

# Development & Financial contributions Policy

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12 December LTP/AP subcommittee meeting

# Background

Growth forecast has increased as has planned supporting infrastructure.



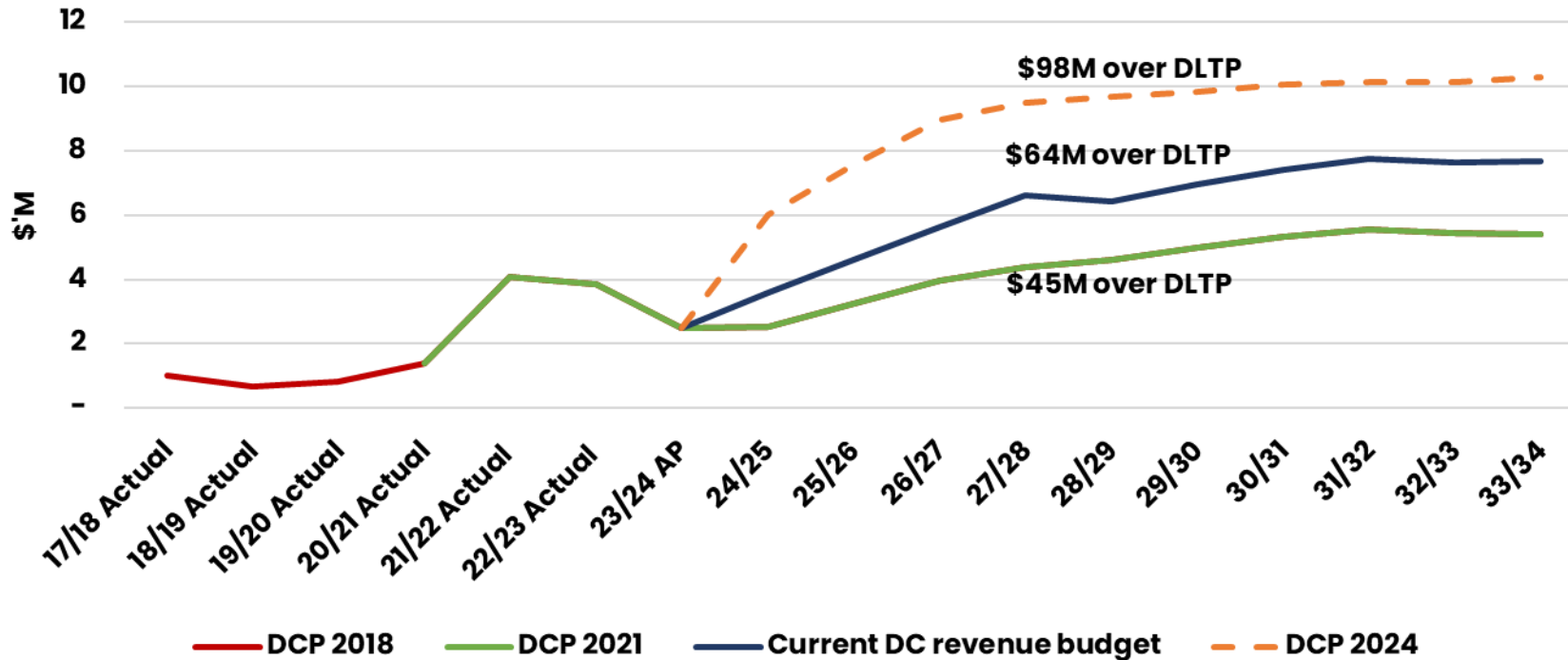
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# Proposed charges and revenue

- Higher growth and higher charges will generate more DC revenue
- Prior to the 2021 policy update these were much lower at below \$1M per year
- DCP 2024 forecast is around \$6-\$10m p.a. but will take a few years as existing consents can rely on current policy and charges
- Forecast charges are based on growth project costs over their capacity life - so range from projects starting in 2016 all the way to a few projects starting in year 11 of the DLTP.



