

# Engagement Document:

## Hastings Severe Weather Recovery (Rating Valuations Act – Hastings District Council) Order 2023

This document explains the need for an Order in Council under the Severe Weather Emergency Recovery Legislation Act 2023 to address the general revaluation and ongoing maintenance of the rating valuation data following damage from Cyclone Gabrielle.

This document has been produced by Toitū Te Whenua Land Information New Zealand on behalf of the Minister for Land Information to inform and engage with the Hastings community and other interested people or parties about the Order and to seek feedback. It covers the intended purpose of the Order, its proposed effect, and why the Minister for Land Information considers that it is necessary and desirable.

Consultation on the proposed Severe Weather Emergency Recovery (Rating Valuations Act – Hastings District Council) Order 2023 ('the Order') is required under section 9 of the Severe Weather Emergency Recovery Legislation Act 2023 ('the Recovery Act').

## Background: Rating valuation requirements

### Council requirements

All councils have a District Valuation Roll (DVR), which is a record of the rating valuations of all properties in their district. Councils need to update these valuations every three years, and maintain the DVR between revaluations.

The Hastings District Council ('the Council') has not finalised their latest general revaluation. This needs to be implemented by 30 June 2023 for rating purposes, and will list property valuations at 1 August 2022 (the valuation date).

Cyclone Gabrielle caused significant property damage in Hastings ('the district') on 13 and 14 February 2023, and the Rating Valuations Act 1998 says that property values in the DVR need to reflect the physical state of properties at the time new values are released. To do this, the Council would need information on:

- the number of properties damaged, and the extent of that damage
- the cost of repair and reinstatement, and how likely it is this will happen
- any medium- to long-term impacts on the land (such as silt or landslips)
- how the real estate market is reacting to the cyclone, and the impact of damage on property prices.

Under the Rating Valuations Act 1998, the 2022 general revaluation must be completed and property owners notified by 30 June 2023. The Council, through its valuer QV, cannot collect the information above in time to meet this deadline.

### Implications of cyclone damage on properties

The Council, through its valuer QV, does not have all the information it would need to account for Cyclone Gabrielle damage in the property revaluation. The cost and time needed to assess damage would be better spent supporting recovery. As well as this, some cyclone damaged properties are difficult to access and it would be unfair if the Council reassessed some properties but not others.

Given the extent of the damage caused by the cyclone, an Order in Council is considered necessary so that cyclone damage can be excluded from the assessment of rating valuations for affected properties. An Order in Council is used by the government to temporarily change legislation. These can be used to help councils recover after emergency situations, such as the Canterbury earthquakes.

### Similar Orders in Council

After the 2010 and 2011 Canterbury earthquakes and the 2015 Kaikoura earthquake, similar Orders in Council were made for the Christchurch City, Selwyn, Waimakariri and Kaikoura district councils. These helped the councils recover from the earthquake, and rates relief was available to ratepayers while the Orders were in effect.

## What the proposed Order aims to achieve

The proposed Order will temporarily change the Rating Valuations Act 1998 so that cyclone damage is not reflected in the values of affected properties, except where Council, or QV, have been notified of:

- improvements (such as a house or vineyard) have been removed; or
- repair or rebuilding of improvements have added value.

This will help the recovery of the district by giving the Council confidence in the rating values used to calculate rates. It will help the Council's financial planning for services including water and waste management, the roading network, and rubbish and recycling collection.

This means that the proposed Order meets the Recovery Act's purpose of assisting recovery of cyclone-affected areas.

## What the Order aims to achieve

The proposed Order aims to provide four outcomes:

- A. A modified revaluation method will let the Council assess the value of properties without including Cyclone Gabrielle's impacts. The Council can use this modified method to complete their 2022 general revaluation.
- B. A modified roll maintenance method will let the Council exclude cyclone damage from its data about parcels of land in the DVR. This won't apply if improvements have been removed, or improvements have been added to increase a property's value above the existing value in the DVR, and where Council or QV have been notified. The Council can use this modified method when it maintains the DVR.
- C. Ratepayers will be able to object to valuations with the normal rights and timeframes in the Rating Valuations Act 1998, but they cannot object to values being assessed on the basis that Cyclone damage is not included.
- D. Notices to ratepayers under Section 13 of the Rating Valuations Act 1998 will explain the method for the modified revaluation and the modified objection rights.

