

Hamilton City Council Rating Review 2011 (to take effect from 1 July 2012) — Summary of Information

Hamilton City Council is proposing to change its rating system from land value to capital value (CV). It is proposed to make this change over 5 years, starting from 1 July 2012, and to also phase out the current differentials over this period. The current rural differentials would be retained, and a new lower (0.76) CV CBD commercial differential would be phased in for the Business Improvement District (BID) in the CBD. New targeted rates for residential water and refuse services would be added on a capital value basis (i.e. every property pays for these services in proportion to its capital value) from 1 July 2012. These will only apply to properties that receive these services and which are not currently paying a targeted rate for them. It is proposed that the current Commercial water meter rates, and the current BID and Access Hamilton targeted rates are retained.

We would like your feedback on this proposal.

Note that this change to the rating system will not result in any increase in the total amount of rates that Council collects, but it will affect the way in which the total amount of rates is split between properties of different value.

Objectives of Rating Review

To address some of the existing distortions of the current system;

To ensure equity, fairness, simplicity and transparency within the rating system;

To align with best practice, and take into consideration the recommendations of the government commissioned inquiry into rating.

The main reasons for the proposed change to capital value rating are:

1. Capital value is a more equitable and more logical system for rating, which addresses some of the main issues with the current land value system. Under capital value rating:
 - Vacant lots pay much less than developed lots.
 - Large houses pay more than small houses.
 - Houses with high values such as by the river or lake still pay more than other houses, but there is less difference than under a land value system.
 - Multi unit properties pay only slightly less per unit than stand-alone houses.
 - Rates for businesses in the CBD are more similar to those of their suburban equivalents.
 - Utilities such as telecommunications or electricity providers pay rates for the capital value of their assets.
 - Properties with high value buildings will pay higher rates in line with the demand for services from the property.
2. A 5 year transition will minimise the impact of the change on individual ratepayers
3. Removing most of the differentials and reducing the number of sectors will result in a simpler and more transparent rating system, and is in line with the recommendations of the 2007 government-commissioned inquiry into rating.
4. Introducing a new differential for the BID area will ensure the CBD is not disadvantaged by the change to capital value, and will promote Council's community outcomes and the "well-beings" identified by the Local Government Act 2002. The proposed differential would reduce rates in the CBD by around 25%, while increasing rates elsewhere in the city by around 1%.
5. Moving water and refuse services to targeted rates on a capital value basis will better enable removal of differentials, as the commercial sector does not receive refuse services and has its water charged for at a metered rate. If these services are moved to targeted rates, all

remaining costs for other Council services can be spread evenly across all sectors (other than Rural).

The impacts on rates of the proposed option are summarised in the following tables, and can be seen for individual properties online at getinvolved.hcc.govt.nz/ratingreview, or by contacting the Rates team, ph.838 6688, email: ratesinfo@hcc.govt.nz.

1. Effect of proposal on Residential Properties – total change over 5 year period

Percentage of Properties changing by specified dollar amounts	< -\$1000	-\$500 to -\$1000	-\$100 to -\$500	+\$100 to -\$100	+\$100 to +\$500	+\$500 to +\$1000	> +\$1000
Current proposal (no differentials except Rural and CBD)	2%	3%	4%	13%	43%	25%	10%

2. Effects on CBD and other Commercial over 5 years with proposed CBD differential

Percentage of Properties changing by specified dollar amounts	< -\$10,000	-\$5,000 to -\$10,000	-\$1,000 to -\$5,000	+\$1,000 to -\$1,000	+\$1,000 to +\$5,000	+\$5,000 to +\$10,000	> +\$10,000
Effect on CBD Commercial	19%	22%	43%	12%	1%	0.5%	2%
Effect on other Commercial	11%	13%	53%	20%	1%	0.5%	0.5%

CONSULTATION AND SUBMISSIONS

Copies of the Proposal

Copies of the full Statement of Proposal, including information about making a submission, are available from the Hamilton City Council offices in Garden Place, from the Hamilton Public Libraries, or by phoning 07 838 6443 or visiting the Hamilton City Council website getinvolved.hcc.govt.nz/ratingreview.

Submissions

A submission form is attached to the proposal. The period for making written submissions opens on 1 September 2011 and closes at 4pm on 12 October 2011. Submissions may be made online at the above website or emailed to ratesreview@hcc.govt.nz, or may be delivered to the Hamilton City Council 2nd floor reception, or posted to: FreePost 172 189, Rating Review Submissions, Strategy & Research Unit, Hamilton City Council, Private Bag 3010 Hamilton 3240.

Hearings

Hearings will be held on: Wednesday 9 November, Thursday 10 November, Friday 11 November, Monday 14 November and Tuesday 15 November. Please indicate on your submission form if you wish to be heard in relation to your submission, and indicate any dates or times that you will not be available to attend a hearing.

Decisions will be made at the Council meeting on 16 December 2011.

The outcome of the final decisions made after the hearings will be incorporated in the draft Rating and Revenue and Financing Policies for the 2012-22 10-Year Plan, and will take effect once this plan becomes operational on 1 July 2012.