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**REPORT 3.1**  
*(1215/52/IM)*

**LONG TERM COUNCIL COMMUNITY PLAN 2006/07 –  
2015/16: DEVELOPMENT CONTRIBUTIONS POLICY: -  
REPORT OF SUBCOMMITTEE FOLLOWING  
SUBMISSIONS**

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**1. Purpose of Report**

This report provides the Strategy and Policy Committee with a summary of the submissions received and the recommendations of the Development Contributions Policy Subcommittee after it received and heard submissions and received advice of officers on the submissions and other aspects of the draft policy included in the 2006/07 LTCCP.

The report recommends that the Strategy and Policy Committee recommend to Council that the Draft Development Contributions Policy consulted on as part of the LTCCP is adopted (with amendments) and that the amended policy takes effect on 1 July 2006.

**2. Executive Summary**

The submissions received on the Draft Development Contributions Policy (the policy) have raised a number of issues that require the Committee's consideration. They are addressed in this report, and recommendations made. Officers have also identified some further operational issues with the policy which the Subcommittee recommend to the Committee for adoption.

The issues fall into four main categories:

- The Council's funding decision;
- The application of the methodology in the LGA 2002 by Council in the policy
- Particular 'operational' elements of the policy; and
- Site specific/ property owner specific issues (Catholic Board of Trustees and Get Big Limited)

The Subcommittee recommends that the decision made in June 2005 that Development Contributions will be used to fund growth related capital expenditure is confirmed.

The detailed methodology adopted by Council for calculating the contributions required to fund growth related capital expenditure was set out in the papers that led to the adoption of the Development Contributions Policy in June 2005. The policy in the 2006/07 LTCCP does not change the methodology adopted at that time.

The Subcommittee recommends changes to some operational aspects of the policy based on issues raised in submissions and officer advice.

Finally the Subcommittee recommends a response to the site/ property owner specific submissions lodged by Get Big Limited and the Catholic Schools Board.

### **3. Recommendations**

The Subcommittee recommends that the Committee:

1. *Receive the information.*
2. *Receive the submissions.*
3. *Recommend to Council that it confirms the key principle that development contributions fund 100% of growth related expenditure, but that Council retains the option of departing from this principle for particular infrastructure if Council was of the view, following the consideration of section 101(3) factors, that there is a demonstrable case supporting a variation.*
4. *Recommend to Council that the principle that development contributions fund 100% of growth related capital expenditure is applied to all fees in the draft policy.*
5. *Agree that the draft Development Contributions Policy is amended as follows:*
  - a. *to remove any confusion with clarification of references to Greenfield Development.*
  - b. *to align the assessment and payment regime with the likely amendment to section 198 LGA 2002.*
  - c. *to meet the obligations of section 106 LGA 2002, by including a summary of the financial contribution regime as it relates to both section 3.4.5 of the District Plan and to any development to which the Development Contributions policy does not apply.*
  - d. *to change the catchment maps so the land owned by Get Big Ltd on the west side of Best Ridge is changed from 'I-Churton-Stebbing's' to 'O Rural' and the area to the east of Best ridge remains as 'I'.*
  - e. *to make explicit reference to the regime that applies where it is not practical to connect to water and wastewater at the time of development (ie because those facilities are not available as set out in section 5.7 of this paper).*
  - f. *to delete the current gross floor area definition and replace it with the definition in section 5.8 of this paper.*
  - g. *it is reordered so that it is more user friendly.*
6. *Recommend to Council that the Development Contributions Policy is adopted as amended in appendix 2 (subject to confirmation of the final 2006/07 LTCCP capital expenditure figures) and that the amended policy takes effect on 1 July 2006.*

7. *Recommend to Council to delegate the Chief Executive Officer the authority to make any minor editorial changes that may be required to the Development Contributions policy prior to publishing it.*
8. *Note that the final schedule of development contribution fees will be determined when the 2006/07 LTCCP capital expenditure figures are finalised by Council.*

#### **4. Background**

Council first introduced its Development Contributions Policy as an amendment to its 2003/04 LTCCP, as part of the 2005/06 Annual Plan process. The changes to the policy as notified in the 2006/07 LTCCP are not significant, and relate primarily to operational issues and some updating of the policy to take into account new capital expenditure planned in the lifetime of the 2006/07 LTCCP.

Submissions were however not limited to the issues of change. As a result some submitters have raised issues that were comprehensively dealt with when the policy was adopted (from which there is no change proposed).