# Revenue - Development Contributions



- The DCP 2024 proposed charges are based on the current Council decisions and are subject to change.
- The actual revenue trend has been an increase with budgets set at conservative levels.
- The effect of these increases in the overall financial projections for the DLTP will be diluted as the IAF revenue has already been budgeted through AP24 (on the assumption that the policy would be updated through the LTP).

# Previous Council in principle decisions (30 June 2023)

- Retain a policy where 100% of the growth capex is funded by developments (via DCs)
- Include development contributions for update three waters and transport infrastructure programmes;
- Include community infrastructure (such as public amenities, halls, recreation centres, libraries, public space improvements etc.)
- Introducing a fourth category of residential unit for 4 or more bedrooms
- Provisions that support the principles set out in the Preamble to Te Ture Whenua Māori Act 1993

# Infrastructure Supporting Growth

- Forecast costs have increased, and new infrastructure introduced into the capital programme
- 2021 LTP - \$500m growth related infrastructure with \$100m funded by DCs
- 2024 draft LTP - \$1.7b growth related infrastructure with \$292m funded by DCs  
(**based on decisions to date and includes costs before year 1 and beyond Year 10 of the DLTP**)
- DCs have increased significantly as a consequence
- Generally looking at past + 10 years of capex with a couple of exceptions.
- Note: Further changes to the capital programme will result in changes to the charges

# Infrastructure Supporting Growth

Total Capex	Water	Wastewater	Stormwater	Transport	Total
Gross capex (\$M)	\$322	\$495	\$343	\$504	\$1,664
Growth capex (\$M)	\$104	\$84	\$58	\$92	\$339
DC funded capex (\$M)	\$104	\$84	\$58	\$45	\$292
Capex % funded from development contributions	32%	17%	17%	9%	18%
Capex % funded from other sources	68%	83%	83%	91%	82%



# Infrastructure Supporting Growth – Key Transport Changes

- New – the East Access route (\$26m) – 5% DC funded.
- New – Intensification improvement / Subdivision road improvements (\$40m) – 37.5% DC funded.
- New – Riverlink pedestrian bridge (\$25m) – 5% DC funded.
- New – Riverlink Streetscape upgrades (\$24.5m) – 5% DC funded.
- Various other changes

All the above new projects have no DC revenue included in budgets or financial projections.





# Infrastructure Supporting Growth – Key Three waters projects

## Water

- Increase – Naenae reservoir and outlet main – \$90m (50% DC funded) was \$33.5m
- Now phased beyond 10 years but included in calculations – Wainuiomata reservoir – \$50m (50% DC funded)

## Wastewater

- New – IAF – Wastewater – \$40.6m (100% DC funded)
- New – Main outfall renewal and upgrade – \$42.3m (next 10 years, 7% DC funded)
- Increase – Wainuiomata wastewater projects costs \$18.7M (62% DC funded) – was \$12.8m
- Decrease – costs associated with treatment plant upgrades within next 10 years reduced from \$33.3m to \$9.7m

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# Infrastructure Supporting Growth – Key Three waters projects

## Stormwater

- New – IAF – Stormwater \$135.6m (27% DC funded)
- New – Petone flooding – \$41.25m (5% DC funded)
- Increase – Blackcreek flooding – \$25.4m (40% DC funded)
- Many new smaller newer projects – e.g. circa \$5m Eastbourne, \$8.5m in central city



## 2021 Policy – Current Charges (GST Exc)

	Eastbourne	Stokes Valley	Valley Floor	Wainuiomata	Western Hills	Rural	District Wide
Transport	\$0	\$0	\$0	\$0	\$0	\$0	\$2,171
Water	\$0	\$0	\$6,678	\$10,768	\$1,070	\$0	\$297
Wastewater	\$580	\$580	\$580	\$4,804	\$580	\$0	\$2,772
Stormwater	\$751	\$13	\$139	\$1,583	\$77	\$0	\$212
<b>Total</b>	<b>\$1,330</b>	<b>\$593</b>	<b>\$7,397</b>	<b>\$17,156</b>	<b>\$1,727</b>	<b>\$0</b>	<b>\$5,454</b>
<b>Charge per EHU</b>	<b>\$6,784</b>	<b>\$6,047</b>	<b>\$12,851</b>	<b>\$22,609</b>	<b>\$7,180</b>	<b>\$2,171</b>	<b>\$5,454</b>

