

Projected changes in rates for individual properties in 2009/2010

The overall citywide rate increase is 5% for 2009/2010 (excludes the impact of the CBD and Mainstreet targeted rates). However, there are a number of factors that will result in individual properties having rate increases different, and in some cases significantly different, from the overall 5% increase.

The factors affecting the level of the rates increase for individual properties are:

- The change in property values between the 2005 valuation and the new 2008 valuations. The new 2008 valuations will be used to calculate the rates from 2009/2010
- Applying the overall 5% rate increase by increasing the refuse collection targeted rate and uniform annual general charge (UAGC)
- Applying the next step of the long-term general rate differential strategy.

Revaluations

The 2008 revaluation data indicates that property values have generally increased in Auckland city. The city's higher 2008 values will not have an impact on the quantum of the council's 2009/2010 rates revenue, but the new property values will have an impact on the distribution of rates within the city. A property's relative value determines its rates liability, rather than the property's absolute value, as follows:

- Properties that increase in value by more than the average for their group will have a higher than average rates increase.
- Properties that increase in value by the average will have an average rates increase.
- Properties that increase by less than the average will have a lower than average rates increase or a rates decrease.

As a result of the revaluation, many residential properties will have below average rates increases and some residential properties will have rates decreases. Non-residential properties will mainly have rates increases around the average. However, both CBD non-residential properties and rural properties in the Hauraki Gulf will generally have above average rates increases, as the valuation increases for these properties have been higher than the average for the city. Officers note that these valuation impacts are before the impacts of applying the next step of the long-term general rate differential strategy are taken into consideration.

Overall rates increase

The 5% overall rates increase is applied by increasing the following rates:

- Increasing the UAGC from \$162 to \$350 per separately used or inhabited part of a property
- Increasing the refuse collection targeted rate from \$210 to around \$220 per service.

Increasing the level of the UAGC will transfer rates from high-value properties to low-value properties. Conversely, decreasing the level of the UAGC will transfer rates from low-value properties to high-value properties.

The council recognises that uniform rates, including the UAGC and refuse collection targeted rate, are regressive¹, but provide a more equitable distribution of some costs. The uniform rates also provide some insulation from property revaluations, as a smaller proportion of the rates are based on the value of the property.

Differential strategy

The general rate differentials for 2009/2010 will be adjusted to reflect the next step of the general rate differential strategy. This would involve further reducing the relative differentials for non-residential

¹ This means that there is a higher percentage impact on low-value properties than on high-value properties.

and CBD non-residential ratepayer groups, by moving approximately \$2.7 million (excluding GST) of general rates from non-residential and CBD non-residential ratepayers to residential ratepayers (this would mean a 1.6 per cent rates increase for residential properties).

Summary

These factors will affect properties differently and will result in properties having differing levels of rate increases, although the overall rate increase will be 5% (excluding the CBD and Mainstreet targeted rates).

Tables 1 and 2 show the percentage of properties citywide that have rates changes, in terms of percentage change and dollar change respectively, from their 2008/2009 rates. Tables 2 and 3 show the same information, but just for residential properties.

The figures are indicative at this stage, as some expenditure is still being finalised. Updated modelling will be presented to the March 2009 Combined Committees meeting.

Analysis of the proposed rates changes, including increasing the UAGC to \$350

Tables 1 and 2 show the percentage of properties citywide that have rates changes, in terms of percentage change and dollar change respectively, from their 2008/2009 rates. Tables 2 and 3 show the same information, but just for residential properties.

Table 1: Percentage change in rates from 2008/2009 (citywide)

Decrease	0-5% increase	5%-10% increase	10%-20% increase	20%-50% increase	Greater than 50% increase
18.2%	18.8%	21.7%	30.0%	10.3%	1.0%

Table 2: Dollar change in rates from 2008/2009 (citywide)

Greater than \$100 decrease	\$0-\$100 decrease	\$0-\$100 increase	\$100-\$200 increase	\$200-\$500 increase	Greater than \$500 increase
7.9%	10.3%	29.8%	34.2%	14.6%	3.2%

