

I hereby give notice that an extraordinary meeting of the Albert-Eden Local Board will be held on:

Date: Wednesday, 10 June 2015
Time: 2.00pm Extraordinary
Meeting Room: Albert Eden Local Board Office
Venue: 135 Dominion Road
Mt Eden

Albert-Eden Local Board OPEN ADDENDUM AGENDA

MEMBERSHIP

Chairperson	Peter Haynes
Deputy Chairperson	Glenda Fryer
Members	Helga Arlington
	Lee Corrick
	Graeme Easte
	Rachel Langton
	Margi Watson
	Tim Woolfield

(Quorum 4 members)

Michael Mendoza
Democracy Advisor

5 June 2015

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Local board feedback on amending the licence to occupy remission scheme to include proposed the Transport Levy

File No.: CP2015/11071

Purpose

1. This report seeks feedback from local boards on the proposal to amend the remission scheme for residents of licence to occupy (LTO) retirement villages and/or Papakāinga housing to remit the proposed Interim Transport Levy (targeted rate) in addition to the Uniform Annual General Charge (UAGC).

Executive Summary

2. On 21 May 2015 the Finance and Performance Committee agreed to consult on the proposal to amend the remission scheme for residents of licence to occupy retirement villages and/or Papakāinga housing to remit the proposed Interim Transport Levy in addition to the UAGC.
3. This amendment was proposed to address concerns regarding the affordability of the Interim Transport Levy for residents of licence to occupy retirement villages.
4. Attached to this report is the Proposal to amend Auckland Council's Rates remission and postponement policy (remission scheme for residents of licence to occupy retirement villages and/or Papakāinga housing). This document forms the basis for consultation with the public. It includes the proposed text for the amended rates remission scheme.
5. Staff will report back to the Governing Body on the results of consultation and the proposed changes to the Rates remission and postponement policy on 25 June 2015.

Recommendation/s

That the Albert-Eden Local Board:

- a) provides feedback on the proposal to amend the remission scheme in the Rates remission and postponement policy for residents of licence to occupy retirement villages and/or Papakāinga housing to remit the proposed Interim Transport Levy (targeted rate) in addition to the Uniform Annual General Charge.

Comments

Background

6. Residents of licence to occupy villages are usually responsible for paying the rates associated with their unit. However, they are unable to apply for assistance under the central government's rates rebate scheme as they are not the ratepayer.
7. The Auckland Council offers a rates remissions for residents of licence to occupy retirement villages and papakainga. The current scheme remits the UAGC for those residents who would otherwise qualify for a rate rebate based on their level of household income and amount of rates. The value of this remission is just over 60 per cent of the maximum rebate available under the government's scheme.
8. The remission applies to the rates of the retirement village in which the applicant resides. It is a requirement of the remission scheme that an agreement exists between the village

operator/papakainga and Auckland Council. This agreement requires that the benefit of the rates remission be passed to the resident.

9. There are more than 6500 units across 67 retirement villages that use licence to occupy agreements. Of these, 60 villages have an agreement with Auckland Council that enables their residents to apply for the rates remission scheme for licence to occupy retirement villages. For the 2013/2014 year, 1,156 applicants qualified for remission, at a total cost of \$420,000.

Analysis

10. Amending the LTO remission scheme to remit the Interim Transport Levy in addition to the UAGC will increase the value of the remission per qualifying residence to \$500 in 2015/2016. This is equivalent to 83 per cent of the maximum rebate available under the government's scheme. This compares to Auckland Council applicants for the rates rebate, who on average qualify for 90 per cent of the maximum available rebate.
11. Assuming growth of ten per cent over 2013/2014, the total cost of the LTO remission scheme if the Interim Transport Levy is also remitted will be \$635,000 in 2015/2016. This is an increase of \$146,000 over the estimated cost of retaining the existing LTO remission scheme. This is 0.01 per cent of the 2015/2016 total rates budget. This cost will be met through the council's existing allowance for remissions, so will have no impact on other ratepayers.

Consultation

12. Public consultation on the proposal ends 8 June 2015. Consultation has been advertised via public notices and the Shape Auckland website. Details of the proposal have also been sent to all licence to occupy retirement villages, papakainga and marae seeking feedback. To date 25 responses have been received, all supporting the proposal.

Consideration

Local Board views and implications

13. This report seeks feedback on the proposal from local boards.

Māori impact statement

14. To date, the council has not identified any papakainga housing developments that are using licence to occupy agreements. The council has not received any applications for remission from such developments.
15. The council has sent consultation material to Mana Whenua contacts, Papakāinga and marae seeking feedback on the proposal.

Implementation

16. There are no implementation costs to amend the LTO remission scheme as proposed in this report. The recommended proposal does not require any changes to application process for the rates remission scheme, and as such it does not place any increased burden either on applicants, or the management of retirement villages who help administer the scheme.