# 2024 policy update – Revised Charges (GST Exc)

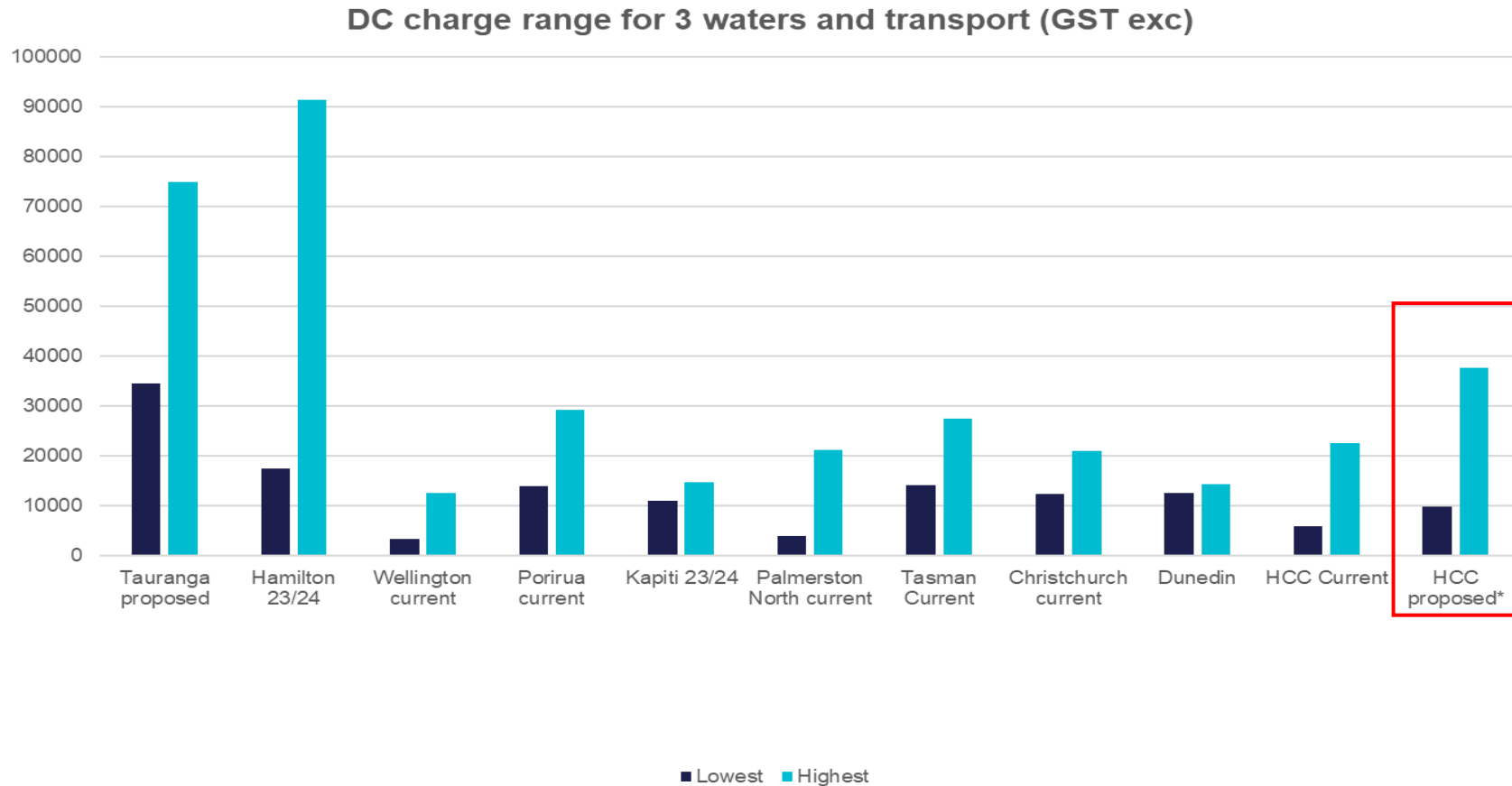
	Eastbourne	Stokes Valley	Valley Floor	Wainuiomata	Western Hills	Rural	District Wide
Transport	\$0	\$0	\$0	\$0	\$0	\$0	\$4,843
Water	\$0	\$0	\$10,597	\$11,178	\$604	\$0	\$1,841
Wastewater	\$0	\$2,658	\$11,206	\$10,226	\$2,565	\$0	\$1,880
Stormwater	\$2,655	\$59	\$9,288	\$4,450	\$89	\$0	\$842
<b>Total</b>	<b>\$2,655</b>	<b>\$2,717</b>	<b>\$31,090</b>	<b>\$25,855</b>	<b>\$3,258</b>	<b>\$0</b>	<b>\$9,406</b>
<b>Charge per EHU</b>	<b>\$12,061</b>	<b>\$12,123</b>	<b>\$40,496</b>	<b>\$35,261</b>	<b>\$12,664</b>	<b>\$4,843</b>	<b>\$9,406</b>

