

Remote Rural Differential Policy

The purpose of this note is to set out the operational guidelines that Christchurch City Council applies when determining if a property is used principally for rural purposes. This is important for determining whether a property qualifies to pay the discounted remote rural rate.

Background

In the Christchurch district, most ratepayers pay a standard general rate based on the capital value of the property. Businesses pay a higher business rate (the “business differential”). A relatively small number of “remote rural” properties pay a lower remote rural differential. This effectively provides a 25 per cent discount compared with the standard general rate.

Eligibility

To qualify as remote rural a property must meet the criteria specified in the latest Annual Plan or Long Term Plan published by the Council. Under the existing rating policy, a property must meet three criteria. It must be:

- A) zoned residential or rural in the District Plan, *and*
- B) either
 - I. greater than 20 hectares in size; *or*
 - II. situated outside the serviced area defined for the Sewerage targeted rate; *and*
- C) either
 - I. used solely or principally for agricultural, horticultural, pastoral, or forestry purposes or the keeping of bees or poultry; *or*
 - II. vacant land not otherwise used.

For the purpose of clarity the Remote Rural category does not include any rating unit which is:

- A) used principally for industrial (including quarrying) or commercial purposes (as defined in Business differential); *or*
- B) used principally for residential purposes (including home-ownership flats).

Operational Guidelines for Assessing Whether a Property Qualifies for the Remote Rural Differential

The following operational guidelines are applied to determine whether a property is “used solely or principally” for the specified rural purposes. In particular, the guidelines focus on cases where both a residential and a rural purpose are present. They help to determine the principal purpose.

The Council formally approved these guidelines on 3 November 2005.

The following factors are to be considered:

Size of the rating unit

- Rating units less than 1 hectare will need to have significant horticulture structures to be regarded as rural. For example, glass houses in a state of practical occupancy (i.e. not derelict/abandoned state).
- Rating units of less than 2 hectares need substantial areas set aside exclusively for farming (horticultural, pastoral, agricultural).

Area devoted to the dwelling

- For rating units less than 2 hectares the portion used for the dwelling, garage and access should be less than 50%. For properties less than 4 hectares, this area should be less than 30%.

Situation of the dwelling

- The property is more likely to be principally rural if the dwelling is in one corner of the rating unit, and not landscaped into the whole.
- If integrated into the whole there is a presumption that the balance of the land is to support the residential use.

Use of the balance

- If the dwelling is landscaped into the balance of the land and this materially restricts farming use of the land then the principal purpose of the rating unit is residential. If not, the land can be used for all the normal types of farming use without restriction.
- Significance of the investment in agriculture production, with examples including farm fencing, glasshouses and horticulture/crop plantings, etc...
- Merely grazing the balance of the land with a few stock to keep the grass or weeds down does not constitute farming. There has to be evidence of active farming practice.
- If the balance of the land is not usable for farming because of, say, a slope, lack of soil or similar, then notwithstanding a larger area, the principal use may be residential.

How the property would be marketed in the event of a sale.

- If as a production farm with a dwelling – more likely to be principally rural.
- If as a lifestyle dwelling with space to expand – more likely to be principally residential.