
REPORT 4
(1215/52/05/IM)

DEVELOPMENT CONTRIBUTIONS- POLICY UPDATE

1. Purpose of report

To report to the Development Contributions Subcommittee on options for reviewing and updating the Development Contributions Policy in conjunction with the 2009/19 Long Term Council Community Plan (LTCCP).

2. Executive summary

The Development Contributions Policy (DCP) is a revenue policy that enables the Council to fund capital expenditure for growth related costs of reserves, network infrastructure and community infrastructure through charges on developers. The current review aims to revise the DCP for inclusion in the 2009/19 LTCCP.

The report identifies a range of issues for the Subcommittee's consideration and invites the Subcommittee to agree the scope of the review. Issues include:

- reviewing the policy assumptions and methodology
- reviewing all qualifying capital expenditure, including new planned capital expenditure arising from LTCCP planning, to identify whether there is a growth component and, if so, whether and how the expenditure can be met through development contributions
- reviewing the statistical basis for the assumptions in the existing policy
- reviewing the catchment structure and boundaries
- reviewing the extent to which community infrastructure is funded through the DCP
- reviewing the approach to development contributions policy for open spaces
- considering the extent to which development contributions could, or should, be used as a vehicle to provide an incentive to environmentally sustainable design initiatives
- considering outstanding matters arising from submissions to the 2007 DCP review that were outside the scope of that exercise
- rewriting aspects of the policy for clarity and accuracy.

3. Recommendations

Officers recommend that the Subcommittee:

1. *Receive the information.*
2. *Agree the scope of the current review of the development contributions policy should include:*
 - *reviewing the policy assumptions and methodology to ensure the DCP continues to meet LGA 02 requirements*
 - *reviewing all qualifying capital expenditure, including new planned capital expenditure arising from LTCCP planning, to identify whether there is a growth component and, if so, whether and how the expenditure can be met through development contributions*
 - *reviewing the statistical basis for the assumptions in the existing policy, including updating growth projections to take account of more recent Census data, and reviewing the basis for EHU calculations*
 - *revising catchments to reflect revised analysis (for example, rationalising the existing water catchments) and policy development (for example, centre-based planning)*
 - *reviewing the extent to which community infrastructure is funded through the DCP to reflect Council's position that, unless there are good policy reasons, all qualifying capital expenditure arising from growth should be funded from development contributions*
 - *reviewing the approach to development contributions policy for open spaces*
 - *rewriting aspects of the policy to ensure it is readable, error free and clearly outlines the supporting rationale for each activity*
 - *minor corrections and improvements to the current document (for example, to add a reference to the online development contributions calculation tool).*
3. *Note that a further paper will be provided to the Subcommittee in December, to include a set of detailed recommendations which will provide a basis for initial consultation with interested parties during late January/ early February 2009.*
4. *Note that the proposed changes to the Development Contributions Policy will form part of the 2009/19 Long Term Council Community Plan and that the Development Contributions Subcommittee will hear submissions on the proposed amendments to the Development Contributions Policy in 2009 (in the context of the LTCCP special consultative procedure) and report its deliberations and recommendations to the Strategy and Policy Committee.*

4. Background

4.1 Context

The Development Contributions Policy (DCP) is a revenue policy that enables the Council to fund some of its planned capital expenditure for extending the capacity of certain types of its infrastructure assets. The Local Government Act 2002 (LGA 02) limits the application of development contributions to recovering the growth related costs of reserves, network infrastructure and community infrastructure.

A DCP has particular significance for the Council as it permits the use of funding that is not rates-based for capital expenditures. It can be complex because of the need to comply with the content, processes and linkages that are prescribed in LGA 02. Amendments to the DCP can only be effected by amending the LTCCP.

The current difficult economic climate underscores the need to consider several key factors in reviewing the DCP. These include:

- the extent to which increased, or decreased, DCP levels may influence developers' decisions to invest in Wellington
- the extent to which the Council's programme of infrastructure development may be either accelerated (for example due to increased emphasis on infrastructure development to generate growth) or deferred (due to private investment retrenchment)
- the extent to which the Council wishes to invest directly in ownership of infrastructure as opposed to other approaches such as leasing infrastructure from private owners
- the balance between funding activities through rates versus development contributions. Decisions on whether to include additional infrastructure in DCP will influence this balance. The existing Council position is that capital expenditure arising from growth should be fully funded by the growth community unless there are clear policy reasons to do otherwise.

