

# Council Funding Impact Statement

The Funding Impact Statement is made up of three parts:

- Rating Information for 2018/19
- Rates Samples for 2018/19
- The Whole of Council Funding Impact Statement.

The Funding Impact Statement should be read in conjunction with the Revenue and Financing Policy and Rating Policy. Figures in this statement are GST inclusive.

## RATING INFORMATION FOR 2018/19

Council sets and assesses the following rates under the Local Government (Rating) Act 2002:

- General Rate
- Uniform Annual General Charge (UAGC)
- Targeted Rates:
  - Business Improvement District (BID)
  - Central City
  - Hamilton Gardens
  - Services Category Water
  - Services Category Sewerage
  - Services Category Refuse
  - Metered water
  - Commercial and Other category non-metered water

Details of the amount of rates to be collected and the categories that will pay these rates are in this funding impact statement. The figures stated below are indicative based on the proposed 2018-28 10-year plan.

### GENERAL RATE

A general rate is set and assessed on the capital value of all rateable land in the City.

General rates are set on a differential basis on the categories of land identified below. The differential basis is the use to which the land is put, the provision or availability to the land of a service provided, the activities that are permitted, controlled, or discretionary for the area in which the land is situated, and in the case of the BID Commercial differential, the location of the land.

The objective of including differentials in the general rate is to achieve an appropriate distribution of the general rate, considering all factors Council believes are relevant.

This funding mechanism covers all services of Council. The total revenue sought is \$174,560,529.

The general rate is set and assessed on a differential basis as follows:

| SOURCE       | DIFFERENTIAL CATEGORIES | DIFFERENTIAL FACTOR | PERCENTAGE OF TOTAL GENERAL RATES | GENERAL RATE IN THE DOLLAR OF CAPITAL VALUE (GST INCL) | INDICATIVE RATES REVENUE (GST INCL) |
|--------------|-------------------------|---------------------|-----------------------------------|--------------------------------------------------------|-------------------------------------|
| General Rate | Commercial              | 2.5000              | 32.6%                             | 0.01054230                                             | \$56,906,199                        |
|              | BID Commercial          | 2.3750              | 8.2%                              | 0.01001518                                             | \$14,207,115                        |
|              | Other                   | 0.7211              | 1.3%                              | 0.00304083                                             | \$2,267,684                         |
|              | Residential             | 1.0000              | 57.9%                             | 0.00421693                                             | \$101,179,531                       |

### General Rate rating categories

| GENERAL RATE CATEGORY | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Commercial</b>     | All rating units: <ol style="list-style-type: none"> <li>i. Used solely or principally for commercial or industrial purposes; or</li> <li>ii. Used solely or principally for commercial residential purposes, including, but not limited to, hotels, boarding houses, rest homes, motels, residential clubs, hostels. Commercial residential purposes are where a property is being provided for residential accommodation at a fee with the average occupancy period of the property not exceeding three months; or</li> <li>iii. The area of a chartered club used for the restaurant, bar and gaming machines; or</li> <li>iv. The commercial portion of a rating unit which has mixed use; or</li> <li>v. Land developed or under development for a commercial use; or</li> <li>vi. Land where a commercial development is marketed for sale or lease, but where works have not yet commenced, whether or not wastewater services are currently available; or</li> <li>vii. Vacant land located in any District Plan zone that is predominantly used for Commercial or industrial purposes; or</li> <li>viii. Show homes; or</li> <li>ix. Utility Networks.</li> </ol> |
| <b>BID Commercial</b> | All rating units that meet the definition of Commercial above and are located within the Business Improvement District as shown on the 'Business Improvement District (BID) and Central City areas map' in Schedule one of the Rating Policy.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Other</b>          | All rating units that do not meet the definition of Commercial or BID Commercial rating categories and where: <ol style="list-style-type: none"> <li>i. Connection to Council's wastewater network is not available; and</li> <li>ii. Water supply is through a metered connection or connection to Council's water network is not available.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Residential</b>    | All rating units that do not meet the definition of Commercial, BID Commercial, or Other rating categories, or: <ol style="list-style-type: none"> <li>i. Land under development intended for a residential use, or</li> <li>ii. Land where a proposed residential development is marketed for sale, whether or not water and wastewater services are currently available.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

Land described in Part 2 Schedule 1 of the Local Government (Rating) Act 2002 (broadly land owned or used by societies for arts or sports) will be assessed at 50% of the residential rate (General rate, UAGC and Hamilton Gardens rate) that applies to the land. This General rate revenue is included within the Residential category shown in the table above.

