

Christchurch City Council

SUPPLEMENTARY AGENDA

Notice of Meeting:

An ordinary meeting of the Christchurch City Council will be held on:

Date: Thursday 8 August 2019
Time: 9.30am
Venue: Council Chambers, Civic Offices,
53 Hereford Street, Christchurch

Membership

Chairperson	Mayor Lianne Dalziel
Deputy Chairperson	Deputy Mayor Andrew Turner
Members	Councillor Vicki Buck
	Councillor Jimmy Chen
	Councillor Phil Clearwater
	Councillor Pauline Cotter
	Councillor Mike Davidson
	Councillor David East
	Councillor Anne Galloway
	Councillor James Gough
	Councillor Yani Johanson
	Councillor Aaron Keown
	Councillor Glenn Livingstone
	Councillor Raf Manji
	Councillor Tim Scandrett
	Councillor Deon Swiggs
	Councillor Sara Templeton

6 August 2019

Principal Advisor

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Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. If you require further information relating to any reports, please contact the person named on the report.

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20. Resolution to Include Supplementary Reports

1. Background

- 1.1 Approval is sought to submit the following report to the Council meeting on 08 August 2019:
 - 21. Rates Remissions for Northwood Gas Explosion
- 1.2 The reason, in terms of section 46A(7) of the Local Government Official Information and Meetings Act 1987, why the report was not included on the main agenda is that it was not available at the time the agenda was prepared.
- 1.3 It is appropriate that the Council receive the report at the current meeting.

2. Recommendation

- 2.1 That the report be received and considered at the Council meeting on 08 August 2019.
 - 21. Rates Remissions for Northwood Gas Explosion

21. Rates Remissions for Northwood Gas Explosion

Reference: 19/868609

Presenter(s): Andrew Jefferies, Manager Funds and Financial Policy

1. Purpose of Report

- 1.1 To consider rates remissions for uninhabitable dwellings impacted by the Northwood Gas Explosion.

2. Executive Summary

- 2.1 As a result of the Northwood gas explosion on 19 July 2019 the council has given nine properties notices under s124 of the Building Act 2004. Some further properties have also become uninhabitable, at least temporarily.
- 2.2 It is possible for council, by council resolution, to grant rates remission for those uninhabitable properties under the council's Rates Remission Policy. However, staff consider that rates remissions should not be given in this case, because it would be inconsistent with our general approach for other ratepayers in similar circumstances.

3. Staff Recommendations

Staff do not recommend that rates remissions be given for properties affected by the Northwood gas explosion on 19 July 2019. However, a draft council resolution is set out at paragraph 4.16 if the council would like to grant those remissions. A further draft council resolution is set out at paragraph 4.24 that would request staff to review the Rates Remission Policy to determine a consistent approach to remissions for uninhabitable residential properties.

4. Context/Background

Some properties are inhabitable due to gas explosion

- 4.1 The Council's Regulatory Compliance team responded to the Northwood Gas Explosion at 9 Marble Court on 19 July 2019 by:
 - 4.1.1 giving four properties **Dangerous Building notices** under s124 of the Building Act, prohibiting the use or occupation of the building. Those properties were:
 - 7, 8 and 11 Marble Court
 - 11 Brookwater Ave.
 - 4.1.2 giving five properties **Restricted Access notices** under s124 of the Building Act restricting access to the building. Those properties were:
 - 3, 5 and 15 Marble Court
 - 7 and 19 Brookwater Ave (notice has now been lifted on 7 Brookwater Ave)
- 4.2 The house where the explosion occurred, 9 Marble Court, has not been given any notices by Council under the Building Act. Notices are given if a "building" is dangerous. In that case the building had been so extensively destroyed that there was no need for a notice.

- 4.3 There are other properties too where residents have moved out due to property damage, even though the property has not been given a s124 notice. The property may be uninhabitable for a time due to shattered glass or a damaged roof that is no longer watertight, for example, but this may not attract a s124 notice.

