Remission for Financial Hardship Policy is the only policy which has been amended. This policy now covers financial hardship resulting from costs for ratepayers associated with one off expenditure relating to the repairs to water leaks, serious health issue or essential housing maintenance. It also covers a water rate remission for larger families who will incur higher annual water rates with the introduction of volumetric water charging from 1 July 2014.



## Part 10

### Rates Remission – Financial Hardship Policy

#### **Policy Objective**

The objective of this Policy is to:

- to remit part of the rates owing in cases of extreme financial hardship under section 109 of the Local Government Act 2002 and section 85 of the Local Government (Rating) Act 2002.

#### **Community Outcomes**

The Community Outcome that this Policy relates to is:

- Outcome 7: the District has a strong, healthy, safe and involved community.

#### **Introduction**

This Policy provides the framework for partial remittance of rates to ratepayers who need financial assistance on the basis of financial hardship.

This Policy covers ratepayers who are facing both long term and temporary financial difficulty. It provides for consideration of financial hardship for ratepayers owning their own home, either outright or with a mortgage and from ratepayers owning a rental property (on behalf of a tenant) and from owners of licence to occupy retirement villages, where the tenant/licensee qualifies in terms of the general criteria set out below and certain requirements for transfer of remission benefit are met.

In the 2012 Long Term Plan the Council allocated \$100,000 per year (in the 2012/13 year increasing to \$200,000 by 2014/15 year) for rates remission for financial hardship. In this 2014/15 Annual Plan the Council has increased the Rates Relief for Financial Hardship Policy to \$200,000. Rates remission funding levels will be reviewed as part of the Long Term Plan process.

## 1. GENERAL HARDSHIP RATE REMISSION

The Council will make available up to \$300 per rateable property for those ratepayers/applicants or up to \$150 per licence to occupy property within a retirement village who meet the criteria below.

Assistance will be available to ratepayers who meet the criteria and are paying over 5% of their net household income on Kāpiti Coast District Council rates, after netting off any Central Government rates rebate, subject to the priority statement made in the previous paragraph.

Funding will be available until such time as the Rates Remission Fund for Financial hardship is fully subscribed in each financial year. However, the majority of rates remissions decisions are expected to be made on a case by case basis after 1 November and by mid December each financial year. This timing allows for the bulk of Central Government Rates Rebates to be processed. The applications for Rates Remissions for Financial Hardship will be required by 1 October each year explaining the hardship incurred and providing appropriate support

#### **Criteria for Approving Rate Remission: Hardship (general)**

Applications will be assessed against the following criteria:

##### **(A) Ratepayer: Owner of Property**



A ratepayer may be eligible for rates remission on the grounds of financial hardship under the following categories:

On-going hardship:

- the applicant owns the property. Companies, family trusts and other similar ownership structures of these properties do not qualify for this remission;
- the applicant resides at the property;
- their sole income is from central government benefits, or their income is at or below the equivalent central government benefit payment and proof of income is supplied;
- an explanation of the hardship incurred is provided with appropriate support;
- the ratepayer has also applied for the central government rates rebate and is receiving all relevant funding; and
- expenditure on rates (after netting off central government rates rebate) is more than 5% of net disposable income.

**(B) Ratepayer: Landlord – general**

A landlord may apply for a rates remission provided that:

- they are renting to a tenant whose sole income is from central government income benefits, or their income is at or below the equivalent central government benefit payment and proof of income is supplied;
- expenditure on rates is more than 5% of the tenants net disposable income
- the tenant also provides a joint application form and proof of income and an explanation of the hardship experienced with appropriate support;
- the tenant has a rental agreement for no less than six months and a copy of the rental agreement is provided;
- the landlord provides proof of the current (non-rebated) record of the rental paid and a record of the reduced rental to be paid by the tenant or a payment from the landlord to the tenant of the rate remission as a consequence of receiving the remission;
- proof that the tenant has been informed of any remission provided; and
- proof at three months of a tenancy that the tenant has received any approved remission via an equivalent adjustment to rental.

Should the landlord receive the remission and then not continue to pass on the remission to the tenant, the amount of the remission will be subsequently charged to the relevant rateable property.