This report raises a range of specific issues for consideration. Most changes to be considered would lead to a relative increase in the level of development contributions collected. One element - revising the basis for calculating the residential Equivalent Household Unit (EHU) - would result in a significant decrease, which could provide scope for extending the range of infrastructure funded by development contributions without leading to an overall increase in development contributions per EHU.

4.2 Activity

The Development Contributions Policy (DCP) took effect on 1 July 2005 and was most recently reviewed in June 2007. The table below illustrates the revenue generated by the policy since it was implemented.

	2005/06	2006/07	2007/08	2008/09 (September YTD: Full year Budget \$2,356,541)	Total: (July 2005 to September 2008)
Budget	\$305,000	\$610,001	\$1,230,375	\$589,139	\$2,567,487
Actual	\$139,920	\$996,569	\$889,313	\$541,685	\$2,734,515
Variance	(\$165,080)	\$386,568	(\$341,062)	(\$47,455)	(\$167,028)

Although the policy provides that the Council may grant full or partial remissions in exceptional circumstances, remissions are very rarely granted. The policy also provides that developers can apply for self-assessments where they consider the implications of their developments have a lower level of impact on infrastructure than provided for in the policy. In addition, the policy permits the Council to undertake a special assessment where it considers the impact on infrastructure will be higher than that provided for in the standard application of policy. Relatively few self assessments are applied for (several per annum).

The following table provides a broad comparison with several other territorial authorities' DCPs, although a range of aspects, including when the policy was last reviewed and the basis of assessment, make direct comparisons difficult.

Territorial Authority	Residential	Commercial building (100sq m gross floor area)
Wellington	\$3,623 - \$11,336 (Plus reserves contribution for greenfields: average \$7,500)	\$5,255 (inner city excl Pipitea Precinct) - \$17,440 (Grenada HL)
Auckland	\$19,267 (Isthmus and Central) - \$26,878 (Wynyard Point) plus value of 4.59 sq m land One bedroom residential unit \$14,679 - \$20,006 plus value of 4.59 sq m land Hauraki Gulf \$1,107	\$6,924– \$16,058 (Wynyard Point) (assumes 250 sq m of impervious area - stormwater component reduces as percentage for multi-story)
Christchurch	\$20,070 - \$23,284	\$4,137 - \$6,688
Hamilton	\$9,440 (greenfields: \$25,142)	\$3,942 – \$4,946
Lower Hutt	\$2,536	\$1,980.44 (assumes 250 sq m of new impervious area)
Manukau	\$5,956 \$2,978 (Minor dwelling)	\$1,731
Upper Hutt	\$3,425 - \$17,445 (Specific areas only)	\$3,425 - \$17,445 (Specific areas only)

Note: Porirua City does not currently have a development contributions policy. Porirua City requires financial contributions as specified within the District Plan. Contributions generally relate to the cost of actual infrastructure required, but include a recreation and civic contribution of approximately \$5,538 (residential), \$5.98 sq m (industrial and \$11.98 sq m (Commercial)).

4.3 Scope of current review

The current review aims to revise and rewrite the DCP for inclusion in the 2009/19 LTCCP. The DCP must be supported by strategic planning for each type of infrastructure.

A number of issues to be addressed in the current review have been identified including:

- reviewing the policy assumptions and methodology to ensure the DCP continues to meet LGA 02 requirements
- reviewing all qualifying capital expenditure, including new planned capital expenditure arising from LTCCP planning, to identify whether there is a growth component and, if so, whether and how the expenditure can be met through development contributions
- reviewing the statistical basis for the assumptions in the existing policy, including updating growth projections to take account of more recent Census data, and reviewing the basis for EHU calculations
- revising catchments to reflect revised analysis (for example, rationalising the existing water catchments) and policy development (for example, centre-based planning)
- reviewing the extent to which community infrastructure is funded through the DCP to reflect Council's position that, unless there are good policy reasons, all qualifying capital expenditure arising from growth should be funded from development contributions
- reviewing the approach to development contributions policy for open spaces (for example, to consider utilising development contributions to build a reserves purchase fund)
- rewriting aspects of the policy to ensure it is readable, error free and clearly outlines the supporting rationale for each activity
- minor corrections and improvements to the current document (for example, to add a reference to the online development contributions calculation tool).