Eight submissions were received on the policy. Four submitters asked to be heard. The issues raised are summarised in appendix 1 and raise the following issues:

- Funding decision, in particular the decision by Council to fund 100% growth related capital expenditure and not give credit for the significant benefits development brings (such as employment, increased rates revenue for Council and amenity).
- Council should continue to fund capital using borrowings.
- Level of charges (that they are too high, should not be payable in addition to building consent and RMA fees and affect the affordability of housing).
- Methodology used.
- Clarification of reference to Greenfield Development.
- Assessment regime/ advising of future increases.
- Overlap/ status of financial contributions.
- Clarification required where it is not practical to connect to the network (ie water and wastewater).
- Definition of gross floor area.
- Submission by Get Big Ltd regarding the catchment map applying to its land.
- Exemption sought by Catholic Schools Board.
- Process issues - ie consultation on the policy.

In addition to issues raised by submitters, a number of further 'operational' matters were been identified by officers, and it is recommended that the policy is amended to:

- Reorder the policy/ steps in the draft policy
- Include a summary of the Financial Contributions regime (as required by section 106 LGA 2002).

## 5. Discussion

### 5.1 Funding decision

#### *General issues raised*

A number of submitters raised issues that fundamentally disagreed with and/or challenged the Council's decision (made in 2005) to use development contributions to fund growth related expenditure. In particular they sought that Council take into account the benefits of new development and increased revenue from rates. One submitter (Robert Fisher & Associates Ltd) sought that the total amount of development contributions is capped - rather than increasing on the basis of the scale of the development. Arguments were also raised regarding rising costs of construction and other compliance costs which are dealt with below.

The Property Council also suggested that the cost of capital expenditure could be adequately funded through increased rates (ie to repay debt and interest) and, therefore, development contributions are unnecessary/ inappropriate to fund such expenditure.

The Subcommittee noted that all of these issues were canvassed fully by Council when it made its funding decision last year and that the proposal to continue to use development contributions to fund growth related capacity expenditure raises the same issues. The Subcommittee noted that:

- While it is acknowledged that there are citywide benefits of new development, Council determined that the overarching policy of achieving equity between existing ratepayers and newcomers weighed against any argument that less than 100% ought to be collected from new development on the account of the benefits of growth.
- Council does not receive increased rates revenue from new development. Any increase in the number of ratepayers has the effect of spreading the rating burden over a wider base rather than increasing the total amount collected from rates. Any change to the Council's rating approach to address the issues raised by submitters would require a significant shift in Council rating policy and is not appropriately dealt with as part of the Development Contribution Policy.
- The approach taken is consistent with Council's current and proposed Revenue and Financing Policy.

#### *Cost of contributions / level of charges are too high (in addition to building consent and RMA fees)*

A number of submitters raised issues with the quantum of the contributions payable, and in particular expressed specific concerns regarding the impact on the market of increasing costs generally. The particular concern expressed by Fisher and Associates was that development contributions impose an additional cost over and above other Council fees (such as resource management and building fees) and that those costs are already significant enough to make the necessary contribution to the required capital expenditure.

The Council can only charge its actual and reasonable costs for administering the Resource Management and Building Act processes. The fees paid under those processes

do not in any way contribute to the costs Council incurs to meet the demand arising from growth.

The Subcommittee noted that it is not accurate to aggregate such costs of development with development contribution costs.

### ***Affordability***

As drafted, the policy currently attributes the costs of growth so that they are met by the particular development that incurs the cost. There is no assessment of 'ability to pay', unlike rates funding decisions where Council's use of a capital value rating system incorporates this principle.

The impact of development contributions on the affordability of housing, in particular low cost housing, was raised by the Property Council and Housing New Zealand Corporation. The Subcommittee noted that the work done as part of the adoption of the policy last year concluded that while the adoption of the Development Contributions policy would increase the costs of development, the charges were (on an Equivalent Household Unit [EHU] basis) not significant relative to the overall costs of development and were consistent with other Development Contribution or Financial Contributions policies in the region. Recent analysis of the assessments undertaken to date (excluding the Northern Growth area) have shown that the average fee payable per EHU is \$3,500.

In the Northern Growth area the amounts involved (ie approximately \$15,000 per EHU) appear significant. However, it is considered that this is not a significant change to the 'actual' amount paid (under financial contributions and under private agreements in the Northern Growth area) post the introduction of the policy. The reason for this is that the majority of sections and housing in this area have been developed pursuant to agreements with Council where the individual developers have met the cost of the infrastructure required for growth.

### ***Conclusion***

The Subcommittee recommends that the Council reconfirm the funding decision made last year. It is noted that when Council made that decision it specifically retained the option, when considering the application of that funding approach to each area of infrastructure, of departing from the principle that development should pay 100% of growth related capital expenditure for particular infrastructure. Council could make such a decision if after the considering factors in section 101(3), that there is a case supporting a variation. The Subcommittee recommends that Council again specifically retain this option should it confirm the funding decision.