### Uniform Annual General Charge

A Uniform Annual General Charge (UAGC) is set and assessed on all rateable land. The UAGC is set at \$500 per Separately Used or Inhabited Part of a rating unit (SUIP). The level of UAGC has been determined by Council in order to distribute the allocation of the General rate at an appropriate level amongst all ratepayers. The total revenue sought from the UAGC is \$32,433,250.

## TARGETED RATES

Lump sum contributions are not sought or invited by Council in respect of targeted rates.

### Metered Water Rate

The rate is set and assessed for metered and restricted flow water supply on a differential basis to all rating units that are metered (as defined by Hamilton City Council's Water Supply Bylaw 2013).

The rate is:

- i. a fixed amount per connected meter, based on the nature of the connection, as follows:
  - \$452 for all metered rating units (except rating units receiving a restricted flow supply);
  - \$352 for rating units receiving a restricted flow supply.
- ii. a charge per unit of water consumed or supplied on every metered connection in accordance with the following scale:
  - All metered rating units (except rating units receiving a restricted supply) - \$1.88 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply;
  - Rating units receiving a restricted flow supply - \$1.46 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply.

The rates contribute to the funding of the Water Distribution and Water Treatment and Storage activities.

The total revenue sought is \$9,057,915.

### Commercial and Other Category Non-Metered Water Rate

The rate is set and assessed on Commercial and Other category properties which are connected to Council's water network but are not provided with a metered connection. The rate is \$452 per separately used or inhabited part of the rating unit.

The rates contribute to the funding of the Water Distribution and Water Treatment and Storage activities. The total revenue sought is \$280,240.

Properties in the Waikato District Council and Waipa District Council supplied with water under contractual arrangements will be charged according to Council's Fees and Charges schedule.

### Business Improvement District (BID) Rate

This rate is set and assessed on all rating units defined within the BID Commercial general rate category and comprises both a fixed amount per separately used or inhabited part of a rating unit and a rate in the dollar based on the Capital Value.

The Business Improvement District (BID) and Central City map is shown on Schedule 1 of the Rating Policy 'Rating Maps'. The components of this rate are:

- a) BID Fixed rate: a fixed amount of \$244 per separately used or inhabited part of a commercial rating unit within the defined area; and
- b) BID CV Rate: a rate per dollar of capital value required to meet the total revenue, after allowing for the total revenue raised by the BID Fixed Rate. The rate is \$0.00003458 per dollar of capital value.

The rate provides funding to the Tourism and Events Funding activity. The total revenue sought is \$341,338.

**Central City Rate**

This rate is set on all rating units defined within the BID Commercial general rate category and is set as a fixed amount per separately used or inhabited part of a rating unit.

The Business Improvement District (BID) and Central City map is shown on Schedule 1 of the Rating Policy 'Rating Maps'.

The rate is a fixed amount of \$137.70 per separately used or inhabited part of a rating unit.

The rate provides funding to the Transportation Network activity. The total revenue sought is \$166,755.

**Hamilton Gardens Rate**

This rate is set and assessed as a fixed amount on all rating units (excluding 100% non-rateable). The rate is set at \$11.50 per separately used or inhabited part of a rating unit.

The rate contributes funding to develop and maintain themed gardens and infrastructure as part of the Hamilton Gardens activity. The total revenue sought is \$731,055.

**Services Category Use - Water Rate**

The rate is set and assessed on properties as defined as a Services Category (see Rating Policy) and which connected to Council's water network but are not provided with a metered connection.

- a) a fixed amount of \$452 per separately used or inhabited part of a rating unit.

The rate provides funding towards the water distribution and water treatment and storage activities.

The total revenue sought is \$51,528.

**Services Category Use - Refuse Rate**

The rate is set and assessed on properties defined as a Services Category (see Rating Policy) and which are provided with refuse collection service. The rate is:

- a) a fixed amount of \$114 per separately used or inhabited part of a rating unit.

The rate provides funding towards the refuse collection activity. The total revenue sought is \$14,364.

**Service Category Use - Sewerage Rate**

The rate is set and assessed on properties defined as a Services Category (see Rating Policy) and which are connected to the sewerage network. This rate comprises two components. These are:

- a) a rate per dollar of land value set at \$0.0016036; and
- b) a rate per dollar of capital value set at \$0.0003701

The rate provides funding towards the sewage distribution and sewage treatment and storage activities. The total revenue sought is \$1,270,917.

**FUTURE RATES**

Council intends to set and assess rates from the sources listed above in each year of the plan.

