Rating Policies Review consultation

Summary document

Reviewing Wellington City Council's rating policies

The Mayor, Councillors and Pou Iwi are developing Wellington City Council's next Long-term Plan (LTP), for the 10 years from 2027 to 2037. The LTP sets the Council's direction and outlines our priorities, what they will cost, and how we will fund them.

As part of this work, we are reviewing our rating policies to make sure the Council calculates and shares rates across the city in a fair, reasonable, and appropriate way.

This consultation is not about the total amount of rates the Council collects. Instead, it focuses on the proportion collected from different types of ratepayers.

No decisions have been made yet. This review is a chance to consider whether we can structure and divide rates across Wellington properties in a better way. There will be more community consultation as part of the Long-term Plan process in 2027.

There are five proposals. You can give your feedback at **wcc.nz/rating-policies-review** or email **ratingpoliciesreview@wcc.govt.nz**

We need to receive your feedback by 15 November 2026

Key proposal 1: Change from capital value to land value rating base

Should Wellington City Council change how it calculates general rates?

At the moment, we base council rates on a property's capital value, which includes the value of the land and the value of any buildings and improvements. Properties with the same capital value pay the same general rates regardless of land size.

Under a land value system, the Council would calculate general rates using only the value of the land. We would not include buildings or other improvements in the rating value.

Why are we reviewing this?

Advocates of land value rating argue it could encourage landowners to develop land more efficiently, support housing growth, discourage land banking, and remove the penalty of higher rates for improving properties.

Advocates of the current capital value system argue that higher-value properties may place greater demands on Council services, and capital value may better reflect a property owner's ability to pay rates.

What might change?

This proposal would change how rates are shared between properties. Using a land value rating system:

- Properties with high-value land but low-value buildings and improvements could pay higher rates.
- Intensively developed properties, such as apartment buildings or multiple homes, could pay lower rates.
- Owners of underdeveloped commercial sites, such as outdoor car parks, could pay higher rates.

- Utility companies (gas, water, electricity, telecom) could pay much less if their land value is lower than the capital value of their infrastructure.

Go to **wcc.nz/rating-policies-review** to find out how a change to land value rating could affect your property.

Key proposal 2: Reduce the rates differential for commercial properties

At the moment, commercial properties pay general rates at 3.7 times the residential general rate. This means a commercial property pays $3.70 in general rates for every $1 that a residential property of the same value pays. Our current commercial rates are among the highest in the country when the commercial rate, the downtown targeted rate, and the commercial sector targeted rate are added together. Commercial properties currently pay 49 percent of the total rates 'pie'.

Why are we reviewing this?

Business costs in Wellington have increased in recent years and many residents are also facing cost-of-living pressures. The Council wants to consider changing the current differential between commercial and residential ratepayers to encourage economic growth.

What might change?

We propose reducing the commercial differential from 3.7:1 to 3.0:1 over six years, to encourage economic growth. We could also keep the current differential or consider another option.

This change would not reduce the total amount of rates collected. Instead, it would change how the rates pie is shared by different ratepayer groups. Commercial properties would pay less, and residential properties would pay more.

Example: Both properties are valued at $1.5 million. The calculations use 2026/27 rates.

- For a downtown commercial property, the average general rate would drop from $18,280 to $16,704 per year (an 8.6 percent decrease).
- For a residential property, the average general rate would increase from $4,460 to $4,861 per year (a 9 percent increase).

Key proposal 3: Extending the vacant land differential area

Wellington City Council uses a vacant land and derelict buildings differential to encourage landowners to develop vacant and neglected sites.

Vacant land and derelict buildings in the central city already pay five times the base general rate to encourage development for housing, businesses, or other productive uses.

The Council wants to know whether expanding the area for the vacant land differential and clarifying the rules would encourage development and make the rating system fairer.

What changes do we propose?

1. Extend the area covered by the policy to include undeveloped properties along Adelaide Road, including areas around the Basin Reserve and extending to Wellington Regional Hospital.
2. Clarify the policy wording to better explain the purpose of the higher rate and make the policy easier to understand.

Key proposal 4: Create a separate rate for Tiaki Wai

Tiaki Wai is the new water service provider for the Wellington region. The Council proposes creating a new general rates differential for Tiaki Wai to enable more affordable water charges.

Higher rates for Tiaki Wai would increase their costs and it is likely any increase to their rates would be passed on to all ratepayers through water charges.

Key proposal 5: Rates remissions policy changes

A rates remission reduces the amount of rates a property owner pays. Wellington City Council is considering changes to two remission policies.

Earthquake-prone buildings remission

Owners of earthquake-prone buildings have raised concerns about eligibility rules, application timing, and losing the remission when the property is sold.

The Council proposes a simpler system that would:

- Base the remission on the consented value of strengthening or demolition work.
- Be available for up to three years after a building is removed from the earthquake-prone buildings list.
- Keep the remission with the property, rather than the owner, so it continues if the building is sold.
- Cap the remission at the total rates payable each year.
- Potentially offer increased support where strengthening is most needed.

Special circumstances remission

The Council also wants to simplify and broaden its special circumstances remission policy.

The proposed change would allow the Council to grant a rates remission in situations where it believes doing so is **fair and reasonable**, even if no other remission policies cover those circumstances.