5. Discussion

5.1 Policy and legal considerations

A range of provisions in the Local Government Act 2002 (LGA 02) establish the legal requirements that the Council is required to address in order to make changes to its DCP. The Act requires the DCP to explain assumptions. This includes modelling growth assumptions and stating if there is a significant degree of uncertainty around assumptions. The DCP must justify the way development contributions are calculated, for example the basis for determining Equivalent Household Units (EHUs).

A significant 2007 High Court decision (Neil Construction and others vs North Shore City Council) strongly reinforced the LGA (02) requirement to demonstrate that a s101 (3) determination has been undertaken for each type of infrastructure. Section 101 (3) requires the Council to explicitly consider:

- the community outcomes to which the activity primarily contributes
- the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals
- the period over which the benefits are expected to occur
- the extent to which the actions or inactions of particular individuals or a group contribute to the need to undertake the activity and the costs and benefits, including the consequences for transparency and accountability, of funding the activity distinctly from other activities
- the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community.

Stating the rationale for using development contributions to fund growth related investment in public infrastructure helps to demonstrate that the Council has given regard to all funding options available to it.

6. Components of Review

6.1 Review existing and planned capital expenditure against DCP criteria

As part of the review, it is proposed that all capital expenditure (existing or planned network infrastructure, reserves or community infrastructure) be assessed in the first instance to ascertain whether it has any relationship to growth (some elements of capital expenditure will be solely to fund renewals, enhanced service levels for the existing population or to addressing a backlog).

Those qualifying capital expenditure items where there is a growth component, or potential growth component, will then be assessed, or re-assessed, for inclusion in the DCP. This assessment will be a template-based review against the relevant legislative criteria to ensure explicit recognition of LGA (02) considerations in respect of each activity. Assessments will be coordinated through Asset Management Coordinators.

This approach will:

- provide the Council with confidence that all qualifying infrastructure has been assessed for potential DCP funding
- provide the Council with confidence that assessments are methodologically robust in terms of LGA 02
- facilitate ready incorporation of data and underlying assumptions into the finance model

- ensure supporting information is available to persons who wish to exercise their legislative entitlement to access detailed methodology supporting the DCP.

6.2 *Revise growth assumptions*

A recent revised series of population projections from Statistics New Zealand (based on 2006 Census data), suggests that population and housing growth in Wellington City will occur much faster than was thought when the current policy was developed (using 2001 Census data).

These latest projections suggest that the city will need to plan for an increase of:

- 44,000 people over the next 25 years (compared to 37,000 over 45 years)
- 24,000 houses over the next 25 years (compared to 24,000 over 45 years).

Population growth of this scale would increase the pressure for high and medium density housing. Pressure on infrastructure and services would also need to be taken into account in asset management planning.

The distribution of growth is also an important consideration in the review. While Statistics NZ projections at the Census Area Unit provide some guidance, it is important to also consider the strategic aims of the Council in terms of growth management. With the aim of directing growth to where the benefits are greatest, the Urban Development Strategy puts forward the idea of accommodating a significant proportion of growth along 'the growth spine' - a series of nodal intensification areas between Johnsonville and the Airport. The review will need to consider the implications of higher levels of growth of housing and employment in these areas.

