

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

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Purpose: 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 general 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.

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) situated outside the serviced area defined for the sewerage targeted rate

The serviced area includes all rating units that are actually connected to the wastewater network, those with a connection kit installed at the boundary, and those located within a specified distance of any part of the wastewater network except where connection of properties within the specified distance is not possible for technical reasons (for example, if connection would require crossing third party land or if Council does not permit connection due to capacity constraints). For developed properties, the specified distance is 100 meters, measured from the wastewater network to a building on the land. For undeveloped properties, the specified distance is 30 meters measured from the wastewater network to the property boundary; 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. In practice we require that this vacant land be zoned rural.

A property will not qualify for the remote rural differential if it is:

- a) used principally for industrial or commercial purposes; or
- b) used principally for residential purposes (including home-ownership flats).

The following operation 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.

These guidelines were approved by Council in 2006.

Operational Guidelines

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 eg Glass houses in a state of practical occupancy (ie not in a derelict/ abandoned state),
 - Rating units less than 2 hectares need substantial areas set aside exclusively for farming (horticulture, pastoral, agricultural),
- **Area devoted to the dwelling** and portion percentage of the whole
 - For rating units less than 2 hectares the portion used for the dwelling, garage and access should be less than 50% and for less than 4 hectares, less than 30%, for these to stay Rural.
- **Situation of the dwelling** on the property
 - 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 a 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,
 - 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 useable for farming because say slope, lack of soil etc, then notwithstanding a larger area, the principal use may be residential.
- **How would the property be marketed** in the event of 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.