

***Draft Development and Financial  
Contributions Policy 2021:  
Summary of feedback***

**To support hearings and deliberations 11 & 12 May 2021**

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## 1. Summary of feedback received

Public consultation on the draft Development and Financial Contributions Policy 2021 was undertaken from 19 March to 19 April 2021.

- 5 submissions received on time.
- There were no late submissions received as at 23 April 2021.

Two submitters indicated they wanted to be heard on their submission form (both attending)

## 2. Key topics

Submissions have been coded into themes as shown in the table below and comments are listed in the subsequent pages.

Theme	Total number of comments	Theme	Total number of comments
Proposed increase in DCs	2	General DFC matters	6
Who should pay DCs	3	Matters outside the scope of DFC policy	2

## 2.1. Proposed Increase in DCs

Submitter name	Page number	Summary	Staff comments
<b>Dixey, Paul &amp; 64 others<sup>1</sup></b> <b>Hawkes, Murray</b>	1-7 8-12	Submitter notes that total DCs at Methven to increase from \$6,929 to \$7,377. Also notes that Community infrastructure DCs to increase from \$2, 875 to \$4,892 for infrastructure based in Ashburton. Submitter is opposed to this increase.	DCs figures are cited accurately. Methven DCs can be decreased by: <ul style="list-style-type: none"> <li>a) building assets with less capacity to meet future demand; or</li> <li>b) using other funding sources (usually loans and rates); or</li> <li>c) differentiating between community infrastructure DCs in Ashburton and other parts of the district based on proximity to the assets.</li> </ul> Option a) defers the problem of meeting future demand a few years “down the track’ and is less efficient than building the asset to the right size when required and spreading the cost over time (as DCs aims to do). Option b) transfers the cost of DCs from the developer to ratepayers and defeats the objective of a fair and proportional distribution of growth costs. Option c) will add complexity and administrative cost to the policy. We currently treat the district as a single catchment for community infrastructure. All the major townships in the District are within half an hour’s drive. Option c) will require further investigation and public consultation is needed as Council has not had advice on the costs and benefits of such a change (and alternative options) and affected parties have had no opportunity to comment.

## 2.2 Who should pay DCs

Submitter name	Page number	Summary	Staff comments
<b>Dixey, Paul &amp; 64 others</b>	1-7	Submitter believes that DCs should be met by the developer not the ratepayer. Ashburton DC is understood to be only Council, or one of the few, that charges the ratepayer. Submitter disagrees with Council’s rationale of encouraging	The submitters are asking that Council collects DCs at subdivision, rather than at building consent. We do not collect DCs at subdivision, although we have in the past. Council typically collects DCs at building consent, with a

<sup>1</sup> A full list of the 64 others for whom Paul Dixey submitted as agent is on page 10

Submitter name	Page number	Summary	Staff comments
<b>Hawkes, Murray Stewart, Suzanne</b>	8-12 15-16	<p>developers to the region. Submitter understands that developer will add DCs to the section price and believes this is preferable to the shock of an unexpected bill at building consent stage. (Dixey; Hawkes)</p> <p>All the new housing that is being built will contribute to rates. Understands it is harder on infrastructure, but it was thought that the companies doing the subdivisions pay for this. (Stewart)</p>	<p>few exceptions where we will collect DCs at service connection. We are likely in a minority with our current practise.</p> <p>Council’s reasoning is that a sub divider already faces the costs of land acquisition, resource consent, and the construction of on-site infrastructure such as footpaths, roads, kerb and channel, water and wastewater reticulation, as well as reserves contributions. DCs help pay for extra capacity in the off-site mains, reservoirs, pumping stations and treatment facilities for water and wastewater.</p> <p>Collecting the DCs at building consent from the section owner/house builder means this is one less cost for sub dividers that may make a difference to whether or not they proceed. That decision has flow-on benefits for the wider economy.</p> <p>A policy reversal to collect DCs at subdivision requires further investigation and consultation as Council has not informed sub-dividers of a potential change and they have had no opportunity to comment.</p>

### 2.3 General DFC matters

Submitter name	Page number	Summary	Staff comments
<b>Dixey, Paul &amp; 64 others</b> <b>Hawkes, Murray</b>	1-7 8-12	<p>Submitter believes that most people, particularly first home builders, are unaware of development contributions.</p>	<p>While DCs have been charged since 2006, and a similar level of public information is available to the public as other council fees and charges, many people have little awareness of them until they build a house.</p> <p>Under the draft Policy, the level of DCs on a house vary from \$4,892 to \$9,369, depending on location. It can be difficult for some home builders to discover they face an extra cost they may not have budgeted for.</p>