The Subcommittee reviewed the schedule of development contributions in the policy. The Subcommittee was satisfied that there are no fees for particular infrastructure (whether citywide or catchment specific) that call for the Council to exercise its discretion to reduce the fee from that calculated on the basis of recovery of 100% of growth related expenditure.

## **5.2 Methodology**

The Property Council questioned the methodology adopted in the policy, and in particular the 'nexus' between demand generated by growth and the capital expenditure identified in the policy.

The Subcommittee noted that the policy has involved the identification of growth related capital expenditure in Council's asset management plans and LTCCP and attributed that capital expenditure across development that drives the need for the additional network infrastructure and reserves. (See section 5 of the draft policy for the 7 steps followed).

It is noted in particular that Council has ensured that expenditure required for improved level of service and renewals is excluded. Further, where renewal projects include the provision for additional capacity to provide for growth, the policy limits the costs of growth to the incremental costs of the materials required for the additional size or capacity. This was acknowledged during the consultation on the policy last year by other submissions which supported this approach.

The policy has been prepared using methodology that is consistent with the requirements of the LGA 2002 and it is not recommended that any changes are made.

## **5.3 Clarification of references to Greenfield Development**

One submission raised a concern about the wording in the policy requiring reserve contributions for Greenfield Development. The submission indicated that the policy for reserves for Greenfield Development only relates to the Northern Growth Area.

The reference to Greenfield Development and the reserves payable for such development is subject to an amendment in the draft 2006/07 policy from that which was in the policy adopted last year. The amendment was to ensure that all Greenfields Development (as defined) would be required to pay reserves contribution, not just Greenfield Development in the Northern Growth Area.

It is recommended that a small amendment is made to the policy to remove any confusion, and in particular remove any reference to the Northern Growth Area (so that it cannot be read that this area is mentioned to the exclusion of all others) and to clarify the reference to the calculation set out in the policy at paragraph 6.2.9 and Appendix B6.1.2-B6.1.7 of the draft policy.

## **5.4 Assessment regime/ advising future increases**

General issues were raised regarding the assessment and payment regime. The regime is central to how the Development Contributions Policy functions and is a major operational issue for Council. Broadly, Council's objectives are that the assessment regime:

- Is lawful;
- Is not difficult or expensive to administer; and

- Is, where possible, able to respond to changes in the demand created by a particular development and the cost of that demand to Council over time.

Also relevant to the assessment regime is that the Local Government Law Reform Bill proposes to amend the central empowering provision for development contributions under the LGA 2002 (section 198). The select committee report recommends that the Bill will enact the proposed change to section 198 without amendment. This represents an improvement on the current wording of section 198 (which was amended 'inadvertently' by the Building Act 2004) however does not present the Council with the degree of flexibility that it sought in its submission on the Bill.

The current assessment regime that applies under the 2005 policy is:

- **on receipt of application:** This is to help inform the developer of Development Contributions fees that their development will incur,
- **then 12 months later:** If not paid within 12 month of original assessment. This allows for changes in the Development Contribution policy to be reflected.
- **at any change in the development:** As the 12 month payment criterion applies, the Council officers have to assess at every change in the development to ensure the assessment is accurate. This may happen at each stage of the building consent relating to the overall development. With large projects, the final development can be different to the original proposal.
- **application for certification:** Once the developer has completed or given effect to their consent the Council officers re-assess the development to ensure its accuracy before invoicing.
- **upon payment of assessment:** When payment is received, the re-assessment of any further consent is required to acknowledge the payment made as a credit.
- **any replacement consents:** As developers develop their projects they evolve, therefore, some seek new consents. These then required Development Contributions assessment again.

The Subcommittee recommends that the policy is amended to take account of the objectives outlined above and the likely amendments to the LGA 2002.

The proposed regime will assess:

- **on receipt of application:** This is a full assessment for increased demand/ EHU's. If increased demand is expected the Council will exercise its power to require a development contribution. Practically, the Council will change its processes so that it only assesses building consents and subdivision consents.
- **at application for certification:** This final assessment will be made to assess any changes made to the development. This assessment occurs near the completion of the development. The developer will be invoiced at this stage. Payment must be received before certification is issued.

Some submitters raised concerns regarding issues of transition between the current and proposed policy. It is recommended that an amendment be made to clarify the position.

### **5.5 *Overlap/ status of financial contributions***

One submission raised a concern about whether additional contributions would be charged under the provisions for financial contributions under the Resource Management Act 1991, still contained in the Council's District Plan. The draft policy proposed an amendment to the current policy so that the relationship between development contributions and financial contributions was clarified.