6.3 *Review basis of residential EHU calculation*

Development contributions are assessed for residential developments on an EHU basis. Each dwelling or allotment is assessed as one EHU. The current underlying assumption in the methodology for calculating development contributions assumes 2.6 persons per EHU, based on average dwelling size in the 2001 Census. The dwelling occupancy rate remains 2.6 in the Census 2006 data, and has been basically steady from 2001 to 2006, but is projected to steadily fall from 2.57 to 2.45 over the term of the 2009/19 LTCCP. This data suggests the growth community will have an average occupancy rate of 1.9 persons per dwelling. This has significant implications for the calculation of development contributions as it suggests, other things being equal, that residential development contributions should be reduced to 73% of their current levels per EHU.

6.4 *Review basis of non-residential EHU calculation*

Non-residential calculations of development contributions use an EHU equivalency of 65 sq m gross floor area (gfa), based on an assumption that each office worker requires 25 sq m. This figure is then scaled up by a factor of 2.6, based on the average dwelling occupancy.

The original basis for establishing the 25 sq m office space requirement was on a set of studies by Richard Ellis (1998), Collier Jardine International (1998) and Kerslake (2000). The most recent Collier Jardine International survey of Auckland office space utilisation shows that office space per employee has reduced from 21 sq m in 1998 to 18.67% in 2000, 17.7% in 2004 and 15.6% in 2008 (including all space leased – reception areas, meeting and board rooms). Some Wellington based data (eg Government agency annual reporting¹) also suggests the current gross floor area calculation is overstated and out of date. This is due to a range of factors including the impact of flat computer screens, greater use of open plan and cost efficiency.

Office space utilisation is sensitive to building quality (13 sq m per person in premium grade buildings to 20.1 in lower graded premises). Businesses employing up to 20 employees had average of 21.9 sq m, whereas those in companies with more than 200 staff had 13.7 sq m of space each.

Wellington is unusual in applying a single standard for all non-residential developments. Other large jurisdictions generally differentiate between business types.

Arguments in favour of the current approach include:

- Wellington employment is predominately office-based.
- The facility in the policy for individual or special assessments can address different contexts (although this measure is still used as the basis for individual and special assessment calculations).
- Using less intensive measures places the council at risk that development contributions will be “under-collected” if there is a subsequent change of use from less intensive to more intensive space utilisation.

In this context it is appropriate to review and either confirm or amend the current non-residential assumptions. One option for review is to revise the existing development contribution levels to reflect changes in the assumptions about average dwelling size and office occupancy. This would suggest reducing the assumption about office space per person to around 21, combined with an EHU calculation based on 1.9 persons per dwelling resulting in a reduction of the gfa/EHU ratio from 65sq m gfa per EHU to 42 sq m per EHU. This would, in effect lead to a 19% increase in development contributions for non-residential developments.

One relatively simple option to facilitate greater differentiation between different business types could be to develop operational guidelines to inform self-assessments and individual assessments, combined with a policy requirement that a subsequent change of use would automatically trigger a re-assessment. There would also need to be a requirement introduced to the DCP that any subsequent EHU credits would be assessed on the basis of the earlier

¹ The Department of Conservation’s new “environmentally friendly” head office accommodates one person per 21 sq m, despite significant space allocated to functions such as laboratories. IRD has an average of 20.9 sq m per person (2008 Annual Report)

self-assessment or special assessment, rather than the standard formula using gross floor area as a measure.

6.5 Catchment structure

Water supply

Officers have developed a revised set of water supply catchments that more fully recognise the network nature of water supply. For example, Karori is currently divided into three catchment areas (Western, Central – Messines, and Western Messines) because each area is served directly from a distinct reservoir. The revised approach reflects the reality that an under-capacity in any of the reservoirs can be directly addressed by shifting water from another reservoir in the wider Karori catchment that has extra capacity (ie the reservoirs act as a network).

As a consequence of this networks approach to the water supply catchments, all areas (apart from rural) would be liable for a catchment specific development contribution ranging from approximately \$806 to \$2,119. Under current policy, catchment specific water supply contributions range from nil (Inner City, Central, Northern, Western and Rural) to \$7,250 (Grenada High level). Under the revised approach, some catchments would have increased contributions (eg Inner city would increase from nil to \$806) while others would be significantly reduced (eg Grenada's and Lincolnshire's contributions would reduce from \$3,933 to \$2,119).