Submitter name	Page number	Summary	Staff comments
			Officers <b>NOTE</b> that the submission seeks no change to the policy and will, if directed by Council, look at ways to improve communications about DCs.
<p><b>Dixey, Paul &amp; 64 Others</b></p> <p><b>Hawkes, Murray</b></p>	<p>1-7</p> <p>8-12</p>	<p>Submitter believes that increase in wastewater DCs at Methven not consistent with reasons given for overall rates increase</p>	<p>The overall rates increase at Methven is the sum of operating cost increases in a range of rates across different activities, but particularly the Group Wastewater Rate, the Methven Community UAC rate, and the Mt Hutt Memorial Hall Rate. In Methven’s case, the new Group Wastewater rate adds another \$74 to the waste water targeted rate.</p> <p>Wastewater development contributions fund part of the capital costs of historic and planned future capital expenditure for growth. The formula for calculating a DC is:</p> $\text{Charge per HUE of development (\$/HUE)} = \frac{\text{Infrastructure growth costs}}{\text{Total growth units}}$ <p>Methven wastewater DC has dropped from \$336 in 2018 to a proposed \$303 in 2021. This is because:</p> <ol style="list-style-type: none"> <li>1. The infrastructure growth costs dropped from \$115,842 to \$98,464 (15% decrease on 2018) while the total number of growth units dropped from 396 to 373. (6% decrease on 2018).</li> <li>2. Infrastructure growth costs decreased because historic loans are reducing with annual repayments (\$10,000 decrease on 2018), there are no growth projects in the current year (\$4,500 decrease on 2018), and a smaller programme of growth-related projects (\$2,500 decrease).</li> <li>3. While the value of growth-related projects has fallen slightly, there is a programme of 11 projects totalling just over \$1M in years 1-4. This is a similar programme to 2018 with the main difference being that more of the projects are straight renewal (like for like) hence less growth CAPEX.</li> </ol>

Submitter name	Page number	Summary	Staff comments
<b>Markillie, Robert</b>	13-14	Submitter notes that the existing capacity of the Methven Wastewater scheme recorded in the DC calculation is less than the sections available for building new houses in the township. Submitter also notes no mention in the LTP of plans to increase the capacity of the system to meet the demand generated by current subdivisions or future development.	<p>Population estimates based on the 2018 census predict the population of Methven to grow by 632 people by 2048. Based on the method used to calculate DCs, this is the equivalent of 252 new houses, over thirty years.</p> <p>Officers accept the submitters' observation that if every vacant section in Methven, and those about to come to market, were built on and occupied, this would exceed our estimates of the existing capacity of the scheme.</p> <p>While we expect that more houses will be built, and more people will become permanent residents of Methven, we think it is more likely to happen over a timeframe that will enable Council to provide additional capacity in a timely way. Council will continue to monitor developments in all parts of its district to ensure that infrastructure has capacity for growth.</p> <p>All projects listed in the schedules to the Policy will increase the capacity of the wastewater network.</p>
<b>Summerset Group Holdings Ltd</b>	17-21	<p>The submitter seeks changes to the policy to:</p> <ol style="list-style-type: none"> <li>1. recognise the lower occupancy rate of retirement units and aged care rooms compared to standard residential dwellings;</li> <li>2. recognise the characteristics of comprehensive care retirement villages, compared to lifestyle retirement villages;</li> <li>3. recognise the range of on-site amenities and facilities provided by comprehensive care retirement villages; and</li> <li>4. introduce specific HUE calculation for activity associated with a lower level of demand for infrastructure (based on Auckland Council example).</li> </ol>	<p>There are two key points of difference between the SGH submission and the basis Council uses for calculation. SGH have argued that as the resident becomes older and frailer, their demand on Council services declines. This is not supported by the figures in Appendix 4.</p> <p>The suggested standard of 0.1 HEU for water and wastewater seems to suggest that a rest home resident uses 60 litres of water per day. We base our water and wastewater DCs on 220 litres per person per day. In Auckland, Watercare base their infrastructure Growth Charge on 602 litres per day, compared with 550 litres per day in Ashburton. On that ratio, each rest home resident would be 0.45 HEU not 0.1. As noted previously, it is difficult to find comprehensive material on the water demand of different non-residential land uses.</p> <p>The second point of difference is that SGH are arguing for demand to be collected on the average occupancy as opposed to the number of beds. As Council calculates DCs before the development is built and</p>



