

4. DEVELOPMENT CONTRIBUTIONS: DRAFT POLICY

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The purpose of this report is to highlight matters of interest in the draft Development Contributions Policy and seek approval for its inclusion in the Draft Long Term Council Community Plan (LTCCP). The draft policy has been separately circulated to Councillors.

INTRODUCTION

In August this year, the Committee received a report backgrounding the need for the preparation of a Development Contribution Policy under the Local Government Act 2002 and seeking Council guidance on certain aspects. The Council resolved:

1. That the Council note the programme for preparation of a draft Development and Financial Contributions Policy, including early consultation with stakeholders.
2. That the Council adopt the principle that it will endeavour to identify all of its development contribution intentions within the scope of its policy prepared under the provisions of the Local Government Act 2002, using the financial contribution provisions of the Resource Management Act 1991 only for exceptional situations that cannot be covered by the Local Government Act.
3. That development contributions be limited to the provision of network infrastructure (roads and other transport, water, wastewater and stormwater collection and management) and reserves and land for public amenity purposes.
4. That the Development Contributions Policy include a procedure for community infrastructure contributions for public facilities but signal that the Council has no plans for applying these in the short to medium term.
5. That the Development Contributions Policy allow for infrastructure contributions based on city-wide and local cost share areas as well as individual developments.
6. That following consultation a draft policy be brought back to the Council later this year in time for consideration and inclusion in the LTCCP.
7. That in the preparation of the draft Development and Financial Contributions Policy, consideration be given to the special circumstances of the central city.

The Local Government Act 2002 requirements for this document mean that it contains much more than policy. There must be an explanation and justification of the way each type of contribution is calculated, schedules of the existing contribution regime, inclusion of the basis on which the value of additional allotments or land is assessed, and information on the Council's capital works programme related to growth.

Developers will not encounter significant change in the level of contributions they are required to pay once the policy becomes effective on 1 July 2004. However, the document establishes policy and procedure for contributions in the area of community infrastructure which while lacking candidates in the immediate future may be utilised for significant community facilities in future years. Furthermore, policy is established that would enable the Council to seek significantly increased income towards for example the transport and roading programme but the modelling to substantiate such contributions is not yet in place.

This report highlights key changes and other matters of interest and seeks approval for the inclusion of the draft policy in the LTCCP.

CONSULTATION

The Council maintains a list of stakeholders, including developers, surveyors, consulting engineers, and community groups and individuals who are known to have an interest, or who have made submissions for financial contributions through the City Plan process. The 75 contacts were invited to an evening meeting on 29 October to hear an explanation of the proposed policy and question staff about its content. Ten attended and an excellent discussion ensued but no objections were raised to the proposals.

NETWORK INFRASTRUCTURE

The Council has a history, inherited from the Christchurch Drainage Board, of using cost share areas to equitably share the cost of development. There are some 65 of these ranging from the city-wide Wastewater Treatment Plant capacity upgrade charge to areas covering a single street. To date water supply, wastewater and land drainage services have utilised this development contribution technique but the policy will enable other disciplines, roading in particular, to use the procedure.

An examination of the current cost share areas revealed that 26 could be closed having realised, through development, practically all of the revenue available. These are:

Christchurch City Council Cost Share Areas for Development Contributions Schedule of Recommended Closures: November 2003

Locality/Name	Reference	Year Established	Type of Service	Comments
Aston Drive	S52 0054	1991	Sewage	Installation of sanitary sewer
Chapmans Road	2825	1979	Sewage	"
Happy Home Road	782	1978	Sewage	Gravity sewer and pump stat.
Lake Terrace Road	6330	1972	Sewage	Installation of sanitary sewer
Steadman Road	S52 0020	1987	Sewage	"
Wigram Industrial	6492A	1973	Sewage	"
Ansonby Street	3445	1974	Storm water	Installation of storm water piping
Broomfield East	7468B	1977	"	"
Brynley Street	6259	1974	"	"
Carmen Road/Chalmers Road	2027	1974	"	"
Donalds Drain	5147	1973	"	"
Glovers Road	6314	1973	"	Installation of storm water culvert and piping
Inwoods Road	5147	1974	"	Installation of storm water piping
Jacksons Road	6267	1972	"	"
Janet Street/Ailken Street	S52 0335	1972	"	"
Ludhiana Street	1591	1973	"	Piping of open drain
Newton Street	4170	1980	"	Installation of storm water piping
Nottingham Stream 'B'	1862	1981	"	Upgrading portion of Nottingham Stream
Queens Park/Parkland (B)	3731 B	1973	"	Installation of storm water piping
Queens Park (R)	3731 R	1974	"	"
Queens Park/Parkland (V)	3731 V	1975	"	"
Sabys Road	3999	1973	"	"
Sapphire Street	4105	1974	"	"
Treffers Road	6025	1975	"	"
Watts Road	916611	1986	"	"
Withells Road	2011	1975	"	"

It is recommended that the Council resolve to declare these schemes closed.

A schedule of the 39 cost share areas remaining current is contained in the policy document.

RESERVE CONTRIBUTIONS

The Local Government Act 2002 retains two of the key maximum allowable contribution levels namely 7.5% of the value of additional residential or business allotments created by subdivision and the cash equivalent of 20 square metres of land for each additional residential unit created at the time of building consent. The draft policy contains some additional requirements/remissions:

Rural Lots

Where subdivision occurs on land with a rural zoning, the 7.5% is reduced to 5% where the value of the rural allotment is the equivalent value of a house site of 1,000 square metres within each allotment.

Non-Residential Development

For non-residential development without subdivision, the contribution will be the cash equivalent of the value of 2 square metres of land for each additional 100 square metres of new, net, non-residential building floor area.

Residential Development Within the Four Avenues

A reduction to 50% of the standard contribution is provided for residential development or subdivision in the inner city area defined as land lying within the four avenues.

Remissions

The Council has an existing remission policy which is reproduced in the draft policy document. Remission for reserve contributions are available, providing criteria are met, for:

- Money spent by the developer on reserve development, up to a defined standard.
- Existing allotments and buildings.
- Land set aside for surface water management.
- Esplanade strips or reserves.
- Retention of historic buildings, trees and natural features.
- Provision of art works in public places.
- Provision of social/affordable housing.
- Provision of elderly persons housing.

Details of these provisions are contained in the document.

COMMUNITY INFRASTRUCTURE

Policy is established that allows development contributions to be taken for community infrastructure, in particular for the growth related capital expenditure for the likes of library services, art galleries, recreation facilities and community halls.

There are no immediate candidates for the implementation of this policy. The Art Gallery is not proposing any growth-related capital expenditure in the coming 10 year period. Once the Jellie Park Aqualand upgrade is completed the next major recreation facilities are seven years away. Similarly, no new library facilities are programmed within the next 10 years beyond the current projects, Upper Riccarton and Parklands.

Nonetheless the policy and procedure will be in place to use as opportunity arises.

- Recommendation:**
1. That the cost share schemes listed in the body of this report be closed.
 2. That, with the exception of the section of the policy relating to reserve contributions for residential development in the area lying within the four avenues, the draft policy be approved for inclusion in the draft 2004/2007 Long Term Council Community Plan on the understanding that minor changes will continue to be made up to the point of publication.
 3. That further information be brought to the Committee in February 2004 on reserve contributions for residential development in the area lying within the four avenues.