

**REPORT 1***(1215/52/05/IM)***REVIEW OF 2009 DEVELOPMENT CONTRIBUTIONS  
POLICY****1. Purpose of Report**

This paper responds to submissions made during consultation on the 2009/19 LTCCP. It recommends that no review of the Development Contributions Policy (2009) is required as part of the 2010/11 draft annual plan process.

**2. Executive Summary**

On the 4 June 2009 the Development Contributions Subcommittee directed that officers:

*“examine the growth impacts of industrial developments on infrastructure demand and the potential for establishing a new “industrial development” sub category of the non-residential category, and appropriate contribution rates.”*

This report provides information on the nature and value of development contribution assessments made over the last four years, and assesses the potential impact of possible changes to the non-residential category contained in the Development Contributions Policy 2009 (the DC Policy).

Of the 156 non-residential developments assessed since the introduction of the Development Contributions Policy in 2005, 19 developments were industrial in nature and 8 were warehouses (27 in total). The developers of four of these industrial/warehouse developments went through the self assessment/remission processes and three were granted a reduction in their development contribution.

Given the low level of development it is recommended that no change be made to the non-residential category at this stage, and that individual circumstances will continue to be dealt with through the self assessment and remission processes. Any change to the Development Contributions Policy would also require an amendment to the LTCCP using the special consultative procedure.

Upon agreement of the 2010/2011 annual plan, officers will review the Policy to take into account relevant CAPEX decisions. At the same time all council infrastructure that is part funded through Development Contributions's will also be reviewed to ensure ongoing consistency.

Consideration can also be given at that time to amending the non-residential category to specifically provide for industrial and commercial development.

The review findings would inform any review of the Policy as part of the 2011/2012 draft annual plan deliberations.

### **3. Recommendations**

Officers recommend that the Development Contributions Subcommittee:

1. *Receive the information.*
2. *Agree that due to historic and current low levels of growth and demand for commercial and industrial development within the City that the Development Contribution Policy (2009) not be amended to provide a separate development contribution category for industrial development, as part of the 2010/11 draft annual plan process.*
3. *Note that officers will review the Development Contributions Policy (2009) and if necessary, recommend changes to reflect 2010/2011 annual plan CAPEX decisions, as part of the next annual plan round.*

### **4. Background**

#### ***4.1 Review of Development Contributions Policy relating to industrial development***

Nine submissions were received in relation to proposed changes to the Development Contributions Policy as part of the 2009/19 LTCCP process.

Best Farms Ltd, Stebbings Farmlands Ltd and Hunters Hill Ltd (submission no. 177<sup>1</sup>) considered that:

- the Policy was inequitable as it assessed commercial, industrial and warehousing in the same manner
- changing the gross floor area per equivalent household unit (EHU) for non-residential development from 65m<sup>2</sup> to 55m<sup>2</sup> (as proposed and incorporated into the 2009 amendments to the Policy) would lead to a 20% increase in non-residential development contributions
- changes are needed to the Policy to encourage new industrial development in the City.

The Development Contributions Subcommittee responded to this submission by directing that the following work be undertaken to:

*“examine the growth impacts of industrial developments on infrastructure demand and the potential for establishing a new “industrial development” sub category of the non-residential category, and appropriate contribution rates.”*

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<sup>1</sup> This was one submitter representing three companies owned by the Callendars

This paper responds to this direction and provides advice to the Sub committee.

## 5. Discussion

### 5.1 Number and type of non-residential developments

A review has been undertaken of all development contribution assessments undertaken from July 2005 to January 2010. Appendix 1 contains a summary of the number and value of non-residential development contributions over this period.

For the purpose of the review, the non-residential development contribution category was split into commercial, industrial, warehousing, retirement homes, and 'other' (this includes childcare facilities, studios and small businesses in residential areas, school and university buildings, and other community related development). Residential assessments have been included in Table 1 (below) and in Appendix 1 for information and comparison purposes.

Appendix 1 is summarised as follows:

Non –residential activity	No. & % of DC assessments	Value of assessments	No. of self assessments/re missions <sup>2</sup>
Commercial	81 or 8%	\$11,492k	5
Industrial	19 or 2%	\$213k	2
Warehouse	8 or >1%	\$530k	2
Other	44 or 4%	\$1,020k	11
Retirement home	4 or >1%	\$302k	1
Residential	885 or 85%	\$10,540k	3
<b>Total</b>	<b>1041</b>	<b>\$24,097k</b>	<b>24</b>

Table 1

### 5.2 Self assessment and remission applications

There have been 21 non-residential self assessment and remission applications made by applicants in 4.5 years. Two self assessments/remissions related to industrial developments and two to warehouse developments. Only one of the four self assessments was referred to the Development Contributions Subcommittee for a decision.

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<sup>2</sup> This includes all self assessment and remission application that have been received, some of which have not yet be decided upon.

The details are as follows:

*Remission*

- 16 Jamaica Dr, 44 business units (Aug 06) – DC assessment of \$254k reduced to \$29k.