Utilising centres- based planning areas for specific network infrastructure and community infrastructure catchments

The Centres Policy provides a framework to guide the development and management of Wellington City's centres. Centres are the focus of economic and social life in our communities. They have multiple functions and activities, but their core is typically retail and local services. Wellington City has an established network of centres, from the central city which has a citywide and regional role, to the larger town centres serving several suburbs (such as Johnsonville and Kilbirnie) through to smaller centres serving their local areas and neighbourhoods. These are supported by their surrounding catchments identified as planning areas in the Centres Policy.

The Centres Policy considers in an integrated way the varied roles of the centres, to provide guidance on how they should be managed and developed in the future, and to assist in coordinating the Council's activities and programmes in and around these centres. It will be supported and implemented through more detailed policies (including the District Plan and centre plans), the Council's infrastructure investment decisions and specific projects and initiatives.

Consequently, centres provide a logical basis for assessing development contributions. While some community infrastructure may be assessed for a citywide contribution, due to its operation as a network (for example, Sportsfields), or because it is a destination activity (such as Wellington Regional Aquatic Centre), other infrastructure may be considered (in full or part) as serving a defined local catchment (for example, a local swimming pool,

community centre and roading/transport improvements in a town centre). In such cases a planning area is likely to provide a sound basis for structuring any development contribution.

It is proposed that the review of Community Infrastructure and Parks and Reserves development contributions should consider using the Centres Planning framework for assessing growth-related capital expenditure and applying the LGA (02) methodology to establish whether, and how much, growth related capital expenditure should be funded through development contributions.

6.5 Provision of community infrastructure

LGA (02) provides for the inclusion of community infrastructure in a DCP. Community infrastructure comprises land, or development assets on land, owned or controlled by the Council to provide public amenities. There is, however, only limited community infrastructure included in the current DCP (The Wellington Regional Aquatic Centre and the Keith Spry Pool).

Other community infrastructure can include libraries (including the books and IT networks), community centres and halls, recreation centres, swimming pools, sports-fields and playgrounds. The methodology for applying development contributions requires, amongst other things, clearly specified levels of service in order to establish the demands which capital expenditure is addressing (backlogs, renewals, service level improvements for the existing community or growth). Levels of service for much community infrastructure are not yet clearly defined by Council.

Extending the policy to require development contributions for a greater range of community infrastructure is consistent with the underlying approach to the current Council position that, unless there are good policy reasons to do otherwise, the costs of growth should be met by development contributions. The Community Facilities Review will define the levels of service provision and prioritise new community facility building initiatives. This will establish a sound basis for considering the role of development contributions in funding growth-related capital expenditure on community infrastructure.

Charging development contributions for growth related capital expenditure on community infrastructure advances community outcomes. The relevant outcomes are:

- *Opportunities for active and passive recreation in Wellington will be diverse, safe affordable, accessible and attractive.*
- *Wellington's communities will have ready access to multi-use indoor and outdoor facilities and spaces.*

If investment in new capacity is not made, the accessibility of community infrastructure is diminished as the cumulative effect of a significant growth in population places increased demand on existing facilities.

6.6 Provision of parks and reserves

Open Space Planning is currently undertaking analysis to support a review of the reserves section of the DCP. At present the following provision is made for reserves:

- Citywide reserves – covering the growth related portion of existing LTCCP budgets for parks and gardens
- Greenfields – local purpose provision based on a formula in the Policy
- Inner city catchment – contribution to existing inner city projects as detailed in section B6.1.1 of the Policy.

The current reserve provisions seek development contributions for the growth related capital expenditure in the 2006/16 LTCCP. However it has been identified that this approach has its limitations.

There is currently no robust methodology to identify what is the appropriate provision of parks and reserves in Wellington and whether the current parks system satisfies that provision. The lack of a comprehensive provision framework also makes it very difficult to assess future needs as a result of growth and how this can be funded through a development contributions policy.

Some provision guidelines exist:

- playground provision through the Playground Policy (2002)
- community park provision approved by Council as part of a Community Parks upgrade programme
- ecological guidelines adopted as part of the Northern Reserves Management Plan
- management plans for the Town Belt and Outer Green Belt which identify provision of open space and recreational areas in general terms.