Residential only

Table 3: Percentage change in rates from 2008/2009 (residential properties only)

Decrease	0-5% increase	5%-10% increase	10%-20% increase	20%-50% increase	Greater than 50% increase
18.0%	18.3%	21.8%	31.6%	9.9%	0.4%

Table 4: Dollar change in rates from 2008/2009 (residential properties only)

Greater than \$100 decrease	\$0-\$100 decrease	\$0-\$100 increase	\$100-\$200 increase	\$200-\$500 increase	Greater than \$500 increase
7.6%	10.4%	31.0%	36.4%	13.0%	1.6%

Table 3 shows that around 58 per cent of properties will have a rates increase less than 10% (or a rates decrease), while Table 4 shows that around 85 per cent will have a rates increase less than \$200 (or a rates decrease).

Estimated rates changes for single residential units (excludes vacant land and car parks)

Percentile	2005 capital value	2008/09 rates ¹	Revaluation percentage change ²		New 2008 capital value	Estimated 2009/10 rates ³	Dollar change	Percent age change
			low	0.0%				
Lowest	60,000	575	low	0.0%	60,000	734	159	27.7%
			med	11.5%	66,900	753	178	31.0%
			high	25.0%	75,000	775	200	34.8%
10	195,000	916	low	0.0%	195,000	1,011	95	10.4%
			med	11.5%	217,425	1,061	145	15.8%
			high	25.0%	243,750	1,121	205	22.4%
20	290,000	1,015	low	0.0%	290,000	1,090	75	7.4%
			med	11.5%	323,350	1,150	135	13.3%
			high	25.0%	362,500	1,221	206	20.3%
25	310,000	1,059	low	0.0%	310,000	1,126	67	6.3%
			med	11.5%	345,650	1,190	131	12.4%
			high	25.0%	387,500	1,265	206	19.5%
30	330,000	1,103	low	0.0%	330,000	1,162	59	5.3%
			med	11.5%	367,950	1,230	127	11.5%
			high	25.0%	412,500	1,310	207	18.8%
40	370,000	1,192	low	0.0%	370,000	1,234	42	3.5%
			med	11.5%	412,550	1,310	118	9.9%
			high	25.0%	462,500	1,400	208	17.4%
50	420,000	1,303	low	0.0%	420,000	1,324	21	1.6%
			med	11.5%	468,300	1,410	107	8.2%
			high	25.0%	525,000	1,512	209	16.0%
60	490,000	1,458	low	0.0%	490,000	1,449	-9	-0.6%
			med	11.5%	546,350	1,551	93	6.4%
			high	25.0%	612,500	1,669	211	14.5%
70	570,000	1,635	low	0.0%	570,000	1,593	-42	-2.6%
			med	11.5%	635,550	1,711	76	4.6%
			high	25.0%	712,500	1,849	214	13.1%
75	620,000	1,746	low	0.0%	620,000	1,683	-63	-3.6%
			med	11.5%	691,300	1,811	65	3.7%
			high	25.0%	775,000	1,961	215	12.3%
80	680,000	1,879	low	0.0%	680,000	1,790	-89	-4.7%
			med	11.5%	758,200	1,931	52	2.8%
			high	25.0%	850,000	2,096	217	11.5%
90	900,000	2,367	low	0.0%	900,000	2,185	-182	-7.7%
			med	11.5%	1,003,500	2,371	4	0.2%
			high	25.0%	1,125,000	2,589	222	9.4%
95	1,180,000	2,987	low	0.0%	1,180,000	2,688	-299	-10.0%
			med	11.5%	1,315,700	2,931	-56	-1.9%
			high	25.0%	1,475,000	3,217	230	7.7%
Highest	20,000,000	44,700		10.0%	22,000,000	40,055	-4,645	-10.4%

Notes to table

1. The 2008/09 rates had a UAGC of \$162 and a refuse collection targeted rate of \$210 per service.
2. Some properties have revaluation changes that are greater than 25 per cent and some residential properties have decreases.
3. The estimated 2009/10 rates have a UAGC of \$350 and a refuse collection targeted rate of \$220 per service. These figures are indicative as some expenditure is still being finalised.