### **SEPARATELY USED OR INHABITED PART OF A RATING UNIT (SUIP)**

A SUIP is every rating unit and, without limitation, every additional dwelling, commercial or community activity. This includes:

- a) any part or parts of a rating unit that is used or occupied by the ratepayer for more than one single use.
- b) any parts, whether or not actually occupied at any particular time, which are used for rental (or other form of occupation) on an occasional or long-term basis.
- c) vacant land and vacant premises offered or intended for use or habitation and usually used as such are defined as 'used'.

As part of this definition, the list below defines the Council's intent in the application of SUIPs to rating units that are used as for residential purposes:

- The second and each additional SUIP must have a separate bathroom, bedroom or living area and separate sink.
- Any part of a rating unit as described above (a-c) and is inhabited by virtue of a tenancy, lease, license or other agreement on an occasional or long-term basis.
- Single dwelling with flat attached.
- Two or more houses, flats or apartments on one rating unit.
- Ancillary flat or detached dwellings (as defined in the Hamilton District Plan)
- Individually surveyed lots of vacant land on one Certificate of Title offered for sale separately or in groups
- Residential accommodation rented individually per room. For a residential property to be classified as having additional SUIPs, each part must have a separate bathroom, bedroom or living area and separate sink.

As part of this definition, the list below defines the Council's intent in the application of SUIPs to rating units that are used for commercial activities:

- A commercial activity is any activity involving the exchange of goods or services for reward (whether for profit or not).
- Any part of a rating unit as described above (a-c) and is being inhabited by virtue of a tenancy, lease, license or other agreement on an occasional or long-term basis.
- Commercial building where there are clearly defined vacant parts, advertised for lease or tenancy.
- Business premise with separate permitted residential activity.
- Home based business (as defined in the Hamilton District Plan)
- Each use within a single rating unit that involves a different activity conducted by a person, company, or organisation different to the ratepayer (i.e. a large store which has a café operating within it, where the café is a separate business entity)
- Commercial building leased, or sub-leased, to multiple tenants
- A separate dwelling used for short-term accommodation.
- Commercial accommodation provided on a single rating unit for short-term stays (where average occupancy is limited as prescribed within Councils District Plan) will be one Separately Used or Inhabited Part.

In addition to the primary use, the list below defines the Council's intent in the application of SUIPs to rating units that are used as community activities:

- A community activity is any activity operated by an organisation (including clubs and societies).
- Any activity that meets the definition of Schedule 1 of the Local Government Rating Act 2002.

**INSPECTION OF RATING INFORMATION DATABASE**

In accordance with the Local Government (Rating) Act 2002, the District Valuation Roll and Rates Records are available for public inspection at the Council Offices, Garden Place, Hamilton, between the hours of 7:45 am and 5.00 pm on all business days of the week.

**RATING BASE**

Total Land Value for 2018/19 is \$14,536,037,687

Total Capital Value for 2018/19 is \$32,623,711,103

The projected number of rating units for the following 10 years are:

|                |        |
|----------------|--------|
| <b>2018/19</b> | 58,940 |
| <b>2019/20</b> | 60,050 |
| <b>2020/21</b> | 61,200 |
| <b>2021/22</b> | 62,350 |
| <b>2022/23</b> | 63,500 |
| <b>2023/24</b> | 64,640 |
| <b>2024/25</b> | 65,800 |
| <b>2025/26</b> | 66,950 |
| <b>2026/27</b> | 68,110 |
| <b>2027/28</b> | 69,280 |