The position under the policy, and at law, is that Council is unable to assess and collect development contributions and financial contributions for the same purpose. The Council's Policy is that Council will use the Development Contributions Policy where a development contribution is payable. However, the policy provides that where capital expenditure is required as a result of a development and that capital expenditure is not covered in the Development Contributions Policy, that Council can still seek a financial contribution under section 3.4.5 of the District Plan.

The policy provides that the Council will still impose financial contributions on any development to which the policy does not apply.

The Subcommittee is of the view is that the relationship between the two regimes is clear in the policy. However, in order to meet the obligations of section 106 LGA 2002, it is recommended that the policy is amended to include a more full summary of the financial contribution regime as it relates to both section 3.4.5 of the District Plan and to any development to which the Development Contributions Policy does not apply (e.g. the Crown).

### **5.6 *Get Big Ltd***

This submitter raised an issue concerning the catchment zone for its development being incorrect. The development provided its own water and wastewater system, and its only road connection was via Ohariu Road.

The address of the land/ development is 272 Ohariu Valley Road. The property is bisected by the ridgeline known as Best Ridge. The development (currently a 2 lot subdivision) is on the west side of Best Ridge. The entire landholding is in catchment - 'I-Churton-Stebbing'. Properties to the north and south have a Development Contributions Policy catchment defined by the ridgeline.

Council officers presented information on their review of the information presented on behalf of the landowner by TCB. A number of options were considered given that:

- the water and wastewater catchment (comprised in catchment I) has the capacity to service this land if it was to be developed in the future (although the particular infrastructure to connect it to that new infrastructure is not budgeted at this time); and
- the property (although accessing Ohariu Road) will obtain some benefits from the roading changes in catchment I.



Officers' recommended that it would be appropriate for the catchment boundary of 'I' to be defined to the west by the ridgeline based on the following:

- The mapping of adjoining land;
- The ability to service the site from the infrastructure in catchment I;
- The development does not require connection to water or wastewater (and nor would it be practical to provide it);
- No capital expenditure is planned in the LTCCP to service the site with water and wastewater.
- There are a number of other properties accessing Ohariu Road that would share the same roading benefits, but as they are included in catchment O at this time, there would be inconsistency between the property and its immediate neighbours if a roading contribution was retained.

The Subcommittee therefore recommend that:

- The land on the west side of Best Ridge is changed from 'I-Churton-Stebbings' to 'O Rural'.
- The area to the east remains as 'I'.

### **5.7 Water and wastewater – where not connected**

The Makara Ohariu Community Board's submission supported paragraph 6.3.1 of the draft policy, which relates to 'Rural Areas.' It provides that where a connection to water supply or wastewater reticulation cannot be made, a development contribution will not be charged for that infrastructure element. In practical terms this means that the citywide roading and reserves fees would be the only contribution payable but that if a connection was later made possible the relevant contribution would be required at time of connection.

The Get Big Ltd submission highlighted that the reference to 'Rural Areas' in section 6.3 of the draft policy is not as clear as it could be. That is, it is not clear that it refers to Rural zoned land in the District Plan or the Rural – O catchment under the policy.

The Subcommittee recommends that paragraph 6.2 of the draft policy is amended so that it is explicit that in any case (irrespective of zoning or the catchment map):

- Where it is not practical to connect to community facilities at the time of development (ie because those facilities are not available) a contribution will not be charged
- If the facilities are provided at a later date and then a connection is made, a contribution will be required at the time an application for connection is made. The amount payable will be determined by reference to the applicable fee per EHU of the relevant catchment from which the facilities are provided
- If the facilities are available, but the applicant chooses not to connect, a contribution will still be charged

This will ensure that for developments where the above circumstances exist, officers can assess the correct development contribution payable rather than requiring the applicant to apply for a remission.

## **5.8 Definition of Gross Floor Area (gfa)**

Three submitters (Property Council, CCHDB and New Zealand Institute of Surveyors) raised concerns about the definition of gfa. The concern was that the current definition in the policy gives rise to uncertainty and the potential for inconsistent results. One submitter highlighted that if particular types of floor space are excluded from the definition of gfa, there could be variations of 10%-20% in the total gfa figure. Given this, the submitter urged that Council be clear about what features should be included in the measurement of gfa.

Two submitters provided definitions, one of which has been developed to be used in conjunction with rentable space and the other used in the insurance industry. It was noted that these definitions are used for valuation and other similar commercial purposes, rather than as a proxy for demand on Council infrastructure.