Internationally, open space guidelines have focused on the quantity of hectares (ha) per 1000 people. The benchmark in New Zealand has been four ha of park per 1000 people (one ha for 250 people). Currently in Auckland City the ratio is 4.9 ha per 1000 people (one ha per 247 people). By comparison, the provision for Wellington is 18.9 ha per 1000 people (one ha for 53 people). However Christchurch (19.3 ha per 1000 people) and Dunedin (26.6 ha per 1000 people) both have greater existing provision than Wellington. On a simple analysis, Wellington has a much better provision than Auckland but a lesser provision than either Christchurch or Dunedin. However such figures have some major disadvantages:

- They do not show how accessible these parks are to local residents. In the case of Wellington, large areas in the Outer Green Belt are only accessible to bike riders or walkers who are reasonably fit. (Christchurch City Council have addressed this issue by establishing different provision figures for different types of open space.)

- They do not identify the distribution of parks and park types or the capacity of individual parks.
- They assume that all park types are accessible and used by residents, when large areas primarily have intrinsic landscape and/or ecological values.

An alternative indication of adequacy of provision may be found in residents' ratings of ease of access to their local park or other green open space²: ninety percent of Wellington residents surveyed said it was easy to access a local park or other green space. Comparable figures for other centres were Auckland 88%, Christchurch 95%, Dunedin 92%.

The current approach is being reviewed to explore alternative methods. It involves quantifying the open space and reserve needs to meet the projected growth of Wellington.

Consideration is being given to adapting a three tier approach to provision, as used in Auckland City, to Wellington conditions. It focuses on three attributes:

- *Quantity of parks* - what types of parks should there be and how many should there be?
- *Quality of parks* - how well each park, or grouping of parks, scores against pre set criteria for quality. (Whether it is fit for purpose and could include such criteria such as context, activity and occupation, accessibility and sustainability.)
- *Accessibility* on a big picture level - how can people get to and use the park?

The focus of this work will be on:

- *Citywide contribution for sports field development* – Work is currently underway on a proposed artificial turf programme. If the programme proceeds, an assessment will need to be made over what portion of this cost relates to growth. An analysis will be undertaken to:
 - assess current provision by number of fields and area and how many people this caters for
 - estimate of the increase in demand attributable to growth
 - establish how many additional fields, or what intensification of existing fields, will be required to cater for this
 - determine how much of this development can be funded by growth

Much of the work required to progress this element has already been undertaken in the context of Asset Management Plan development.

² Quality of Life Survey 2006

- *Citywide contribution for reserve acquisition* – This would be for strategic citywide acquisitions. In some instances, land acquired in the context of greenfield developments may, in fact, operate as a citywide strategic asset and could therefore be funded from citywide contributions. With current strategies and policies the main areas where this would occur are likely to be Miramar Peninsula, Best Ridge (in particular the section between Old Coach Road and Spicer Forest), Marshall Ridge (between Tawa and Westchester Drive) and the Harbour Escarpment (between Horokiwi and Ngauranga). This would be a citywide rate which would encompass both greenfield sites, and in-fill sites. Draft legal advice supports this approach.
- *Suburban infill contribution for urban park development* – This could be an integrated infill contribution for each area identified for growth (for example Johnsonville, Newlands, Tawa, and Kilbirnie).
- *Greenfields contributions* – No fundamental change from the current system, which also enables private agreements, is envisaged. However an analysis would be required to assess if the current rate is adequate to achieve the development standard required under the new provisions framework.
- *Inner City reserves* – No fundamental change from the current system is envisaged, other than updating the contribution levels to reflect the 2009/19 LTCCP, which may include provision for an additional park. Further, the Capital Spaces, Open Space Strategy (1998) and subsequent reports, including *Greening Central* and *City to Waterfront – Public Spaces and Public Life*, support an urban ‘pocket’ park scenario. This approach would provide workers and inner city residents with access to a park of a more intimate scale than the current regional level parks and within easy walking distance of their place of work or residence. This strategy would also have DCP implications.

