

Development Contribution Remissions and Rebates for Community Housing Providers Policy 2024

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Purpose and policy overview

1. This Policy outlines the Council's approach to providing partial remissions or rebates of development contributions required under its Development Contribution Policy, for community housing provider developments.
2. The Council is required under section 102(2) of the Local Government Act 2002 (LGA) to adopt a policy on development contributions or financial contributions. The purpose of these charges is to fund new infrastructure and upgrades to existing infrastructure required as a result of growth. In developing and adopting a development contributions policy, the Council decides the extent to which charges may be required under the policy as calculated on different classes or types of development. The Council may also choose to provide remissions and rebates for specified types of development, as it has done in this policy.
3. This policy applies to resource and building consents for eligible community housing developments applied for from 1 July 2024.

Remissions and Rebates

4. Council may grant a partial remission or rebate for registered community housing provider developments that provide social housing.
5. **Remissions** provide relief from having to pay development contributions and are only available to developments undertaken by registered community housing providers for the purpose of providing social housing. This means the registered community housing provider is the resource or building consent applicant.
6. **Rebates** are the return of paid development contributions and are available where:
 - a) The applicant for the building consent or resource consent is not a registered community housing provider; but
 - b) Lots, residential units, other building(s), or parts thereof, in the development for which development contributions were paid are intended to be sold to a registered community housing provider for the purposes of providing social housing.

Remission and rebate criteria

7. The registered community housing provider must intend to use the lots, residential units, other building(s) or parts thereof for social housing.
8. The remission or rebate is available only to the extent that lots, residential units, other building(s) or parts thereof are to be used for social housing purposes. In developments with a mix of for-profit and social housing, only the residential units, lots, other building(s) or parts thereof intended for social housing are eligible for a remission or rebate.
9. An application for remission or rebate must be lodged with Council prior to any development contributions being paid, using the form specified by the Council. Development contributions paid prior to a remission or rebate application being lodged will not be eligible for a remission or rebate.
10. For rebate applications, both the developer and registered community housing provider must sign the application and there must be evidence, to the satisfaction of the Council:
 - a) Of genuine intention to transfer the lot, residential unit, other building(s) or parts thereof, to a registered community housing provider on completion of the development such as a contract or sale and purchase agreement; and
 - b) That the benefit of the rebate will pass through to the registered community housing provider either directly via payment from the developer to the registered community housing provider, or indirectly via a reduced lot, residential unit, or building price.
11. The Crown, or Crown entities (including Crown agents, such as Kāinga Ora) are not eligible in any way to receive a rebate or remission. Developments undertaken or purchased by registered community housing providers on behalf of, or funded by, the Crown or crown entities are not eligible for remissions or rebates.

Remission and rebate rates

12. For developments that meet the criteria, a standard development contribution remission or rebate will be granted equal to 40% of the value of the

development contributions assessed for the eligible development, up to a maximum of \$150,000 (GST inclusive) per development.

13. At its sole discretion, the Council may approve a further development contribution remission or rebate of up to 20% of the value of the development contributions assessed for the eligible development (i.e. a total 60% when combined with a standard remission or rebate) and lift the maximum to \$225,000 (GST inclusive) per development.
14. When considering whether to grant a further remission or rebate, the Council will consider the factors below:
 - a) Hutt City Council has economic, environmental, cultural and social wellbeing goals for its people and place. These are included in a number of plans and policies including our Climate Action Plan, Procurement Strategy and Waste Management and Minimisation Bylaw 2021. Council invites registered CHPs and developers who want to build in our city and who are seeking a remission or a rebate, where it is needed to make a build viable, to consider the ways in which they could contribute to our wider goals and purpose of a city that thrives. Examples of information to be provided include but are not limited to:
 - i. utilising renewable sources of energy for space heating, water heating and cooking facilities;
 - ii. Council wants to significantly reduce waste going to landfill. As such, the development could demonstrate a significant reduction in construction and/or demolition waste (see the waste minimisation plan requirement in the Solid Waste Minimisation and Management Bylaw);
 - iii. the application of agreed building quality standards including Homestar 6 across all developments (or similar/higher standard) or Passive house;
 - iv. achieving wider outcomes by using local labour and committing to education and training opportunities and further career development opportunities for their workforce.
15. Any remission or rebate may be granted subject to conditions imposed by the Council at its sole discretion, including those set out in paragraphs 18 to 24 below.