Gross floor area is used to determine the number of EHU's for non-residential development. It is therefore important that the definition is clear (so that it can be accurately applied) and that it accurately reflects the demand on Council infrastructure resulting from non-residential development. The Subcommittee were reminded by officers that under the policy the non-residential unit of demand is designed to reflect a fair and reasonable comparison to the demand created by a residential household unit. Under the policy, the non-residential unit of demand (unless a self assessment is pursued under the policy) is derived from the fact that 25m<sup>2</sup> gfa per person is required, which is then multiplied by 2.6 (being the equivalent average household occupancy).

The Subcommittee recommends that the areas of non-residential developments that are not directly related to space that generates demand are excluded from the definition of gfa. Such areas include uncovered stairways, open roofed and external balconies, areas used for vehicle parking and vehicle circulation, lift towers, machinery rooms and stairwells.

The Subcommittee noted in particular the issue of commercial parking that is not servicing the activities in the development, and whether it ought to be specifically provided for under the policy as an activity required to pay development contributions. After consideration, it was decided to exclude it, on the basis that carparking itself does not generate demand for Council services (with perhaps the exception of stormwater if there is an increase in impervious services) but that officers are asked to monitor this issue as part of the ongoing assessment of the application of the policy.

It is noted that information was provided on definitions used in policies adopted by other Council's. Each key element was identified and is indicated with ✓ or ✗ to represent inclusion or exclusion respectively.

Source	Document	Exterior face of wall	Centre of separating walls	Stairway & Lift	Carparks	Equipment service area	External Balconies/ stairs
Auckland	DC Policy	✓	✓	X	X		
Christchurch	DC Policy	✓		X	X		
Papakura	DC Policy	✓	✓	X	X	X	
Rodney	DC Policy	✓			✓	X	X
North Shore	DC Policy	✓	✓	✓	X	X	
Hamilton	DC Policy	✓	✓	✓	X	X	
<b>Wellington</b>	<b>Current</b>	✓	✓	✓	✓	✓	
Wellington	Proposed	✓	✓	X	X	X	X
<b>Property Council</b>	<b>Submission</b>	✓	✓	<b>X</b>	✓	<b>X</b>	✓
<b>NZIQS</b>	<b>Submission</b>	✓		✓	<b>X</b>	✓	<b>X</b>

The Subcommittee recommends that the definition in the policy is amended as follows:

*Gross Floor Area: Is the sum of all floors of all buildings on a site, measured from the face of exterior walls, or from the centre lines of walls separating two buildings. In particular, gross floor area includes:*

- *Lobbies at each floor;*
- *Floor space in interior balconies and mezzanines;*
- *All other floor space not specifically excluded;*

*The gross floor area of a building shall not include:*

- *Elevator shafts and stairwells;*
- *Uncovered stairways;*
- *Floor space in terraces(open or roofed), external balconies, breezeways, porches;*
- *Areas used for vehicle parking and vehicle circulation, lift towers and machinery rooms;*
- *Switchboard areas / Plant rooms;*

### **5.9 Workability of the policy**

The Subcommittee accepted the officers recommendation that the policy is reordered so that it is more user friendly. This will ensure that the policy and provisions relating to existing uses / credits is more explicit (given that a number of submitters misread the policy in this regard), and that the application of financial contributions under the Resource Management Act is more clearly stated.

### **5.10 Exemption sought by Catholic Schools Board, and other exemptions sought for other community facilities (hospitals, churches, libraries etc).**

The Catholic Schools Board has sought an exemption from the policy on the ground that they ought to be dealt with on a parallel basis as the Crown because of the particular statutory regime that applies to schools operated by the Board.

Council does not believe there is a sound policy foundation for the Crown exemption from the development contribution regime in the LGA 2002. It has been a participant in

the request by the Metro Sector Councils that the issue is readdressed by the government. The Subcommittee's view was that an extension of the exemption could lead to a floodgate of similar requests from landowners developing land to facilitate an activity with similar attributes to activities undertaken by the Crown. For example, concern was raised that similar exemptions would be sought by providers of private schools, childcare facilities, and the like.

Further the Subcommittee noted that the obligation to pay development contributions rests on the developer of the land (i.e. the applicant for the consents). If an exemption was granted on the basis that the end user is the Crown, then it could give rise to similar requests by owners and developers of a significant amount of space in Wellington that is privately owned and developed, but occupied by the Crown.

The Subcommittee therefore does not recommend that the exemption sought is granted. However, the Subcommittee notes that this is not to say that there will not be specific scenarios where the Board is undertaking work that ought not to attract Development Contributions. For example, the Board may be able to demonstrate that the 'fixed' roll of integrated schools means that a proposal does not increase demand in any way. Under the policy the Board could apply for a self assessment or for a remission.