# Change in charges

	Eastbourne	Stokes Valley	Valley Floor	Wainuiomata	Western Hills	Rural	District Wide
Transport	\$0	\$0	\$0	\$0	\$0	\$0	\$2,672
Water	\$0	\$0	\$3,919	\$410	-\$466	\$0	\$1,544
Wastewater	-\$580	\$2,078	\$10,626	\$5,422	\$1,985	\$0	-\$892
Stormwater	\$1,904	\$46	\$9,149	\$2,867	\$13	\$0	\$629
<b>Total</b>	<b>\$1,325</b>	<b>\$2,124</b>	<b>\$23,693</b>	<b>\$8,699</b>	<b>\$1,531</b>	<b>\$0</b>	<b>\$3,952</b>
<b>Change per EHU</b>	<b>\$5,277</b>	<b>\$6,076</b>	<b>\$27,645</b>	<b>\$12,652</b>	<b>\$5,484</b>	<b>\$2,672</b>	<b>\$3,952</b>

# DC comparison graph

Comparative charges presented below are based on current charges and will likely change through the LTP2024.



# Te Ture Whenua Māori Act 1993

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- Obligation to support the principles set out in the Preamble to Te Ture Whenua Māori Act 1993
- Positive action is required by the Council towards assisting in achieving the desired outcome of the Act
- Removing, or reducing the barriers to development and full utilisation of the land
- Must be more than “doing no harm” or taking a neutral view
- Should strengthen the position of Māori landowners to retain ownership of the land and to use the land for the benefit of themselves, their whānau, and their hapū
- HCC has a policy for rates remission that supports this obligation
- Recommend incorporating rates remission policy by reference



# Remissions and discounts – Current

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Current policy has scope to reduce charges:

- Demand based reductions – special assessments and reduced amendments for smaller homes
- Remissions – wide discretion but with underpinning principles e.g. avoided costs to council

No changes are proposed to these





# Remissions and discounts

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Housing outcomes – e.g. urban design:

- Primary purpose of DCs is to fund growth infrastructure
- Demand based reductions already in place (e.g. environmentally sensitive design and smaller homes)
- Discounts not justified on demand grounds shifts costs of infrastructure to rates, but without transparency
- Conflicts with funding principle of growth pays for growth

Do not recommended using DCs to influence other housing outcomes, budgets funded from rates provide more transparency.



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# Summary of draft policy

- A. Retains current DLTP programme of growth capital
- B. Retains principle of growth pays for growth
- C. Retains current catchment approach
- D. Statement of support for the principles set out in the Preamble to Te Ture Whenua Māori Act 1993 with reference to rates remission policy
- E. No changes proposed to remissions – Recommended that any other remissions to achieve specific outcomes, such as housing, should be managed through allocating rates funded budget to support the initiative.

Officer recommendation is to consult on draft policy and charges before considering further changes.



**Questions?**

