

# **Submission to the Wellington City Council on the Proposed changes to the Road Encroachment and Sale Policy**

## **Introduction**

1 The Wellington City Council (WCC) has agreed to consult the public on a number of proposed changes to the road encroachment and sale policy.

2 Part one summarizes the proposed changes.

3 Part two discusses possible changes to fees and Part 3 is the draft of the new policy for road encroachment and sale. It addresses the objectives and principles and criteria for deciding whether to approve an encroachment and the terms and conditions and in what circumstances would a fee be payable.

4 The Tawa Community Board (TCB) will be commenting on all three parts of the policy.

5 At the TCB meeting on the 10 June 2010 the TCB delegated responsibility to Dennis Sharman to draft the submission on the proposed changes to the Encroachment Policy, for the Board's approval at its 8 July 2010 meeting.

6 After discussions with the WCC officers, it was agreed that the officers would send a letter to all of the potentially affected parties in Tawa. There were approximately 50 properties that would be affected by the policy change.

7 In the letter, the residents were given Dennis Sharman as the contact should they wish to discuss the proposed changes or have any input into the TCB's submission.

8 One resident contacted Dennis Sharman and rescheduled a time for Dennis Sharman to contact them. Unfortunately we have not been able to re-contact this resident. This submission is from the TCB without input from the potentially affected parties in Tawa.

9 Dennis Sharman would like to thank the officers for their help and support in sending out the information to the Tawa residents.

## Part One

10 The TCB believes that it is important for the Road Encroachment and Sale Policy to be amended where it would make the policy clearer and allow better alignment with other Council policies.

11 TCB supports the changes that include the new section on “consultation with effected parties”

12 TCB supports the amendment to the section dealing with encroachment into the town belt.

13 The TCB considered the three approaches for the setting of the annual fees and we have the following comments to make.

- 14 • If the status quo is maintained then the rental rate is arbitrary and this leads to poor return on the public assets in higher value areas. TCB does not support this option.
- 15 • A differentiated fees structure is supported by the TCB. Using a differentiated fees structure more fairly reflects the variation across the region.
- 16 • Individual valuation is not supported by the TCB and this approach would place a significant overhead by imposing individual land valuations.

17 The TCB is concerned that when Councillors proposed the differentiated fees structure that they decided not to determine a preferred approach to the new level of fees that would apply in any given suburb. The TCB felt that by splitting the process into the two parts it will make it more difficult for residents to assess the impact on them with the proposed policy change. Residents could be supporting the policy change without knowing the impact of the changes on them.

18 Residents may choose to disagree with the change in policy because they are worried about the potential financial impact. If the policy change and the financial impact were being proposed at the same time then it would be easier for residents to support or not support the policy change.

19 The TCB supports the proposed changes to hedges and structures for the purpose of determining fees.

20 TCB supports the new airspace leases and also the proposal to charge a one-off, up-front rental to cover the lifetime of the lease.

21 The TCB does not have a preferred opinion on the timing of the changes. If there is significant rates revenue from the change then there could be an argument for all changes to be implemented for the 1<sup>st</sup> July 2011 and this would be more consistent and equitable for all properties owners across the region.

## Part Two

22 The TCB agrees that current rate for residential encroachments are generally low compared to market rental rate for land.

23 TCB agrees with the three factors that will be considered when the fees for a particular encroachment will be determined.

24 TCB believes that Table 1 could misinform the residents about the actual impact of the proposed changes.

25 TCB agrees that there are financial implications beyond the annual rental fee and a number of other issues that need to be considered. And that there will be additional value of the encroached land will be incorporated into expensive suburbs and that there will be little or no value added in some other suburbs like Tawa.

### Status Quo

26 If the status quo is maintained then the rental rate is arbitrary and this leads to poor return on the public assets in higher value areas. TCB does not support this option.

### Differentiated fee structure

27 A differentiated fees structure is supported by the TCB. Using a differentiated fees structure more fairly reflects the variation across the region.

28 While there will be significant work initially to get the discounted factors agreed and the number of grouping of suburbs and the graduation of fees confirmed, once this process is complete then the on-going administrative cost would be minimized.

29 This approach would remove the large inequities inherent in the status quo and the TCB would support this.

### Individual Valuations.

30 Individual valuation is not supported by the TCB as this approach would place a significant overhead by imposing individual land valuations.

### Preferred Approach.

31 The TCB supports the preferred approach proposed by the policy change.

32 The TCB however, would have liked to have seen the actual rental rates and discount factors included in policy documents so that actual impact of the policy changes would be understood by the residents.

### Fees Payable

33 The TCB agrees in the current policy - that fees charge depending on the nature of an encroachment.

### Fences and Hedges

34 The TCB agrees that there should be changes to the policy because the public is excluded by the fences and hedges and it does create a high degree of exclusive private use.

### Airspace Leases

35 While the airspace lease issue is probably not relevant to Tawa the TCB agrees that there could be issues with new buyers of properties and that the problem should be addressed by developing a one of charge to cover the life time of the lease. This would reduce the on-going management of the airspace leases.

### Timing of Change

36 The TCB does not have a position on the timing of the changes. If there is significant rates revenue from the change then there could be an argument for all changes to be implemented for the 1<sup>st</sup> July 2011 and this would be more consistent and equitable for all properties owners across the region.

37 If all the changes were implemented on the 1<sup>st</sup> July 2011 this would increase the initial management of the leases but it would reduce the on-going management.

38 If the policy change is introduced gradually then in initial impact would be minor but there would be an on-going introduction overhead and it would take a number of years for the pricing structure to apply consistently across the region.

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## Part 3

- 1 Introduction TCB agrees
- 2 Objectives TCB agrees
- 3 Definitions TCB agrees
- 4 Policy Principles TCB agrees
- 5 Key aspects of the policy
  - 5.1 TCB agrees
  - 5.2 TCB agrees
  - 5.3 TCB agrees
  - 5.4 TCB agrees
  - 5.5 TCB agrees
  - 5.6 TCB agrees
  - 5.7 TCB agrees
  - 5.8 TCB agrees
  - 5.9 TCB agrees
    - 5.9.1 Table 1 TCB agrees
    - 5.9.2 TCB agrees
    - 5.9.3 TCB agrees
- 6 Compliance and monitoring TCB agrees
- 7 Sale of Legal Road TCB agrees
- 8 Not applicable