

Statement of Proposal – Draft Development and Financial Contributions Policy 2021

Have Your Say – How should Council collect development contributions?

Tell us what you think about our draft Development and Financial Contributions Policy 2021

Council wants to amend its Development and Financial Contributions Policy. The purpose of the changes is to:

- update the value of the development contributions (DCs) to align with expenditure in the draft long-term plan 2021-31;
- introduce a wastewater DC for Rakaia township
- enable Council to collect DCs at service connection when building consent is not issued by Council;
- provide clearer and stronger reasons for collecting community infrastructure DCs.

Please note that Council has omitted two projects from the policy schedules until greater certainty around the timing, scope and value of the projects is known. Council plans to consult on further changes to the schedules when the value and scope of those projects are decided.

What are development and financial contributions?

Development and financial contributions help to fund essential services and community facilities to meet the needs of a growing district. The policy addresses how we fairly share those costs with developers.

A **development contribution** is a fee that Council charges for new building developments. The fee contributes to the costs of building the infrastructure that supports them. DCs are charged at the time of issuing the building consent to the person that is building the house (or non-residential building).

The charge is made under our Development and Financial Contributions Policy, which is made under the Local Government Act 2002.

Financial contributions (FCs) are a fee that Council charges for purposes set out in the District Plan. The most common use of FCs is at subdivision, taking land, cash or a combination of both for development of reserves. FCs help ensure positive effects on the environment to offset any adverse effect from a development.

FCs are collected under the Ashburton District Plan, which is made under the Resource Management Act 1991.

FAQs on development contributions and financial contributions can be found on Council's website

A copy of the full policy can be found on Council's website

A copy of the full policy showing the detailed changes can be found on council's website)

Reasons for the changes

Changes to the value of development contributions (DCs)

Council has updated the schedules to the Policy to account for

- new capital expenditure (CAPEX) for growth;
- changes to previously planned CAPEX for growth
- expected growth in demand,
- the addition of new asset capacity, and
- the consumption of pre-existing capacity in the last three years.

This causes changes to dollar value of DCs per household unit equivalents (HUE) listed in Table 1.

Table 1 - Summary of \$ changes proposed

Activity	2018 DC/HUE \$ (incl. GST)	2020 DC/HUE \$ (incl. GST)	Draft 2021 DC/HUE \$ (incl. GST)
Ashburton water supply DC	878.00	1,226.00	840.00
Ashburton wastewater DC	3,604.00	3,750.00	3,637.00
Methven water supply DC	256.00	3,983.00	2,182.00
Methven wastewater DC	336.00	392.00	303.00
Rakaia water supply DC	256.00	256.00	0.00
Rakaia wastewater DC	0.00	0.00	107.00
Hinds water supply DC	917.00	934.00	1,400.00
Fairton water supply DC	2,367.00	2,366.00	1,911.00
Ashburton District community infrastructure DC	2,875.00	4,841.00	4,892.00

The overall impact on DCs by township is shown in Table 2.

Table 2 – Total \$ change by community (incl. GST)

Community	2018 DC Total “A”	2020 DC Total “B”	2021 DC proposed Total “C”	\$ change “C”-“A”
Ashburton	7,357.00	9,817.00	9,369.00	2,012.00
Methven	6,929.00	9,216.00	7,377.00	448.00
Rakaia	3,131.00	5,097.00	4,999.00	1,868.00
Hinds	3,792.00	5,775.00	6,292.00	2,500.00
Fairton	5,242.00	7,207.00	6,803.00	1,561.00
All other	2,875.00	4,841.00	4,892.00	2,017.00

As decided after consultation in 2020, the maximum change in any township is \$2,500.00. The average change is \$1,735.00 and the median change is \$1,943.00.

Collecting DCs at service connection

Most DCs are collected at building consent. Kainga Ora (formerly Housing NZ) has powers to issue building consents. Council is amending its policy so it can collect DCs for water and wastewater at service connection when it does not issue the building consent.

Wastewater DC for Rakaia

The long-term plan 2021-31 includes a project to expand the sludge disposal area at Rakaia wastewater treatment plant. This project costs \$63,800 and contains a small component for growth. This DC is estimated to cost \$107 incl. GST per household unit equivalent (HUE). Council has not previously collected a DC for waste water in Rakaia.

Community infrastructure DCs – who pays and why

Council wishes to amend the policy so that DCs are paid only by residential developments and accommodation units. One house will equal 1 HUE. An accommodation development will be assessed for HUE based on its maximum occupancy. Agricultural, industrial and commercial developments – and other non-residential/ accommodation developments will pay no community infrastructure DC. This is because increased population is the best indicator of increased demand for community infrastructure, and the best indicator of increased population is the building of new houses.