6.7 Environmentally sustainable design initiatives

Councillors have, in the past, raised an issue as to whether development contributions could, or should, be used as a vehicle to provide an incentive to environmentally sustainable design initiatives. There are a range of potential financial incentives, of which development contribution reductions are only one form. Others include grants, rates rebates, low interest loans or reduced fees. There is also a range of potential regulatory concessions such as planning concessions.

Where an environmentally sustainable design creates a clear and ongoing reduced infrastructure demand, there is already a facility to reduce development contributions through the self-assessment process. Unless a direct link to reduced infrastructure impact can be established, a DCP-based incentive would require either a cross-subsidy from other developers, which would be inconsistent with LGA (02) provisions, or would require the development contribution to be met from general Council provision (ie rates).

Officials consider that DCP is not the most appropriate vehicle to advance environmentally sustainable design, and recommend incentives to encourage environmentally sustainable design be excluded from the scope of the current review.

6.8 Outstanding issues arising from 2007 development contributions review submissions

A number of issues were raised by submitters in the context of the 2007 review that were outside the scope of that exercise. At the time, officers advised the Council that, as these issues were outside the scope of the 2007 review, they should be considered in the context of the 2009/19 LTCCP review.

The issues raised, and an indication of how they will be addressed in the current review, are outlined below:

- The Property Council expressed concerns that the contributions required by Council are beyond a level that recovers marginal growth driven costs. The Property Council also raised a concern about the requirement to pay a development contribution at the time of a building consent and proposed an extended bank bond provision. This issue falls within the proposed scope of the current review, which includes reviewing the policy assumptions and methodology.
- The Tawa Community Board submitted that DCP should be providing for new community facilities where the existing facilities are inadequate. This issue falls within the proposed scope of the current review, which includes reviewing the extent to which community infrastructure is funded through the DCP.
- The Stonne Trust submitted that development contributions should reflect the lower occupancy rates of small apartments. The Trust also argued for more clearly defined criteria for differentiating between residential and non-residential developments. These issues fall within the proposed scope of the current review which includes reviewing the basis for EHU calculations.
- Housing New Zealand Corporation emphasised the need for a causal nexus between the demand for an asset and the effect of a development. This issue falls within the proposed scope of the current review, which includes reviewing the policy assumptions and methodology.
- One individual submitter proposed that Council should consider using rates instead of development contributions, for the inner city. In the context of the proposed changes to DCP to be considered in December, the Subcommittee will be invited to reconfirm its position that, unless there are good policy reasons, all qualifying capital expenditure arising from growth should be funded from development contributions.

7. Communication and consultation

Consultation would be undertaken in conjunction with the LTCCP with a specific consultation plan designed to ensure interested groups are made aware of the changes and have an opportunity to comment.

Initial informal consultation on the conceptual approach will be undertaken with targeted individuals and groups in late January/early February in advance of the formal LTCCP special consultative procedure.

8. Conclusion

The review of development contributions policy will ensure the cost of growth is accurately and fairly allocated to the growth community, consistent with Local Government Act (2002) requirements.

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Supporting Information

1) Strategic Fit / Strategic Outcome

This policy supports the Council's infrastructure needs by revising the Development Contributions Policy to ensure it is more comprehensive and methodologically sound

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

The Development Contribution Policy forms part of the LTCCP. Revisions to the Policy will support funding growth related infrastructure outline in the 2009/19 LTCCP

3) Treaty of Waitangi considerations

The proposal has no specific Treaty of Waitangi implications

4) Decision-Making

This is not a significant decision at this stage as it is essentially agreeing the scope of the review for a substantive report back in December 2008

5) Consultation

a) General Consultation

Consultation will be conducted in the context of the LTCCP special consultative procedure. A detailed consultation plan will be included in the December 2008 report.

b) Consultation with Maori

Requirements to consult with Maori will be considered in developing the consultation plan accompanying the subsequent December 2008 report.

6) Legal Implications

DLA Phillips Fox have provided advice on specific legal issues arising to date.

7) Consistency with existing policy

The recommendations are consistent with core principles of the existing Development Contributions Policy.