**(C) Ratepayer: Owner of Licence to Occupy Retirement Villages**

An owner of a Licence to Occupy Retirement Villages may apply for a rates remission up to \$150 per licensee property provided that:

- the licensee's sole income is from Central Government income benefits, or their income is at or below the equivalent central government benefit payment and proof of income is supplied;
- expenditure on rates is more than 5% of the tenants net disposable income
- the licensee also provides a joint application form and proof of income and an explanation of the hardship experience with appropriate support;
- the licensee attaches a copy of the licensee Agreement;
- the owner provides proof of the amount of rates charged to the licensee in their weekly/monthly charges and a record of the reduced monthly charge to be paid



- by the licensee or a record of a payment from the village owner to the licensee of the rates remission as a consequence of receiving the remission;
- proof that the licensee has been informed of any remission provided;
- proof at the end of the year that the full amount of rate remission has been provided to the licensee via the adjustment to their equivalent annual charge; and
- should the Retirement Village owner receive the remission and then not continue to pass on the remission to the licensee the amount of remission would be subsequently charged back to the Retirement Village.

## 2. RATE REMISSION FOR ONE-OFF COSTS CAUSING FINANCIAL HARDSHIP

The Council will make available up to \$300 per rateable property for those ratepayers/applicants who have incurred hardship due to repair of water leaks, a serious health issue or for essential housing maintenance.

### Criteria for Approving Water Rate Remission

Applications will be assessed against the following criteria:

- the applicant is the owner of the property. Companies, family trusts and other similar ownership structures of these properties do not qualify for this remission;
- the applicant resides at the property;
- their income is no more than 5% higher than any relevant central government benefits;
- the applicant has also applied for the central government rates rebate and is receiving all relevant funding and/or
- the applicant is eligible to receive a water rate remission as set out in section 3 of this financial hardship policy.
- one-off expenditure has been incurred in relation to repairs for water leaks, a serious health issue or for essential housing maintenance within the same financial year and proof of expenditure and reasons for expenditure is provided;
- an explanation of the hardship incurred is provided with appropriate support; and
- the effect of the one-off expenditure is to increase the proportion of net disposable income, paid on rates net of any central government rates rebate to more than 5%.

## 3. WATER RATE REMISSION FOR VULNERABLE HOUSEHOLDS RELATING TO HIGH WATER USE

The Council will make available \$50,000 of the \$200,000 funding to provide support to larger families on lower incomes who will incur higher annual water rates with the introduction of fixed and volumetric water charging from 1 July 2014.

Applicants may apply for this remission in May with applications being assessed and applied to individual water rate accounts in June.

The available remission for each household will be calculated using the households total water usage from all qualifying applicants from 1 July through 30 April. The total remission of \$50,000 will then be applied to properties on a pro rata basis based on total water use for the household within an acceptable range. The maximum water rate remission per household will be \$120.

### **Criteria for Approving Water Rate Remission**

Applications will be assessed against the following criteria:

#### **(A) Ratepayer: Owner of Property Water Variable Charge Paid by Property Owners**

A property owner with more than three dependents may apply for a water rate remission provided that:

- the applicant owns the property. Companies, family trusts and other similar ownership structures of these properties do not qualify for this remission;
- the applicant resides at the property;
- the property owner is receiving a Working for Families Tax Credit;
- the property owner has more than 3 dependents (18 years or younger) living at the property;
- total water rate charges from 1 July to 30 April have exceeded \$311.

#### **(B) Landlord and Tenant: Water Variable Charge Paid by Landlord and On-Charged to Tenant**

A tenant with more than three dependents may apply for a water rate remission provided that:

- the tenant has a rental agreement for no less than six months and a copy of the rental agreement is provided;
- the tenant resides at the property and the property is also classified as residential;
- the tenant is receiving a Working for Families Tax Credit;
- the tenant has more than 3 dependents (18 years or younger) living at the property;
- total water rates charges from 1 July to 30 April have exceeded \$311
- their landlord is informed and agrees to adjust any on-charged variable water charge to their tenant by the amount remitted by Council.

Should the landlord receive the remission and then not continue to pass on the remission to the tenant, the amount of the remission will be subsequently charged to the relevant rateable property. The tenant will continue to be responsible for any remaining variable charge for water.

#### **General Conditions**

- no rates remission will be paid for any variable charge for water use where that water use is for other than internal or essential household use. In effect this means the total cost of non-essential water use will be excluded from the calculation of rates as a proportion of total income.



- the applicant must make a voluntary declaration under the Oaths and Declarations Act 1957 of total household income and their total financial position for the purposes of the remission assessment.

**Assessment**

All rates remission applications will be treated on a case-by-case basis and will be approved/declined by the Group Manager, Corporate Services in conjunction with a Justice of the Peace. Other information or evidence may also be requested in certain circumstances (for example, information supporting what change of circumstance may have occurred to cause temporary financial hardship).