The Subcommittee notes the Board's submission was that both of these processes are costly. Council officers will work with the Board to work out the most streamlined and cost effective process to deal with such applications in the future. The Subcommittee requests that officers advance those discussions.

### ***5.11 Consultation process***

It is noted that the Property Council raised concerns with the consultation timeframes and said that it meant that it was unable to engage with the Council on its policy in an effective manner, given the timeframes involved. It sought to be more involved in the Council's policy development.

The Council has complied with all of the statutory timeframes under the LGA 2002. Further, as noted above, as the changes from the policy adopted last year were not significant, the Council did not undertake specific consultation prior to the special consultative procedure on the LTCCP (which included the draft Development Contributions Policy).

The Subcommittee notes that the policy is scheduled to be reviewed to include community infrastructure and to revisit the regime for local purpose reserves. The Subcommittee endorsed the suggestion by officers that as that work is done, Council officers will build into that process, the time to engage with stakeholders including industry and professional bodies.

## **6. Process from here**

### **6.1 The final capital expenditure numbers**

The schedule of development contribution fees in the policy as notified is based on the proposed LTCCP capital expenditure projects. The final schedule will be determined

when the 2006/07 LTCCP capital expenditure figures are finalised by full Council at the end of June.

## **6.2 Ongoing work programme**

It is noted that work on whether to include development contributions for Community infrastructure will be undertaken this financial year. Further work has also been identified to reconsider the current policy on local purpose reserves.

In addition, it has been identified that there are a number of mapping issues that raise issues similar to the Get Big Ltd submission. Council's GIS team is currently clarifying boundary issues. It is the intent that the boundaries of the development contribution maps will not dissect a parcel of land unless infrastructure catchments are constrained by geographic features.

When investigating the mapping issues it was identified that the overseas passenger terminal is not in the correct reserves catchment. However, as this issue was not identified in the policy subject to consultation then it is not proposed that this issue is dealt with at this time. The Subcommittee noted that it would be appropriate to include this issue in the reserves work scheduled for the coming year so that it can be addressed when policy is consulted on next year.

## **7. Conclusion**

The submissions received on the draft development contributions policy during the special consultative process have identified a number of areas that require clarification and refinement. A number of changes to the draft policy are recommended to address these specific concerns.

## **Supporting Information**

### **1) Strategic Fit / Strategic Outcome**

*The Policy supports Council's infrastructure-related activities, by ensuring those responsible for increased demand through growth contribute to the cost of services.*

### **2) LTCCP/Annual Plan reference and long term financial impact**

*The Policy has implications for the LTCCP and financial impacts where the cost of the growth related portion of infrastructure development is paid for by those generating the additional demand.*

### **3) Treaty of Waitangi considerations**

*The Policy has no direct impact on iwi, but mana whenua will be included in the consultation process.*

### **4) Decision-Making**

*This is not a significant decision, as the recommendations are for amendments to an existing policy. No major policy changes are recommended.*

### **5) Consultation**

#### **a) General Consultation**

*Affected parties will be identified based on the consultation process undertaken for the policy development in 2006. The consultation process will run alongside the LTCCP consultation process.*

#### **b) Consultation with Maori**

*Mana whenua will be provided with a draft of the policy during the consultation process.*

### **6) Legal Implications**

*Council's lawyers have been consulted during the development of this report.*

### **7) Consistency with existing policy**

*These are no inconsistencies with other existing WCC policies.*

## Summary of Submissions

Submission Number	Name	Contact Address	Wishes to be heard
99E	Robert Fisher Associates Ltd	Contact: Grant Corleison	Yes
<p>Submitter has several comments about developments, many of which fall outside the scope of the DC policy:</p> <ul style="list-style-type: none"> <li>• Non construction costs are extensive and largely unproductive. Developers have paid the Council fees to obtain building consent for existing buildings. Recently, resource consent fees have been increasing to significant levels.</li> <li>• The “not so bright” idea to increase DC fee last year now imposes a “severe penalty” on developments. It is a “wealth tax - against a soft, non practical, target.” The Council knows that developers don’t have public support. Even if construction brings benefits to the community like employment, amenity and rates.</li> <li>• While accepting that rate payers cover costs for basic services there is no justification to charge punitive costs of the developers. For example, HSBC building didn’t require any upgrade of service but pays rates of \$900,000 pa. The reserve and building consent fees paid for the development were largely profit for the Council.</li> <li>• There is no recognition of the benefits such projects provide. DC is paid by a small sector but benefits the wider community.</li> <li>• For non-residential contribution keeps increasing when the gfa increases. Need to look into another way of measuring commercial demand.</li> </ul> <p><b>Decision Requested:</b></p> <p>That Council either:</p> <ul style="list-style-type: none"> <li>• Fund the required funds across the rate base.</li> <li>• Reconsider the Council’s position on the DC levy as levies should not increase.</li> <li>• Possible capping of maximum contribution payable.</li> </ul>			