Submitter name	Page number	Summary	Staff comments
			<p>occupancy is unknown, we rely on the maximum number of beds in the plan to calculate the level of demand. This is a practical and timely way to calculate the demand.</p> <p>Another point to note is that Council's policy is relatively simple and easy to administer. Introducing greater complexity adds to the administrative costs of operating the policy and makes it more difficult to understand. The level of desired complexity is a policy judgement for Council to make.</p> <p>For these reasons, Council declined to make changes to the policy in 2020, following a similar submission from the Retirement Village Association.</p>
<b>Summerset Group Holdings Ltd</b>	17-21	The submitter seeks changes to the policy to address ambiguity between appendix 1 and appendix 6.	Any policy which regulates behaviour or imposes charges must always be clear. Officers believe that this ambiguity should be corrected.
<b>Summerset Group Holdings Ltd</b>	17-21	<p>The submitter seeks changes to the policy to:</p> <ol style="list-style-type: none"> <li>1. be explicit about the assessment and timing of payment for large staged projects that require both land use resource consent(s) and a building consent; and</li> <li>2. clarify that DCs would be calculated and assessed at the time land use consent was lodged but payable at the time of code compliance certificates being issued.</li> </ol>	<ol style="list-style-type: none"> <li>1. Council makes explicit provision for postponement of development contributions on large developments in clauses 2.10 of the Policy. Council is prepared to consider such requests on application from a developer.</li> <li>2. Council makes explicit provision for the timing of payment in clause 2.12 of the policy. DCs are invoiced at the time of building consent. The developer can pay at any time and Council may pursue non-payment through normal debt collection. Council will withhold code compliance certificate for non-payment of DCs.</li> </ol>

## 2.4 Matters outside the scope of DFC Policy

Submitter name	Page number	Summary	Staff comments
<b>Dixey, Paul &amp; 64 others</b>	1-7	Submitter raises the following points outside the scope of the DFC Policy:	<p>1. Council budgeted \$385,600 for the Art Gallery operating grant in 2020/21. A similar sum is budgeted annually across the 10 years of the LTP, subject to scrutiny by Council at Annual Plans. Total across the 10 years will be around \$3.9M.</p> <p>2. Ashburton Trust Event Centre is operated by a Trust which owns the building and receives an operating grant from Council. Under Council's Revenue and Financing Policy, this is funded by uniform annual general charge 100% because the benefit is community wide. Mount Hutt Memorial Hall operating expenditure is funded from a targeted capital value rate on all properties in the Methven urban rating area. This is because the benefit is provided to residents in Methven who have location benefit over and above district-wide access to the Methven Heritage Centre (which incorporates the Mt Hutt Memorial Hall). On the same principle, Ashburton residents fund the Tinwald Memorial Hall.</p>
	8-12	<p>1. How much more ratepayer money will Council throw at the operation of this "over-valued white elephant" (Art Gallery)?</p> <p>2. Council gives funding of \$298,860 to Ashburton Trust Events Centre. It does not own this building while it does own Mt Hutt memorial hall which has expenses which pale in comparison.</p>	

### Submitters represented by Paul Dixey

ALLRED, S&L	CHENEY, J	FEISS, M&U	GRIEVE, A&R	LILL, W	McKAY, J	SHEPARD, K&R	THRUPP, S
ALVES, H	CLEMENS, C	ELLIOT, P	GRIEVE, S	LOCK, S	McTIGUE, M	SHEPARD, Liam	TOPP, Lynda
BARWELL, J&E	CLEMENT, T,H&K	FITZPATRICK, J	HALE, E	MANGIN, D&V	MENTOR, C	SIMONETT, A	WALLS, B
BLACKWELL, L	CURRIE, G	FLEETWOOD, V	HOLMES, R	MANGIN, F&G	MIDDLETON, CJ	SPITTAL, L	WARMERDAM, F
BOSWELL, D	DEN BAAS, C	FURNDOFLER, F	ISHERWOOD, C	MARKILLIE, M&J	MIDDLETON, Keith	STEWART, S	WATENE, M
BREE, Sharon	DICKSON, Nathan	GAZZARD, M&S	JACKSON, J	MASTERS, R	NORDQUIST, J	STOCKDILL, S	WIJESINGLE, R&K
BURMESTER, J	DIXEY, P&D	HARPER, P	JOHNSON, P	McANDREW, J&C	PATERSON, L&P	SWAIN, P&R	WILLIAMS, S
CALLAGHAN, D	DUFFY, B	HAWKES, M	KIAMTIA, C	McCONNELL, J	ROBERTSON, T	TAPP, D	WILWERT, K