

SPECIFIED AREA RATES

STATUS: **Council Policy** - *A strategic policy that sets governing principles and guides the direction of the organisation to align with community values and aspirations. The policy has a strategic focus and aligns with the Mission, Vision and Strategic Directions*

Council policies are developed and reviewed by the Policy Committee

RESPONSIBLE DIRECTORATE: Corporate Services

OBJECTIVE: To provide guidance on the circumstances under which a specified area rate may be applied and the arrangements for the management and control the specified area rate collected.

STATEMENT:

A Specified Area Rate (SAR) may be imposed under section 6.37 of the Local Government Act 1995 for the purpose of meeting the cost of a specific work, service or facility that the Council considers has benefited or will benefit the ratepayers or residents within the proposed specified area or that they have contributed or will contribute to the need for that work, service or facility.

Imposition of Specified Area Rate:

The Council may consider applying an SAR where:

- 1 In a new land development area, the developer has provided a higher standard of landscaping than the standard that the City would normally expect to be provided and for which the City would normally accept responsibility for ongoing maintenance. In this circumstance:
 - (a) The landscaping standard and the proposal to fund the higher level of ongoing maintenance by a SAR must be agreed between the developer and the City prior to the proposed landscaping being implemented.
 - (b) It will be conditional on the developer marketing the properties as having a SAR applying in addition to the general rates levied by the Council.
 - (c) It will be conditional on an incorporated property owners body being formed representing property owners within the proposed SAR area to be responsible for representing property owner interests between it and the City in relation to the SAR.

- 2 An incorporated body representing the property owners of an established residential area requests that the City provides a specific work, service or facility to their area to be funded by a SAR imposed on the property owners. In this circumstance:
 - (a) If the Council considers the proposal has merit then prior to a Council decision on such a proposal the City will conduct a survey of all proposed affected property owners.
 - (b) It is solely at the Council's discretion as to whether or not it will agree to impose a SAR, however, the Council will not consider agreeing to a proposal unless the survey results show support by not less than 75% of all property owners surveyed.
- 3 For any area to be considered for a SAR, whether as a result of 1 or 2 above, it must be a reasonable size in terms of the number of properties and defined by clear and discernable geographic boundaries which may include main streets, or natural features. It shall be of a sufficient size and encompass an area significant enough that the Council believes a SAR can be effectively applied. A SAR will not be considered for a minor area such as a single property, small group of properties, or a single street. As a general guide it is expected that a SAR area would include no less than 100 properties.
- 4 It is a condition for any SAR to be imposed that there will be a representative property owners group operating as an incorporated body, open to membership of all property owners in the SAR area. The body will meet regularly to discuss the issues related to the services provided as part of the SAR arrangement. The City will provide representation to attend meetings of the body to provide technical advice with respect to the services and the operation of the SAR.

Management of the Specified Area Rate:

- 1 City representatives will consult with the representative property owners group on a regular basis in relation to the operation of the SAR. The program of works and services proposed to be funded by the SAR in a financial year will be agreed prior to the adoption by the Council of the budget for that year.
- 2 The gross amount to be imposed for the SAR is to be ascertained from the agreed program of works and services as part of the City's annual budgeting process. Consideration will be given to any surplus SAR funds held in reserve from prior years when determining the gross amount to be imposed.
- 3 The gross amount of the SAR that needs to be raised is to be apportioned between the properties within the specified area based on the gross rental value applicable to each property and will be imposed in addition to the general rate levied by the Council.
- 4 The delivery method of the work, service or facility the subject of the SAR arrangement will be determined at the sole discretion of the City.

- 5 The City will remain at all times the custodian of the SAR and will administer the funds collected in compliance with the relevant provisions of the Local Government Act 1995 as amended including establishing a reserve fund to hold any unspent or surplus funds at the end of the financial year.
- 6 The City will ensure that there are appropriate management arrangements in place to maintain its relationship with the representative property owners group, that there are processes to deal with concerns and issues raised by property owners in regard to the SAR and to inform property owners of the City's requirements in regard to the operation of the SAR. For any issue not able to be resolved by other means, Council will determine the matter at its sole discretion.

Termination of a Specified Area Rate Arrangement:

- 1 The power to impose and to terminate a SAR rests with the Council and will be considered on its merits as and when required.
- 2 If it is established to the satisfaction of the Council that any of the following apply:
 - (a) Representative property owners group has ceased to operate whether through loss of incorporation, loss of office bearers and/or membership or through failure to meet on a regular basis to discuss the issues related to the services provided as part of the SAR arrangement.
 - (b) Representative property owners group no longer represents all of the property owners affected by the SAR.
 - (c) Representative property owners group has by a formal process at a duly constituted meeting of the group resolved that they no longer want to continue with a SAR arrangement.
 - (d) It is no longer appropriate, necessary or viable to continue to provide the additional services and to levy the specified area rate.

the Council may terminate the SAR.

- 3 Once an SAR arrangement is terminated, the service level in the area concerned will revert back to the normal service level. Where there was no previous normal service level (such as a new development that started as an SAR area) it shall be that which the City may determine at its sole discretion is an appropriate normal level of service for the area.

- 4 If for any reason a SAR arrangement terminates it shall be effective from the conclusion of the financial year in which that occurs unless it occurs prior to the adoption of the budget for that year in which case it will be effective immediately. Any unspent or surplus funds held in reserve at the termination of the SAR arrangement will be dealt with in accordance with the provisions of the Local Government Act 1995 section 6.37 relating to Specified Area Rates and section 6.11 relating to Reserve Funds.
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Amendments: CJ039-03/10

Related Documentation:

Issued: March 2010