## Appendix One

355E	Get Big Ltd	Contact: Rhys Phillips Truebridge Callendar Beach Ltd	Yes
<p>The submitter is of the view that the DC catchment zone for 'I' as pertaining to 272 Ohariu Valley Road is an error.</p> <ul style="list-style-type: none"> <li>• 272 Ohariu Valley Road is a 40ha farm property that adjoins Churton Park with its only access currently from Ohariu Valley Road. Both the site and Churton Park have a DC catchment of 'I – Churton-Stebbing's'.</li> <li>• Best's Ridge runs through the property bisecting it to the west and east of the ridge. The proposed houses are on the west side of the ridge and do not receive sewage, stormwater or water connections. The development would have to supply its own water supply and waste water disposal.</li> <li>• The surrounding properties to the north and west currently have a DC catchment of 'L - Northern' and 'O – Rural' respectively. The classification of the site is inconsistent with the surrounding properties.</li> <li>• The site is zoned in the District Plan as 'Rural' and the majority is within the 'Ridgeline and Hilltops Overlay'. This makes residential development to the level in Churton Park unlikely/impossible.</li> <li>• The Northern Growth Management Framework does not indicate this site as being suitable for residential development.</li> <li>• The DC policy seeks to target specific catchments where increased demand on infrastructure is created by developments. This development will have to provide its own stormwater disposal, waste water system, water supply and will gain access from Ohariu Valley Road.</li> </ul> <p><b>Decision Requested:</b></p> <p>The submitter seeks an amendment to the DC catchment classification for his client's property at 272 Ohariu Valley Road. Change the current DC catchment from 'I – Churton-Stebbing's' to 'O – Rural' west of the ridgeline and 'L - Northern' for the east of the ridgeline.</p>			



## Appendix One

466E	Catholic Schools Board Ltd	Contact: Paul Thomas Environmental Management Services Ltd	Yes
<p>The submitter is responsible for 16 state integrated schools within the City.</p> <ul style="list-style-type: none"> <li>• These schools provide an import part of the community fabric.</li> <li>• These schools are funded by the Crown; the Crown is not bound by the LGA and does not pay DC. Therefore the question is why should the Catholic integrated schools pay DC?</li> <li>• This creates inequity between state and integrated schools. This is not intended by the Private Schools Conditional Integration Act 1975.</li> <li>• Under the DC policy integrated schools are not treated the same as state schools. Exemption is required as the land is owned by the proprietor.</li> <li>• The DC policy limits community infrastructure to that provided by the Council. This is inappropriate and inequitable as schools provide infrastructure to the wider community outside schools hours.</li> <li>• School rolls are not expected to increase over the next 10 years. However, schools have to make investments to meet curriculum requirements including specialist facilities as opposed to meeting growth in the roll.</li> <li>• There are 2 administration developments that will conduct a self assessment. These will cost the proprietor and the Council to process, which is not efficient.</li> <li>• Other TLA don't take DC from integrated schools.</li> </ul> <p><b>Decision Requested:</b></p> <p>That state integrated schools should be exempt form the DC policy as the</p> <ul style="list-style-type: none"> <li>• Crown is, and</li> <li>• Council-owned community facilities are, and</li> <li>• Use of self assessment by integrated schools is not efficient or effective.</li> </ul>			

## Appendix One

1210E	Capital & Coast District Health Board	Contact: Paul Maynard	No
<p>The submission has reviewed the proposed amendments and made several comments about a number of these changes:</p> <ul style="list-style-type: none"> <li>• Greenfield Developments: Appear to only relate to Churton-Stebbing and Grenada-Lincolnshire areas only.</li> <li>• Is there a formal process on advising future increases in contribution values so developers can cost and budget?</li> <li>• Is the intent to charge DC only on the increase EHU on a development that has changed since 1 July 05?</li> <li>• Unsure of when a DC will be payable. Old DC policy implies no DC is required until consent is granted. The new policy implies it should be paid before assessment. If payment is not received within four weeks what happens to the consent application? Does it fail?</li> <li>• What are the financial contributions that would be imposed on developer?</li> <li>• GFA can be interrupted so the area can vary by 20%. Confusion around car parks, enclosed and unenclosed areas, mezzanine, and plant rooms.</li> </ul> <p><b>Decision Requested:</b></p> <ul style="list-style-type: none"> <li>• State hospital should be added to community infrastructure</li> </ul>			
1307E	Housing New Zealand Corp	Contact: Kathy Parson	Yes for LTCCP
<p>This submission dealt both with the overall LTCCP and DC Policy issues. The submitter is interested in provisions that affect the affordability of housing. This includes development contribution levies. The submitter seeks to ensure that Council has considered the impact of additional cost on new social housing development.</p> <p><b>Decision Requested:</b></p> <p>Request the Council consider the impact of DC on the access to and affordability of social housing.</p>			