Potential for rates relief under Remission 8 (“fair and equitable”)

- 4.4 Some of the affected residents have contacted the Council asking about options for rates relief.
- 4.5 Rates relief is potentially available under our Rates Remission Policy. The relevant remission is Remission 8 – a catch-all category covering remissions deemed “fair and equitable”:

Remission 8: Other remissions deemed fair and equitable

Objective: To recognise that the Council’s policies for rates remission cannot contemplate all possible situations where it may be appropriate to remit rates.

Conditions and criteria: The Council may, by specific resolution, remit any rate or rates penalty when it considers it fair and equitable to do so.

- 4.6 **Remissions not normally given when properties become uninhabitable:** In general, staff practice is to *not* recommend to Council that remissions be given for properties that become uninhabitable due to events such as house fires. Insurance may provide alternative living arrangements and other compensation for the owner.
- 4.7 As an example, a property on Radnor Street, St Albans, caught fire on 16 June 2019. Council issued a s124 Dangerous Building notice and the building has since been demolished. No remission has been granted for the ratepayer. Similarly, no remission has been granted following the fire at Antonio Hall on Riccarton Road which has also been given a s124 Dangerous Building notice.
- 4.8 No remissions were given by the council in response to the Port Hills fire in February 2017.
- 4.9 The wider context is that rates are assessed annually on the basis of a property value. If the property value changes during the year (e.g. property demolition), rates for that year don’t change. It is only in *the following rating year* that such changes to property value affect rates.
- 4.10 **Remissions have sometimes been granted:** We have identified the following occasions on which Council has remitted rates under the “fair and equitable” remission (Remission 8) due to properties becoming uninhabitable:
- 4.10.1 On 27 March 2014 Council remitted rates (100 per cent remission) for 10 Cliff Street due to mass land movement risk. The Council resolution delegated authority to the Chief Executive to approve similar remissions for any properties where the Chief Executive received geotechnical advice that the property constituted an intolerable life risk to the landowner.
- 4.10.2 On 22 May 2014 Council remitted rates (100 per cent remission) for properties affected by flooding where all the following criteria were met:
- The property must be unoccupied due to flood damage,
 - Repairs to enable the property to be re-occupied must be suspended, pending completion of Council remediation activities; and
 - The property must be acknowledged by relevant Council staff as being vulnerable to flood risk, and benefiting from planned Council remedial works.
- 4.11 The “fair and equitable” remission has also sometimes been used in other circumstances:

- 4.11.1 On 8 September 2016 Council remitted rates (50 per cent remission) for certain properties within the Council's "North-West Review Area 3" that were extraordinarily affected by changes in land values arising from Council's North-West Review and subsequent District Plan Changes.
- 4.11.2 On 15 September 2016, Council remitted rates (25 per cent remission) for four properties in the South Awatea area. Their rating values (and therefore rates) had grown substantially due to the land's development potential. However unexpected delays in relocating a cart club caused the Council had to continue development restrictions on the land.
- 4.12 The council granted remissions to earthquake affected properties under a separate remission category (not the "fair and equitable" category). The remission is for residential and non-rateable properties unable to be occupied as a result of earthquake damage. The remission is based on the value of improvements, so that rates are charged effectively only on land value. Applications must be in writing and the council may seek evidence from time to time that the property remains eligible.
- 4.13 For the sake of completeness, other avenues for potential rates relief are:
- 4.13.1 the **rates rebate scheme** for low income earners (administered by council but funded by central government). It is likely that ratepayers eligible for the rates rebate will already have been claiming it prior to the gas explosion, so it is unlikely to result in substantial additional rates relief for affected residents; and
- 4.13.2 the **rates postponement** policy which allows those experiencing financial hardship, and those over 65 years of age, to postpone rates payment in return for the council taking a charge (similar to a mortgage) over their property. This option is targeted mainly at older ratepayers on low incomes whose wealth is tied up in their house, and who wish to continue living in their home even though the rates are difficult to afford.