Funding declaration

16. When making an application for a remission or rebate, the registered community housing provider must sign a declaration stating they don't have access to alternative sources of funding to pay the development contributions.

17. This requirement is to ensure the Council isn't providing funding via a remission or rebate when the development contributions could be funded from other sources such as the Ministry of Housing and Urban Development.

Agreement and restrictive covenant

18. If granted a remission or rebate, the applicant(s) must enter into an agreement with the Council setting out the basis and conditions on which the remission or rebate is granted, including an obligation to have a restrictive covenant registered on the title(s).
19. The restrictive covenant in favour of the Council must be registered against the property title(s) for 15 years. The conditions of the agreements and covenant will limit the use of the covenanted property to the provision of social housing only.
20. The covenant and agreement will require the development contributions (plus interest cost) that has been remitted or rebated to be paid if the conditions of the agreement and covenant are breached. The Council will release the covenant from the land title(s) on payment of the development contributions.
21. The Council will provide an agreement to sign and a covenant precedent which must be completed and registered by the Council's solicitors at the developer's cost.
22. For remissions, the restrictive covenant must be registered:
 - a) On creation of title for a new lot.
 - b) For builds on existing lots, prior to code compliance certificate being issued.
23. For rebates, the restrictive covenant must be registered prior to rebates being made. No rebate will be made until the restrictive covenant is registered.
24. Failure to register the restrictive covenant within the times outlined in paragraphs 22 and 23 above will invalidate any grant of remission and rebate. Any remitted development contributions will become payable within 3 months.

Rebates benefit pass through

25. The benefit of any rebate must pass through to the registered community housing provider as indicated in the application for a rebate. If this does not occur, the development contribution will become payable as a debt to the Council by the developer.

Credits

26. In no way should this policy be construed as providing refunds for lots, residential units, or buildings that already have development contributions credits.

Process

27. An application for remission or rebate of development contributions needs to be made on Council's Development Contribution Remission and Rebate Application form before the development contributions are paid. It must be accompanied by all information necessary to determine eligibility and compliance with the requirements of this policy.
28. The Council will acknowledge receipt of the application within three working days by responding in writing including by email.
29. The Council may, within 10 working days of receiving the application, request further information from the applicant about compliance with this Policy's eligibility and remission/rebate criteria.
30. Once the Council has received all the required information relating to the request or the applicant has advised that they will not provide any further information, the Council will consider the application and advise the applicant of the outcome within 30 working days.
31. Council may extend these timeframes and will provide reasons in writing why additional time is required.
32. Council delegates to the Chief Executive, in conjunction with the Chair of the Policy, Finance and Strategy Committee:
 - a) the authority to make a decision on a request for remission or rebate; and

b) the authority to approve such requests.

Should the decision be that the application is not eligible for a remission or rebate under this policy, the provisions of Council's Development contributions policy would apply in terms of any assessed development contributions

Definitions

33. Where this policy references words and phrases used in the Development Contributions Policy, those words and phrases are as defined in that Policy. For the purpose of this policy, the following additional definitions apply:

Social housing means not-for-profit housing built by or for, and operated by, a registered community housing provider to help low income households and other disadvantaged groups to access appropriate housing at a below market rent. This can be of a supported nature such as emergency housing, or of a more general nature where low income in relation to housing costs may be the main issue.

Community Housing Regulatory Authority – means the Authority that is charged with regulating community housing providers and registers and maintains the register for qualifying providers.

Developer and **development** includes all the stages of development work covered variously by a resource consent, a building consent, a certificate of acceptance, or a new water, wastewater, or stormwater service connection.

Registered community housing provider - means a community housing provider registered with the Community Housing Regulatory Authority.