
2.3 Provision of Rates Waiver for Community Housing Properties

File: 45/05/20
Responsible Officer: Manager Culture and Community Planning

Purpose

1. To seek endorsement of a process to apply a rates waiver initiative for providers of community housing.

Background

2. Section 171(1)(b) of the *Local Government Act* 1989 ('The Act') provides Council with the power to waive rates. Relevant here are sub-sections (1) and (2).
3. Sub-section (1) of the Act states that "a Council may waive the whole or part of any rate or charge or interest in relation to;
 - (a) an eligible recipient under sub-section (4); or
 - (b) any other class."
4. Sub-section (2) states "a resolution of the Council for the purposes of sub-section (1)(b) must include the objectives to be achieved by the waiver."
5. In the 2004/05 Annual Budget – Submissions Report presented to the July 2004 Ordinary Council Meeting, it was resolved that Council would "allocate \$10,000 to undertake an initiative to waive the payment of rates to approved providers of community housing". This resolution was subject to a report to Council in September 2004 "investigating a resolution and procedure mechanism to allow Council to grant waivers under the Act".

Issues

6. Community housing provides a valuable and necessary service to residents of Yarra, by providing affordable accommodation and/ or support to those who are suffering disadvantage, marginalisation, discrimination and/ or crisis. Community housing stock is owned and managed by not-for-profit organisations, and provides a vital component in the housing services system in the City of Yarra.
7. In recognition of the important role that community housing providers contribute to the community, Council allocated \$10,000 in the 2004/05 Budget to undertake an initiative to waive the payment of rates to providers of community housing. The objectives of the waiver are intended to:
 - (a) support the retention of community housing properties in the City of Yarra;
 - (b) support the development of new community housing initiatives in the City of Yarra;
 - (c) lower operating costs to providers of community housing, where those cost savings will be passed on to residents; and

- (d) support the diversification of housing type available to people receiving a low-income or income-support.
- 8. For the purposes of the application of a rates waiver, community housing is defined as:

“Housing owned by a not-for-profit organisation which [is endorsed as a deductible gift recipient for the purposes of the Income Tax Assessment Act 1997] OR [operates predominantly for a charitable purpose], but does not include housing on land owned by the Department of Human Services or land that has been transferred by the Department of Human Services to a third party within the past 10 years.”
- 9. Organisations applying for a rates waiver must meet the assessment criteria. The criterion is determined by the applicant's ability to demonstrate adherence to the definition of the term community housing, and to achieve the stated objectives of the rates waiver initiative. Rates waivers will only be applied where a community housing provider is not eligible for an exemption of rates under any other existing sections of the Act.
- 10. Applications for rates waiver will be assessed by Council's Coordinator Valuation for approval by the Director Corporate Services.
- 11. Waivers of rates to community housing providers will be subject to a four-yearly review by Council.
- 12. Rates will not be waived retrospectively, and will apply from the beginning of the 2004/05 financial year, or pro-rata from the beginning of community housing operations if operations begin within 2004/05.

Resource and Financial Implications

- 13. The 2004/05 Council budget has provided for the implementation of the rates waiver initiative with an allocation of \$10,000.

Environmental implications

- 14. There are no significant environmental implications

Council Plan, Strategy and Policy Implications

- 15. The initiative reflects Council's key commitment area of *Community Development: Improve, Value, Celebrate* which underpins the City Plan 2004 / 2008 and other key policies and strategies.

Legal implications

- 16. Legal advice was sought in relation to the definition of community housing, and the drafting of the resolution to meet the requirements of section 171(2) of the Act.

RECOMMENDATION

- 17. That Council:

- (a) resolve, pursuant to section 171(1)(b) of the *Local Government Act* 1989, to waive rates on the ground of financial hardship for providers of community housing;
- (b) resolve that providers of community housing must meet the following criteria to receive the rates waiver;
 - (i) satisfy the definition of community housing; and
 - (ii) demonstrate that the objectives of the rates waiver will be achieved in the particular case.
- (c) endorse the objectives to be achieved by the waiver to:
 - (i) support the retention of community housing properties in the City of Yarra;
 - (ii) support the development of new community housing initiatives in the City of Yarra;
 - (iii) lower operating costs to providers of community housing, where those cost savings will be passed on to residents; and
 - (iv) support the diversification of housing type available to people receiving a low-income or income-support.
- (d) resolve that the rates waiver be assessed by the Coordinator Valuation for approval by the Director Corporate Services
- (e) resolve that, for the purposes of this resolution, 'community housing' means:

"housing owned by a not-for-profit organisation which [is endorsed as a deductible gift recipient for the purposes of the Income Tax Assessment Act 1997] OR [operates predominantly for a charitable purpose], but does not include housing on land owned by the Department of Human Services or land that has been transferred by the Department of Human Services to a third party within the past 10 years."

PLANNING & COMMUNITY DEVELOPMENT COMMITTEE RECOMMENDATION

Moved: Councillor Lai

Seconded: Councillor Sekhon

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 - (a) resolve, pursuant to section 171(1)(b) of the *Local Government Act* 1989, to waive rates on the ground of financial hardship for providers of community housing;
 - (b) resolve that providers of community housing must meet the following criteria to receive the rates waiver;
 - (i) satisfy the definition of community housing; and

- (ii) demonstrate that the objectives of the rates waiver will be achieved in the particular case.
- (c) endorse the objectives to be achieved by the waiver to:
 - (i) support the retention of community housing properties in the City of Yarra;
 - (ii) support the development of new community housing initiatives in the City of Yarra;
 - (iii) lower operating costs to providers of community housing, where those cost savings will be passed on to residents;
 - (iv) support the diversification of housing type available to people receiving a low-income or income-support;
- (d) resolve that the rates waiver be assessed by the Community Planner – Housing and Council’s Coordinator Revenue Management for approval by the Director Corporate Services; and
- (e) resolve that, for the purposes of this resolution, 'community housing' means:

"housing owned by a not-for-profit organisation which is endorsed as a deductible gift recipient for the purposes of the Income Tax Assessment Act 1997 OR operates predominantly for a charitable purpose, but does not include housing on land owned by the Department of Human Services or land that has been transferred by the Department of Human Services to a third party within the past 10 years."

CARRIED

COUNCIL RESOLUTION

Moved: Councillor Fristacky

Seconded: Councillor Farrar

That the Planning and Community Development Committee recommendation be adopted.

CARRIED