If council decides to grant rates remissions for gas explosion properties

- 4.14 If council decides to grant rates remissions for properties affected by the gas explosion, staff recommend an approach similar to that used following the 2014 floods. This approach does not rely on s124 notices, but on whether the property is considered habitable. Staff consider this is a fairer approach because s124 notices focus on the danger posed by buildings rather than whether they are habitable. In particular we note that the property on which the explosion occurred has not been given a s124 notice.
- 4.15 The following draft resolution is based on the council's resolution adopted on 22 May 2014 following the 2014 floods, except that the remission would be based on the value of property improvements, effectively making rates payable on land value rather than capital value. (In 2014 the remission was a 100 per cent remission). The end date of 30 June 2020 recognises that new city-wide property valuations will apply after that date. The new property values will recognise the property condition at the date of valuation.
- 4.16 The council could resolve:
- It is fair and equitable to provide a rates remission to those ratepayers most affected by the Northwood gas explosion event on 19 July 2019
 - The remission will be 100 per cent of rates charged on the value of improvements (that is, rates will effectively be charged on land value only, as if the building had been demolished) for any property that is unoccupied and unable to be occupied due to damage caused by the gas explosion on 19 July 2019. The relevant council staff (listed below) will make the decision on whether the criteria are met.

- Affected ratepayers must apply for the remission in writing. Supporting evidence may be requested if council staff consider it necessary.
 - Any remissions will be back-dated to the date of departure from the property
 - Any remissions will cease on the earliest of:
 - 30 June 2020, or
 - the date that the building becomes occupied again, or
 - the date the building becomes able to be occupied, in the opinion of the relevant council staff
 - All administrative decisions relating to the remission are delegated to the Manager Transactions, Manager Funds and Financial Policy, and Head of Financial Management.
- 4.17 **Financial implications of rates remissions:** Council will receive lower net rates revenue in 2019/20 if the council grants rates remissions for properties affected by the Northwood gas explosion. The size of the revenue reduction will depend on the number of properties affected and the length of time for which the remission is granted.
- 4.18 Given average property values in the neighbourhood, the remission will average around \$2,000 per house (incl GST) if the property is uninhabitable for the whole of the 2019/20 rating year. If the remission lasts on average 6 months for each house, then the remission will cost around \$1,000 per house. We understand more houses are uninhabitable than just the nine properties that received s124 notices.

Possible Review of Rates Remission Policy

- 4.19 Councillors have informally signalled to staff it could be useful to review the Rates Remission Policy (p151 of the Annual Plan 2019/20) to consider how land-value only rating could apply for properties impacted by s124 notices for the period of time that the dwelling is uninhabitable.
- 4.20 As noted already, staff consider that a consistent approach should be retained under which rates remissions are *not* given when a property becomes uninhabitable. If the council were to agree with this approach, no review of the Rates Remission Policy would be needed.
- 4.21 If the council decides to grant rates remissions for the Northwood gas explosion, then the council may wish to ask that the Rates Remission Policy be reviewed, to achieve a consistent approach across all ratepayers.
- 4.22 The Council is obliged to consult on changes to the Rates Remission Policy, so changes could be published for consultation as part of the Draft Annual Plan 2020/21.
- 4.23 Staff suggest that any review of the Rates Remission Policy should not focus exclusively on s124 notices as the trigger for remitting rates on uninhabitable properties. This is because s124 focuses on the *danger* posed by the relevant building, rather than its habitability. Again it is useful to note that the property that was the source of the Northwood gas explosion was not given a s124 notice. Staff suggest a broader range of triggers for remitting rates on uninhabitable properties could be considered in a review. A review should also consider whether non-residential properties should be able to receive a remission.
- 4.24 The council could resolve to request staff to review the Rates Remission Policy, as part of the process of preparing the Annual Plan 2020/21, to consider how land-value rating could apply for residential properties that become uninhabitable.

Attachments

There are no attachments to this report.

Confirmation of Statutory Compliance

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories

Author	Andrew Jefferies - Manager Funds & Financial Policy
Approved By	Diane Brandish - Head of Financial Management Carol Bellette - General Manager Finance and Commercial (CFO)