Attachments

No.	Title	Page
A	Proposal to amend Auckland Council's Rates remission and postponement policy	9

Signatories

Author	Beth Sullivan - Principal Advisor, Financial Planning, Policy and Budgeting
Authorisers	Matthew Walker – General Manager, Financial Planning, Policy & Budget Karen Lyons – Manager, Local Board Services Department Adam Milina - Relationship Manager - Albert-Eden & Orakei Local Boards



Proposal to amend Auckland Council's Rates Remission and Postponement Policy (remission scheme for residents of licence to occupy retirement villages and/or Papakāinga housing)

Details of proposal

The council proposes to amend the remission scheme in the Rates remission and postponement policy for residents of licence to occupy retirement villages and/or Papakāinga housing. The amended scheme will remit the proposed Transport levy in addition to the Uniform Annual General Charge (UAGC). This would see the value of the remission available to qualifying applicants increase from \$385 to \$500 in the 2015/2016 rating year.

The increase in cost to the council as a result of this proposal is estimated to be \$146,000. This cost will be met through the council's existing budget for remissions, so will have no impact on other ratepayers.

Reasons for proposal

The council proposes to set a Targeted transport levy of \$99 plus GST (\$114) per annum on each Separately Used or Inhabited Part of a Property¹ to fund an accelerated program of investment in transport. Concern was raised regarding the affordability of the Targeted transport levy for residents of licence to occupy retirement villages who are responsible for paying the rates associated with their unit. Unlike ratepayers who own their properties on a freehold basis, residents of licence to occupy property are not able to access the government's rates rebate scheme.

The proposed amendment updates the remission policy to reflect the proposed change in rating liability. This ensures that the scheme maintains fairness between residents of licence to occupy retirement villages and other ratepayers in terms of their ability to access support to pay their rates.

The amendment will increase the remission available to qualifying applicants to \$500 which is much closer to \$545, the average level of rebate currently received by other ratepayers.

Background

Central government offers a rates rebate scheme to low income households. The scheme is administered by council on the behalf of the Department of Internal Affairs (DIA). In 2015/2015 it offered a maximum rebate of \$605. The amount of rebate that is available depends on the total rates paid, the level of household income, and the number of dependents in the household.

The rebate scheme is only available to ratepayers who are owner-occupiers. Other low income households that have tenancy agreements or a right to occupy the property but are not the identified ratepayer are excluded from the scheme. This is the case even if the occupants are responsible for paying rates through the terms of their occupancy agreement.

¹ For example shop in a shopping mall or a granny flat in addition to the primary residence. This ensures fair treatment for main street shops and detached dwellings on separate titles.



The council adopted a rates remission scheme for residents of licence to occupy retirement villages in June 2012 to address this issue. This scheme was expanded to include papakainga housing developments in 2013 following consideration of remission schemes for Maori land.

The remission scheme remits the UAGC, \$385 for 2015/2016, where applicants meet the same eligibility criteria for level of household income and amount of rates as for the government's rebate scheme. The level of remission applied is the same regardless of the level of the rebate the applicant would qualify for.

The remission applies to the rates of the retirement village in which the applicant resides. It is a requirement of the remission scheme that an agreement exists between the village operator and Auckland Council. This agreement requires that the benefit of the rates remission be passed to the resident.

Options considered

The council considered two alternatives to the proposal:

- retaining the existing remission scheme for residents of licence to occupy retirement villages and/or Papakāinga housing which only remits the UAGC
- replacing the existing remission scheme with a grants mechanism that provides assistance directly to the residents of licence to occupy housing.

The council does not consider that the existing remission scheme sufficiently addresses the inequity between licence to occupy residents and owner-occupiers.

A grants scheme offered directly to residents of licence to occupy housing could better replicate the government's rates rebate scheme. The council decided not to pursue this option due to the costs of implementation, the increased cost of administration and the likely reduction in applicants to the scheme.



Remission for residents of licence to occupy retirement villages and/or Papakāinga housing

This remission scheme allows us to remit the uniform annual general charge and Transport levy targeted rate for residents of retirement villages and/or Papakāinga housing residents who would otherwise qualify for central government's rate rebate scheme, except they occupy their property under a licence to occupy agreement.

The remission will be applied to the rates of the retirement village in which the applicant resides, where an agreement exists between the village operator and Auckland Council (see more below). The benefit of the rates remission will be passed to the resident.

Conditions and criteria

To be eligible for the licence to occupy remission, the applicant must meet the following criteria:

1. be a resident of a retirement village and/or Papakāinga housing under a licence to occupy agreement
2. reside in a unit or apartment that is identified by Auckland Council as a separately used or inhabited part of the retirement village and/or Papakāinga housing to which a separate uniform annual general charge and transport levy is applied
3. reside in a retirement village and/or Papakāinga housing that has entered into an agreement with Auckland Council to:
 - a) identify the rates for applicants to the scheme
 - b) pass the full benefit of any rates remission granted under this scheme to the successful applicant
4. have resided on the property at the beginning of the rating year (1 July)
5. be an individual, rather than an organisation or trust
6. only one application per unit or apartment will be accepted.

Granting of a remission will depend on:

1. the applicant's gross household income, including any overseas income
2. the share of Auckland Council rates payable by the applicant to the retirement village and/or Papakāinga housing in which the applicant resides
3. the maximum rebate and threshold limits set by central government under its rebate scheme.

Central government updates thresholds for its rates rebate scheme each year. The council's remission for residents of a "license to occupy" within a retirement village and/or Papakāinga housing is automatically updated for the new thresholds.

How to apply

All retirement villages and/or Papakāinga housing which have signed on for the scheme will provide application forms to their residents.