

RESIDENTIAL RATES POSTPONEMENT SCHEME

If you are 65 or older, and own and live in your home, you can choose not to pay rates each year.

If you do not have to pay rates each year, imagine what else you could do with that money.



You have reached the age of 65. You would like to use your rate payments to spend on other things.

Well now you can through the Marlborough District Council's "Residential Rates Postponement Scheme".

The Scheme has been specially developed by the Council to give homeowners aged 65 and over the opportunity to cease paying rates for the rest of their lives.

It means that you have a choice of carrying on paying them as you do now, or leaving them for your estate to take care of.

It is a choice which will appeal in particular to those on limited incomes, because it means you can enhance your quality of life with the money that you would otherwise be using to pay your rates.



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THE BACKGROUND

Councils throughout New Zealand can now be as flexible as they like in setting a Rates Postponement Policy.

This is due to the Local Government (Rating) Act 2002 and the Local Government Act 2002 having changed the law to allow rates payment postponements for residential ratepayers. Previously those rates could only be postponed if the ratepayer proved hardship.

In the case of the Marlborough District, the Council has elected to offer a scheme that will be available to all residential ratepayers that are aged 65 and over to postpone their rates for life.

The aim is to give qualifying ratepayers a choice of paying their rates now or later.

Under the scheme, people have the option to postpone payment of all or a portion of their rates for a fixed or indefinite period.

This is subject to the full cost of postponement being met by the ratepayer (*i.e. interest charges and administrative costs*), and the Council being satisfied that the risk of loss in any case is minimal.

How do I qualify?

First of all, the property concerned must be your usual place of residence.

Secondly, to qualify for lifetime postponement you or your partner must be at least 65 years old at the time that you make the application.

After you have read this booklet outlining what the scheme is all about, there are basically three easy stages to go through.

1. Confirming your eligibility

As a first step you are required to fill out an eligibility form. (*There is one on page seven of this booklet.*)

The Council will then do its sums to check that there is little risk of any shortfall when postponed rates and accrued charges are ultimately paid. If we find there is not enough value in the property for full rates postponement, we will offer you part postponement instead.

We will then send you a conditional Letter of Offer. At the same time we will send you contact details for the Decision Facilitation Advisor we have chosen to help you with your decision-making.

2. Making the decision

You will be required to have at least one “decision facilitation” interview with an advisor whose role is to help you arrive at a decision that is in your interests.

3. Applying for the Scheme

You do this by signing the conditional Letter of Offer and returning it to the Council with all required documentation.

“DECISION FACILITATION” - WHAT’S THAT ALL ABOUT?

One of the conditions of joining our scheme is that you must have at least one “decision facilitation” interview with a Decision Facilitation Advisor. For your first appointment, you will be required to bring proof of your age (*e.g. driver’s licence, passport or birth certificate*).

While “decision facilitation” may sound somewhat tedious, in reality it’s a simple procedure.

Its purpose is to help you make an informed and appropriate decision in your own best interests. It is also to protect the Council from any suggestion of undue influence.

You are welcome to bring family member(s) or an adviser with you to your interview.

You may want to let those people (*who could inherit your property*) know about your intention to postpone rates for payment from your estate – but that is your choice.

What if I still have a mortgage?

If you have a mortgage, you can still apply for the scheme. However, you will need to have written agreement from the financial institution which funds your mortgage.

When will my postponed rates actually be payable?

You can choose to pay your postponed rates in full (*or in part*) any time you like, without penalty. Otherwise, the Council will require them to be paid:

- After you have died or, in the case of couples, the second partner has died. Council is aware that it can take time to settle an estate, and will allow up to 12 months for payment; or
- When you cease to be the owner of the property.

Who pays the costs of the scheme?

The costs of operating the scheme will be paid only by those whose rates are being postponed. The Council has determined that there will be no subsidy from other ratepayers.

You will not be required to pay any costs up-front; they are not payable until the postponed rates are recovered.

As well as annual rates, the costs of the scheme are:

- Annual interest (*at Council’s borrowing rate*).
- There will be an annual reserve fund levy of 0.25% to meet the costs of any unrecoverable postponements.
- A one-off \$50 application fee.
- A one-off \$300 fee payable to Council to cover the cost of co-ordination,

administration and delivery of one decision facilitation session.

- An annual administration fee of \$50.
- A statutory land charge will be registered against the property and the cost of registration will be added to the postponed amount.

What if my home is owned by a family trust or I live in a retirement village - can I still apply?

In both cases, yes but there are special requirements:

Houses in trusts

The issue with trusts is that the trust is technically the legal ratepayer. If you live in a house owned by a trust, or you have a life tenancy/remainder arrangement, you are eligible to apply. However, the Council must be satisfied that all people with an ownership interest in the property have agreed to be part of the scheme. As well as trustee(s) this may also include beneficiaries, depending on the terms of the trust deed.