These changes would be made by amending the Rating Valuations Act 1998, the Rating Valuations Regulations 1998 and the Rating Valuations Rules 2008 as set out below.

### Rating Valuations Act 1998

The Order would modify Sections 2, 9, 14, 16, 32, 33 and 41 of the Rating Valuations Act 1998 as set out below.

#### Section 2 (Interpretation) and Section 9 (General Revaluation)

The Order would modify the general revaluation method by changing the definitions of Capital Value, Land Value and Value of Improvements so that damage caused by the cyclone is not reflected in these for revaluation purposes.

### **Section 2 (Interpretation) and Section 14 (Alterations to the DVR)**

The Order would modify the roll maintenance methods so that damage caused by the cyclone is not reflected in the values for roll maintenance purposes except when improvements have been demolished or removed or where repair and reinstatement adds value, and the Council or QV have been notified.

### **Section 16 (New Valuation on request)**

The Order would limit the scope of any reassessment requested by an owner or ratepayer. This would mean that a new valuation cannot be requested solely because cyclone damage has been excluded from the value of a property. A property owner can request a reassessment if they have done work that adds value, but cyclone damage is not considered by the valuer for Section 16 purposes.

### **Sections 32 and 33 (Objections)**

The Order would limit the extent of people's rights for general revaluation and roll maintenance objections. The Council will not accept an objection to the value of a rating unit if the objection is because the value doesn't reflect cyclone damage.

### **Section 41 (Certified copies)**

The Order would modify Section 41 so that certified copies of the DVR must contain information explaining how the modified method applies to assessing values.

## **Rating Valuations Regulations 1998**

The Order would modify Regulations 3, 7 and 10 of the Rating Valuations Regulations 1998 as set out below.

### **Regulation 3**

The Order would require a new guideline to explain the objection rights and procedures under Sections 32 and 33 of the Act, which would be modified by the Order.

### **Regulations 7 and 10**

The Order would exclude objections to the value being assessed according to the modified method, which does not include cyclone damage in the values.

## **Rating Valuations Rules 2008**

The Order would modify Rules 2.2, 2.3, 2.9 and 6 the Rating Valuation Rules 2008 as set out below.

### **Rules 2.2 and 2.3**

The Order would mean that information relating to cyclone damage does not need to be recorded or maintained.

### **Rule 2.9**

The Order would require a change to the notices of revaluation and roll maintenance. The modified method (with cyclone damage not reflected in the values) will need to be included on the notice, and displayed on the Council website and their valuation provider's website.

### **Rule 6**

The Order would let the Council refuse to accept objections that argue Cyclone damage should be included in the values.

### **Duration of the Order**

The proposed Order will expire when the next general revaluation after 1 July 2023 is implemented. If this does not happen by 30 June 2026, the Order will expire on that date.

The Council is currently finalising their 2022 general revaluation, and their next is due by the end of June 2026. By then, rebuilding and reinstatement of damaged properties will be well underway. There should be enough market evidence to support a standard revaluation method at that time.

### **Rating policy implications**

This Order in Council does not stop the Council applying its own rating policy to provide rates relief to people whose properties have been severely damaged by the cyclone. The Council has provided rates relief for ratepayers with buildings that cannot be safely occupied, and is working on medium-term relief policies.

### **Why the Order is considered necessary or desirable**

The proposed Order is considered necessary because the Council will not be able to accurately reassess the impact of cyclone damage on property values while the Order is in force. Reassessments would also divert resources from cyclone recovery work. The Council depends on rates for much of its revenue, so a reliable revenue system is essential as the district recovers.

The proposed Order changes the valuation system as little as possible and allows the Council to return to the standard system as easily as possible.

This meets the purpose of the Recovery Act set out in s3(2)(b)(i), 'supporting the operation of other legislation or enabling it to be relaxed or operate more flexibly, to take account of the severe weather events'.