



DIRECTOR CORPORATE SERVICES REPORT

14th February 2006

DCS7	RATING – AGGREGATION OF CERTAIN PARCELS OF LAND IN SUBDIVISIONS FILE: * WMS
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Reporting on a request to re-instate Council Policy C21.16 – “Aggregation of certain parcels of land in Subdivisions”.



DESCRIPTION:

A copy of the request from Hadlow Design Services is attached [\(Appendix C\)](#).

Council adopted the original policy on 6 September 1994 which enabled land parcels within a subdivision to be amalgamated upon a single rate notice irrespective if the lots were adjoining. The policy provided developers with relief from multiple base charges in respect of the general rate and water and sewer unoccupied base charges, where they applied.

The Policy was initiated in response to several complaints received from developers that the practice of Council to rate each land parcel separately, if not adjoining, was unreasonable bearing in mind the fees and contributions paid to Council.

This policy was abandoned on 9th March 2004, a copy of the Council report is attached [\(Appendix D\)](#).

Hadlow Design Services in their letter requesting reinstatement of the former Council policy note the following in support of their application:

- Real estate market is sluggish resulting in developers holding on to land for a longer period with a resultant increased rate liability.
- Lots in a subdivision in their undeveloped state place no demand on Council services, such services initially having been provided by the developer.
- Option to stage the release of lots results in higher costs to the developer.

Relevant Statutes

The Local Government Act 1993, (Section 531B) provides that Council may aggregate land parcels for rating purposes, if council is of the opinion that the levying of a charge:

- (a) would apply unfairly, and
- (b) could cause hardship to a person who is liable to the charge in respect of two or more separate parcels of land.

Valuation of Land Act, (sections 26 and 27B (5)) provides that a developer may apply to the Valuer General to have the land amalgamated for rating purposes, provided the land parcels are adjoining. The Valuer General has the discretion to amalgamate land parcels for rating purposes,

The Valuation of Land Act, Division 3, section 14T provides relief to developers from the increases in land value by way of allowances for development expenditure incurred in subdividing land. The allowances are deducted from the land value, and the reduced land value is used for rating purposes. The allowances are only applicable to the developer and lapse on sale or improvement works. There is no relief for the service charges relating to water, sewer and vacant garbage.

It is noted that neighbouring Councils rate land separately in accordance with the values provided by the Valuer General and do not have policies allowing for the aggregation of lots within subdivisions. Port Macquarie Hastings Council is the exception, with a policy which allows aggregation of adjoining lots in the same Deposit Plan, still owned by the Developer, and for a maximum of 2 rating years.

Based upon current data it is estimated that some 129 lots would be subject to amalgamation should the previous policy be re-instated. The majority of these lots are serviced by water, sewerage and garbage networks, the resultant reduction in rate income from base rates and charges would be approximately \$870.00 per lot i.e. \$110,490.

The lost income from amalgamation of these lots would be recouped via increased rates and charges on the remaining ratepayer base.

REPORT IMPLICATIONS:

- ***Environmental***

Nil

- ***Social***

Nil

- *Economic (Financial)*

Reinstatement of the former Policy would be cost neutral to Council however it would result in an increase in rates and charges to be borne by the majority of Council's ratepayers.

- *Policy or Statutory*

A decision to reinstate the former Policy "Aggregation of Land within Subdivisions" would also require a review of Council's rating structure for the 2006/07 year.

- *Director's Review*

Nil

RECOMMENDATION:

1. Council continue to rate lots based upon valuation advices provided by the Office of the Valuer General.
2. Hadlow Design Services be advised of the existing provisions within the Valuation of Land Act by which application maybe made to amalgamate adjoining vacant lands.

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G B Snape
DIRECTOR CORPORATE SERVICES