The Council will require a letter from the trust's lawyers to confirm that all parties whose consent is required have in fact consented and that they have the legal authority to do so. The Council's conditional Letter of Offer will also need to be signed by both the applicant(s) and all parties whose consent is required.

Retirement Villages

The issue with retirement villages is that the retirement village owner is technically the legal ratepayer. However, as an occupier, you will indirectly pay rates through a licence fee passed on from the village owner.

Council will only be able to grant a postponement of rates if:

- The amount of the rates for the unit/dwelling that you live in is clearly identified for rating purposes (*i.e. is separately rated*); and
- The full benefit of the postponement is passed on to you as resident.

If these two conditions are able to be fulfilled you will be able to apply for rates postponement with the agreement of the retirement village owner. In those circumstances Council will send a conditional Letter of Offer to both you and the village owner. This will need to be signed by both parties and returned to the Council.

OTHER FREQUENTLY ASKED QUESTIONS

Q. Why is the Marlborough District Council offering rates postponement?

- A. The law now allows councils to offer rates postponements to residential ratepayers. Our Council has made the decision to offer residential property owners, many of whom are on limited incomes, a choice as to when they can pay their rates.

Q. What are the benefits for me?

A. If you don't have to pay rates each year, you'll have that extra money to do things that you really want to do. A holiday, house maintenance.... It's your choice. For a lot of people not having to pay rates can considerably ease the financial pressure.

Q. How will I know what the accumulating costs are likely to be over time?

A. The Council has developed a financial model for the scheme. Whenever you request it, we will give you a "snapshot" of the total accumulated costs compared to the value of your property at that time.

Q. Will I get myself so far into debt that it can't be repaid?

A. No. If the total postponed charges reach 80% of the value of your property future postponement will cease. From then on you will be required to begin paying your rates up-front again. However, this will **not** affect postponements that have already been made.

The postponed rates will continue to accrue, along with the associated costs, and will still be repayable when you sell the property or when you die.

You can be assured there will **never** be a liability on you (*or your estate*) beyond the value of your property. Any shortfall when the house is sold (*for example due to unexpected falling property values*) will be covered by a reserve fund levy.

Q. What about insurance?.

A. If you don't have insurance you will be required to take on house insurance. You will be required to keep it insured and to provide Council with evidence of this each year.

Insurance is to protect you if your home is substantially damaged or destroyed. It means that the postponed rates debt will not affect the rebuilding or replacement of your home.

Q. Do I have to postpone all of my rates or can I postpone part of them (just the amount I need)?

A. The scheme is extremely flexible so, yes, you can apply to postpone all or part of your rates. Once you are in the scheme you can vary the amount you postpone depending on your financial situation. This is something you will need to discuss with Council staff.

Q. Does the Council get an ownership right in my house?

A. No, you retain full ownership. The Council simply has first claim on your property for the postponement amount that has accumulated, when it is sold or becomes part of your estate.

Q. Do I need to consult a lawyer about this?

A. If you think you should. However, there is no need for your lawyer to be involved. If you choose to see a lawyer your legal fees can be added to your postponed rates.

Q. Can the scheme be reviewed or suspended?

- A.** The Council's scheme is in place indefinitely, although it can be reviewed at any time subject to the requirements of the Local Government Act 2002. If there were to be changes they would not affect the entitlement of people already in the scheme to continue postponement of future rates.

Council reserves the right not to postpone any further rates once the total of postponed rates and accrued charges exceeds 80% of the rateable value of the property.

Eligibility/Application Form

I/We would like to confirm my/our eligibility for rates postponement (tick)

First Applicant 's Full Name: _____

Date of Birth: _____

Second Applicant's Full Name: *(if applicable)* _____

Date of Birth: _____

Owner(s) of property (if different from above). Please specify name of trust or retirement village if applicable:

Property Address: _____

Valuation No: _____ Property No: _____

Is the property used for personal residential purposes: yes no (tick)

The property is insured with: _____

(Note: Insurance is a mandatory requirement of the scheme)

Type of postponement sought *(if known)*: full partial (tick)

Contact phone number: _____

Signed: _____ Date: _____
First Applicant

Signed: _____ Date: _____
Second Applicant *(if any)*

If there are more than two owners please obtain, and complete an application extension form.

Contact Address *(if different from above)*: _____

Email *(if applicable)*: _____

Send this completed form to:
Rates Postponement Scheme
Marlborough District Council
PO Box 443
Blenheim 7240

PLEASE TURN OVER

Eligibility/Application Form (Continued)

We, the undersigned, confirm our agreement with, and support this application under the Marlborough District Council's Rates Postponement Scheme:

Full Name: _____

Date of Birth: _____

Signed: _____ Date: _____

Full Name: _____

Date of Birth: _____

Signed: _____ Date: _____

Full Name: _____

Date of Birth: _____

Signed: _____ Date: _____

Full Name: _____

Date of Birth: _____

Signed: _____ Date: _____



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