**2018/19 RATES - SAMPLE PROPERTIES**

| 2017/18 Differential Category | SUIPs | 2015 RATING VALUES |               |                               | 2017/18 RATES               |             |             | 2018/19 RATES                  |                             |             | Total Rates Change (\$) | Total Rates Change (%) |             |        |
|-------------------------------|-------|--------------------|---------------|-------------------------------|-----------------------------|-------------|-------------|--------------------------------|-----------------------------|-------------|-------------------------|------------------------|-------------|--------|
|                               |       | Land Value         | Capital Value | Land Value Transitional Rates | Capital Value General Rates | Other Rates | Total Rates | Uniform Annual General Changes | Capital Value General Rates | Other Rates |                         |                        | Total Rates |        |
| <b>RESIDENTIAL SECTOR</b>     |       |                    |               |                               |                             |             |             |                                |                             |             |                         |                        |             |        |
| Residential                   | 1     | 250,000            | 250,000       | 1,703                         | 359                         | 58          | 2,120       | Residential                    | 500                         | 1,054       | 12                      | 1,566                  | -555        | -26.2% |
| Residential                   | 1     | 140,000            | 240,000       | 954                           | 344                         | 57          | 1,355       | Residential                    | 500                         | 1,012       | 12                      | 1,524                  | 169         | 12.5%  |
| Residential                   | 1     | 210,000            | 405,000       | 1,431                         | 581                         | 87          | 2,099       | Residential                    | 500                         | 1,708       | 12                      | 2,219                  | 120         | 5.7%   |
| Residential                   | 1     | 300,000            | 720,000       | 2,044                         | 1,033                       | 147         | 3,223       | Residential                    | 500                         | 3,036       | 12                      | 3,548                  | 324         | 10.1%  |
| Multi Unit Residential        | 4     | 240,000            | 710,000       | 2,446                         | 1,019                       | 179         | 3,644       | Residential                    | 2,000                       | 2,994       | 46                      | 5,040                  | 1,396       | 38.3%  |
| Multi Unit Residential        | 10    | 570,000            | 910,000       | 5,809                         | 1,305                       | 286         | 7,400       | Residential                    | 5,000                       | 3,837       | 115                     | 8,952                  | 1,552       | 21.0%  |
| Rural Residential             | 1     | 345,000            | 750,000       | 1,336                         | 1,076                       | 152         | 2,564       | Residential                    | 500                         | 3,163       | 12                      | 3,674                  | 1,110       | 43.3%  |
| <b>OTHER SECTOR</b>           |       |                    |               |                               |                             |             |             |                                |                             |             |                         |                        |             |        |
| Rural Small                   | 1     | 360,000            | 360,000       | 1,028                         | 248                         | 79          | 1,355       | Other                          | 500                         | 1,095       | 12                      | 1,606                  | 251         | 18.5%  |
| Rural Small                   | 1     | 330,000            | 660,000       | 942                           | 455                         | 135         | 1,532       | Other                          | 500                         | 2,007       | 12                      | 2,518                  | 986         | 64.3%  |
| Rural Small                   | 1     | 710,000            | 960,000       | 2,027                         | 662                         | 192         | 2,880       | Other                          | 500                         | 2,919       | 12                      | 3,431                  | 550         | 19.1%  |
| Rural Large                   | 1     | 1,850,000          | 1,850,000     | 2,180                         | 1,275                       | 359         | 3,814       | Other                          | 500                         | 5,626       | 12                      | 6,437                  | 2,323       | 60.9%  |
| Rural Large                   | 1     | 2,500,000          | 2,990,000     | 2,946                         | 2,061                       | 573         | 5,580       | Other                          | 500                         | 9,092       | 12                      | 9,604                  | 4,023       | 72.1%  |
| <b>COMMERCIAL SECTOR</b>      |       |                    |               |                               |                             |             |             |                                |                             |             |                         |                        |             |        |
| Commercial                    | 1     | 570,000            | 570,000       | 11,569                        | 1,502                       | 118         | 13,189      | Commercial                     | 500                         | 6,009       | 12                      | 6,521                  | -6,669      | -50.6% |
| Commercial                    | 1     | 122,000            | 275,000       | 2,476                         | 724                         | 63          | 3,264       | Commercial                     | 500                         | 2,899       | 12                      | 3,411                  | 147         | 4.5%   |
| Commercial                    | 1     | 240,000            | 500,000       | 4,871                         | 1,317                       | 105         | 6,294       | Commercial                     | 500                         | 5,271       | 12                      | 5,783                  | -511        | -8.1%  |
| Commercial                    | 1     | 630,000            | 1,400,000     | 12,787                        | 3,688                       | 274         | 16,749      | Commercial                     | 500                         | 14,759      | 12                      | 15,271                 | -1,479      | -8.8%  |
| Commercial                    | 8     | 1,730,000          | 4,230,000     | 35,114                        | 11,143                      | 886         | 47,142      | Commercial                     | 4,000                       | 44,594      | 92                      | 48,686                 | 1,544       | 3.3%   |
| CBD Commercial                | 1     | 111,000            | 510,000       | 2,140                         | 1,276                       | 466         | 3,883       | CBD Commercial                 | 500                         | 5,108       | 411                     | 6,019                  | 2,136       | 55.0%  |
| CBD Commercial                | 1     | 270,000            | 1,070,000     | 5,206                         | 2,678                       | 590         | 8,473       | CBD Commercial                 | 500                         | 10,716      | 430                     | 11,646                 | 3,173       | 37.4%  |
| CBD Commercial                | 3     | 720,000            | 2,070,000     | 13,883                        | 5,180                       | 1,517       | 20,580      | CBD Commercial                 | 1,500                       | 20,731      | 1,251                   | 23,483                 | 2,902       | 14.1%  |

The indicative figures in this draft are based on the proposed 2018-28 10-year