*Self assessment*

- 28 Landfill Road, Mediterranean Food Warehouse, warehouse building (March 09) – DC reduced from \$42k to \$22k based on remission of the wastewater component of the DC.
- 140 Opau Rd, Makara, industrial building (July 09) – DC reduced from \$5.9k to \$2.2k based on a reduced roading contribution.
- 15 Glover Street, warehouse and associated offices (Aug 09) - DC assessment of \$54k – no DC reduction granted.

**5.3 Non-residential review conclusions**

Over the last four years there has been a low number of industrial and warehouse developments (27) resulting in a relatively low value of development contributions (\$743k). Of these 27, only four developments went through the self assessment/remission processes to seek a reduction in the assessed DC. Accordingly, any change in policy to provide a different DC regime for industrial development (including warehousing) is unlikely to have a significant impact on developments occurring within the City over the next year or two.

Whilst the Policy does not provide specifically for sub-categories within the non-residential category, the DC self assessment/remission processes enable these developments to be assessed individually taking into account likely actual demand on council infrastructure. Each remission application is presented to the DC Sub-committee for consideration and a decision.

**5.4 Wider review of the Policy**

Upon agreement of the 2010/2011 annual plan, officers will review the Policy to take into account relevant CAPEX decisions. At the same time all council infrastructure that is part funded through DC's will also be reviewed to ensure ongoing consistency.

Consideration can also be given at that time to amending the non-residential category to specifically provide for industrial and commercial development.

The review findings would inform any review of the Policy as part of the 2011/2012 draft annual plan deliberations.

**5.4 Consultation and Engagement**

This paper recommends no changes to the DC Policy at this time. If the Sub-committee agrees, then consultation on any amendments to the DC Policy would be undertaken as part of the 2011/2012 draft annual plan process.

**5.5 Climate Change Impacts and Considerations**

There are no climate change implications as a result of the recommendations in this report.

### **5.6 Long-Term Council Community Plan Considerations**

There will be no LTCCP implications if the Subcommittee agree with the recommendations in this report. Any decision to change the Policy would require a change to the LTCCP through the 'special consultative process'.

## **6. Conclusion**

This report responds to a Sub-committee direction to “examine the growth impacts of industrial developments on infrastructure demand and the potential for establishing a new “industrial development” sub category of the non-residential category, and appropriate contribution rates.”

Officers advise that given the current low number of non-residential developments in the City and opportunities for developers to use the self assessment and remission processes there is no immediate need to make changes to the DC policy.

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## Supporting Information

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

*This review supports the Council's infrastructure investment and ensures the full costs of growth-related infrastructure is being met by the growth community, as per agreed Council policy.*

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

*There are no LTCCP/ annual plan implications for 2010/2011 if no policy review is initiated.*

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

*There are no Treaty of Waitangi implications.*

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

*This is not a significant decision as the reports recommends no changes to the Development Contributions Policy (2009).*

### **5) Consultation**

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

*Not relevant as there are no policy changes proposed.*

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

*Not relevant as there are no policy changes proposed.*

### **6) Legal Implications**

*There are no legal implications.*

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

*There are no policy implications*

# APPENDIX 1

## Wellington City development contributions by activity (2005-2009)

### Commercial

	2005/2006	2006/2007	2007/2009	2009/2010	Total
<b>No.</b>	35	18	25	3	81
<b>Median</b>	\$10k	\$11k	\$12k	\$5k	
<b>Tot DCs</b>	\$3,064k	\$4,014k	\$4,372k	\$42k	\$11,492k

### Industrial

	2005/2006	2006/2007	2007/2009	2009/2010	Total
<b>No.</b>	7	3	6	3	19
<b>Median</b>	\$15k	\$1k	\$4k	\$3k	
<b>Tot DCs</b>	\$163k	\$5k	\$34k	\$11k	\$213k

### Warehousing

	2005/2006	2006/2007	2007/2009	2009/2010	Total
<b>No.</b>	2	1	5	0	8
<b>Median</b>	\$67k	\$259k	\$27k	0	
<b>Total DCs</b>	\$134	\$259k	\$137k	0	\$530k

### Other<sup>3</sup>

	2005/2006	2006/2007	2007/2009	2009/2010	Total
<b>No.</b>	18	3	19	5	45
<b>Median</b>	\$5k	\$25k	\$7k	\$5k	
<b>Total DCs</b>	\$509k	\$66k	\$326k	\$39k	\$940k

### Residential

	2005/2006	2006/2007	2007/2009	2009/2010	Total
<b>No.</b>	207	252	364	62	885
<b>Median</b>	\$3k	\$3k	\$5k	\$5k	
<b>Total DCs</b>	\$1,630k	\$2,159k	\$5,637k	\$1,114k	\$10,540k

<sup>3</sup> This category includes a range of non residential activities such as child care facilities, studios and small businesses in residential areas, school and university buildings, and other community related development