## Appendix One

1320E	The Property Council of New Zealand Inc.	Contact: Sheree Cooney	Yes
<p>The Property Council submission is based around process and costing allocation being equitable:</p> <ul style="list-style-type: none"> <li>• Consultation period of 1 month makes it difficult to give an informed submission for a non – profit organization that represents NZ’s commercial, industrial, retail, property funds, and multi unit residential property owners.</li> <li>• Acknowledges the work that Council has put into the long term plan for the city. However, is concerned about the aspect of the policy that relates to development and housing affordability.</li> <li>• Concern about not being provided with rigorous and adequate information relating to capital cost or costs related to growth and particularly business growth.</li> <li>• The submitter outlines the information required to ensure the DC policy is based on a ‘causal nexus’. If not it would expose the Council to judicial review. A judicial review of North Shore City Council policy should be analysed.</li> <li>• The Council should resist the move away form borrowing to funding assets. With assets being utilised over time and the Council having a significant rating base would tend to lead to the ability to service both debt and interest.</li> <li>• The cost allocation method results in a disproportionately high share of costs being put onto developers. This is contrary to the Act “...promoting the current and future interests of the community.”</li> <li>• The DC policy does not provide sufficient particulars about activities as required under section 106(2)(d): Clearly identify the activity or group of activities that a contribution is required.</li> <li>• The causation method for attributing units of demand is not consistent with the Act. The Council methodology excludes improvement in the level of service to existing ratepayers.</li> <li>• Incoming residents become ratepayer so pay a disproportional cost. This is not acknowledged in the DC policy.</li> <li>• The review process in the policy should enable ‘natural justice’ so developers can attend a hearing. This is particularly the case as Council judging its own decisions.</li> <li>• As ratepayer vote to improve their level of service the non-voter (home and business owner that are not ratepayers) have no voice on the amount they must contribute when they develop.</li> <li>• As assets and capital expenditure benefits the whole community the cost should be allocated to the community of ratepayers. The developers do not sustain the cost of DC as they are passed onto the future property owners. The future resident should bear the cost of development but the allocation of cost being share equitably. Everyone who benefits should pay the cost of asset development.</li> <li>• Concerned about the variations on how different TLA interpret the LGA.</li> <li>• Concern about the contribution payable if Transit and Regional Council can charge DC.</li> </ul> <p><b>Decision Requested:</b></p> <ul style="list-style-type: none"> <li>• For a mechanism that includes the development community in the future development and implementation of the DC policy.</li> </ul>			

## Appendix One

1334E	Makara Ohariu Community Board	Contact: Ruth Paul	No
<p>The submission makes the following points:</p> <ul style="list-style-type: none"> <li>• The submitter supports rural area developments that are not connected to the water and wastewater systems should only pay for roading and reserves.</li> <li>• They would not like to see DC payable on subdivision and then for subsequent building consent.</li> </ul> <p><b>Decision Requested:</b></p> <ul style="list-style-type: none"> <li>• DC should only be charged once.</li> </ul>			
L018	New Zealand Institute of Quantity Surveyors	Contact: John Granville	No
<p>A late submission was received:</p> <ul style="list-style-type: none"> <li>• How are new DC figures going to be advised in the future? Costs are 1% to 3% of a development and will have to be passed onto purchasers or by cutting costs.</li> <li>• The submitter suggests that all community facilities are exempt. This should include hospitals, churches, and schools in the same way that libraries, swimming pools, and community centre are exempt under clause 1.3.2.</li> <li>• Clause 7 indicates that DC will be payable before consents are granted. A refund process will therefore be needed.</li> <li>• Clause 7.2 implies that building consents with no additional gfa will attract DC.</li> <li>• There scope for disagreement about the way area is calculated under the gfa definition. For example, does it include: open carparks under a building, semi enclosed verandahs, protruding windows, attics, etc. When fees are attached to areas the methods of measurement must be understood by the person measuring.</li> </ul> <p><b>Decision Requested:</b></p> <ul style="list-style-type: none"> <li>• All community service related facilities be exempt.</li> <li>• Advanced payment is as an application levy not as DC.</li> <li>• Amend clause 7.2 so that only developments that create additional EHU have to pay.</li> <li>• More accurate definition for gfa is required. Suggested definition included. Certification of measurements.</li> </ul>			