Omitted projects

Council has omitted two projects with CAPEX for growth from the policy schedules.

Methven Water Treatment Upgrade

This is a \$4.47M project. At this time there is uncertainty about the final cost of the project, the communities that will be served by it, and how it will be funded. This creates a high level of uncertainty over the Methven Water DC. It is proposed to leave this project off the schedule until the uncertainty is resolved, at which point Council will bring the project into the schedules.

On current assumptions, this will increase the DC for Methven Water by around \$4,500 including GST, although decisions on funding, scope and beneficiaries could reduce this increase.

Ashburton Peri-Urban Water Servicing

This is a \$3.38M Project. At this time, there is some uncertainty around the details of exactly when and where this project will take place, as it will respond to demand for infrastructure to support private developments around the urban fringes of Ashburton. On current assumptions this will increase the Ashburton water DC by \$331.00. When the uncertainty is resolved, Council will introduce this project into the policy schedules.

Want more detail?

A schedule showing all the detail of proposed changes to the policy can be found here.([hyperlink](#))

Options

Council is interested in your views on these options.

Option A – Support the policy as a whole

This is the draft proposal from Council.

Option B – Reject the policy as a whole and keep the status quo

Council considered this option but did not support it as a draft proposal for consultation as it did not address the issues identified in the Policy review.

Option C – Accept some of the changes while rejecting the others

Council considered each of the issues addressed in the draft Proposal and supports the solutions set out in the proposal as it believes each is a reasonable, affordable and effective solution to the issues identified in the Review.

Have Your Say on development and financial contributions

What do YOU think?

We want to know what you think of the proposed policy, the changes we propose, the options we have considered and any other changes you wish to put forward. You can provide your feedback by completing the submission form in the back of this document, or online at ashburtondc.govt.nz. We are accepting feedback until 5pm on Monday 19 April 2021.

The scope of Council's decision on the draft Development and Financial Contributions Policy is the changes highlighted in this statement of proposal (and supporting information) and any related matter covered by the Policy. Submissions on new matters may be considered as part of future reviews.

Written submissions can be made up until 5pm on Monday 19 April 2021.

The easiest way to provide your feedback is to complete the form online at www.ashburtondc.govt.nz/haveyoursay

Alternatively, you can provide feedback by filling in the attached submission form and get it back to us using one of the following methods:

- Email: submissions@adc.govt.nz
- Freepost: Ashburton District Council
Our Place
FREEPOST 230444
PO Box 94
Ashburton 7740
- Dropping it off at Ashburton District Council reception

Submissions close at 5.00pm on Monday 19 April 2021.

What Happens Next?

Timeframe	Development process
19 March – 19 April 2021	Community engagement We want to hear your views on the policy.
11-12 May	Hearings Council will consider all spoken and written submissions made on the Policy.
18-20 May	Deliberations Council will make decisions on the matters raised by submitters in their spoken and written submissions.
30 June	Policy adopted by Council Council will adopt the Policy, either at the Council meeting on 30 June or at an earlier date after hearings and deliberations, with any changes to remissions taking effect from 1 July 2021.

Submission Form

Your feedback is valuable to us. Thank you for taking the time to make a submission. You may have other things to tell us as part of your feedback – please attach any additional information to this form.

Who

First name:..... **Last name:**.....

Organisation (if appropriate):.....

Street number:..... **Street name:**.....

Suburb/Town/RD:..... **Postcode:**.....

Phone:..... **Email:**.....

Do you wish to speak in support of your submission at the hearing?

(If no boxes are ticked, it will be considered that you do not wish to be heard)

Yes: Hearings are expected to be held in the Council Chamber, Havelock street, on 11 – 12 May 2021

NO: I do not wish to speak in support of my submission and ask that the following written submission be fully considered.

You can submit on any or all of the questions below. You don't have to complete every question.

1. What is your preferred course of action on this policy?

- Adopt the policy as a whole
- Reject the policy and go back to the 2018 policy
- Adopt some parts and change others

2. If your preference was to adopt some parts and change others, which parts would you adopt and which would you change? Please tick the box for your preference.

	Adopt	Change
Changes to the value of DCs	<input type="checkbox"/>	<input type="checkbox"/>
Collecting DCs at service connection	<input type="checkbox"/>	<input type="checkbox"/>
Wastewater DC for Rakaia	<input type="checkbox"/>	<input type="checkbox"/>
Changes to who pays community infrastructure DCs	<input type="checkbox"/>	<input type="checkbox"/>
Omitted projects	<input type="checkbox"/>	<input type="checkbox"/>

3. Where you prefer a change, what are your reasons?

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4. Do you have any other ideas to improve the Policy?

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Please note, all submissions are public documents and will be made available on Council’s website with the names of submitters included.