

quality community outcomes. Our experience is that developers are just getting to terms with how the remissions policy can help achieve better quality developments, for the benefit of the community as well as the developer. However, the draft DCP policy provides no recognition whatsoever for remissions, which in our opinion is an extremely negative approach to the planning of new developments.

Recommendation

That the existing 2004 remission policy be reinstated and adopted.

2. Existing Applications

Section 2.3 states that applications that have been granted all necessary consents and authorisations will not attract any further development contributions. Section 2.3 goes on to further state that in the event of non-payment, contributions may be adjusted as set out in Section 6.2, which conflicts with the previous statement. Generally, existing consents include a clause allowing for contributions to be reassessed and adjusted in terms of the Cost Price Index (CPI) if not paid within one year. It is unclear whether the reassessment under Section 6.2 is in terms the 2006 LTCCP policy or the contribution policy in force at the time the consents were granted.

Recommendation

Amend Section 2.3 to allow for reassessment of contributions payable on existing consents in terms of the CPI or in terms of the contribution policy in force at the time of the consent.

3. Senset Clause

The timing of the introduction of the policy makes no allowance for developers who have purchased land, commenced planning for a subdivision or development, or pre-sold land or buildings based on the existing development contributions.

As a matter of fairness resource consents lodged under the existing contributions regime should not have to pay the new higher level of contributions. The costing and viability of a subdivision or development are determined prior to lodging a resource consent for that subdivision or development. It is unfair for developers to then be faced with a level of contributions far greater than planned. This could result in the project becoming unviable, with the developer having incurred considerable costs associated with planning and designing a development and lodging consents. Rational development of the city cannot occur if fundamental cost components are significantly changed "mid-stream" of the development process.

Recommendation

The introduction of the draft DCP should be deferred until all of the issues have been fully thought through, particularly as there is no ability under the Local Government Act for a challenge to contributions charged. Alternatively, at the very least the Council should allow a transitional period for anyone who has already committed to a development. A transitional period of 2 years, or at the very least 12 months would allow developers to gain consent for existing projects under the present development contributions regime.

4. Magnitude of the Increase

The magnitude of the increase is extreme.

The policy documentation provides no details on the calculation of the contributions or demonstrates the linkage between developments and the demand for reserves/infrastructure. If the process for introducing the draft DCP is indeed fair, then the projected costs of new infrastructure and growth model will have been independently audited, however it is unclear whether that has been done.

The magnitude of the increase will have a direct impact on land values and/or growth within the city. The magnitude of the increase is very likely to cause a considerable effect on growth, or even negative growth, as a direct result of the impact of the contributions. Again it is not clear whether this has not been factored into the growth model. If this occurs, the Council will not be able to fund the intended projects due to insufficient funding.

If ratepayers have been subsidising growth infrastructure until now, one would expect a reduction in general rates to offset the development contribution policy.

We have grave concerns about the introduction of the draft DCP and its impact on growth in the city. It would appear that the council is focussed solely on acquiring revenue rather than considering the economic impact on developers and the community as a whole.

Recommendation

The introduction of the draft DCP should be deferred until the economic impact of the policy has been properly investigated.

5. Timing of Payment of Development Contributions

Payment of development contributions upon granting subdivision consent is a departure from existing policy and will not be conducive to "open planning". It

is also completely unreasonable and unjustified as there is no demand placed on the city's reserves or infrastructure until the subdivision is completed, i.e. when the Section 224 certificate is issued. The increased holding costs will have an economic impact on development and see an increase in smaller and/or staged developments, making it harder for the Council to determine the demand for new infrastructure and implement upgrade programmes.

Sections 6.6.1 allows for the postponement of the payment of contribution, at Council discretion. This is far too arbitrary. Section 6.5 reiterates the LGA to allow Council to withhold a 224 certificate on subdivisions and code of compliance certificates on building projects or service connections until payment is made. Given the structure is established in the Act we consider that Council's policy should reflect this.

The period of payment within 12 months of assessment allows certainty in the determining the amount of contribution payable. However as the policy allows the Council the ability to take contributions on subdivision consent, building consent or service connection it appears that the Council can take **further** "top-up" contributions should the value of the contribution increase. The policy states (section 4.1) that the Council wishes to recover contributions at the earliest opportunity so that they are not unfairly borne by future potential purchasers of subdivided sites yet has retained the ability to take further "top-up" contributions. This is unfair and unreasonable.

Recommendations

That the existing policy of paying development contributions for subdivision prior to the issue of the Council's Section 224 certificate be retained.

Amend the actual credits to reflect that once contributions have been paid they cannot be reassessed.

6. Undeveloped allotments created prior to 2004

Development or building on undeveloped allotments created prior to 2004 receive a credit based on 10% per year prior to 2004. Further development will incur a contribution at the time of building consent which seems to be a case of double dipping as contributions were paid based on whatever policy was in force at the time with the expectation that further development or building would occur. Any form of retrospective levying of development contributions after a subdivision or development has been completed is unfair.

Recommendation

Amend Historic Credits (Section 2.4.1) so that full credit on basis of 1 HUE per allotment is made and only new allotments, buildings or service connections are subject to development contributions.

7. Undeveloped allotments created after 2004

Development or building on undeveloped allotments created after 2004 receive a credit based on the dollar amount paid. Given the magnitude of the increase of contributions further development of these allotments will incur significant contributions. Again this seems to be a case of double dipping as contributions were paid based on whatever policy was in force at the time with the expectation that further development or building would occur.

Recommendation

Amend Historic Credits (Section 2.4.1) so that full credit on basis of 1 HUE per allotment is made and only new allotments, buildings or service connections are subject to development contributions.

8. Credits

The policy is unclear how credits will apply on development consented in stages where contributions are paid on one stage that cover further stages. An example of this would be a large residential development where all of the reserve land is vested on the first stage to cover subsequent stages.

While the policy allows for Actual Credits being the monetary value paid it is unclear how this will be administered. Any contribution paid will need to run with the land and not the consent holder. Prior to committing to a development of any nature be it large or small developers require certainty of timeframes and costs. It is also questionable whether the Council would have the systems in place to be able to advise whether a property requires further contributions to be paid.

Recommendation

That the policy of credits be reviewed to specifically allow and advise how credits can be carried over from one stage to another in a development.

The Council must have adequate systems in place to be able to advise what development credits exist or contributions are payable prior to implementation of the policy.

9. Surface Water Management

The draft DCP fails to take into account the contribution of surface water management undertaken by developers within subdivisions and developments. Presumably the contribution for surface water management is for detention, treatment and disposal of stormwater within the Council's reticulated surface water management network. Those developments that fully address all aspects of stormwater treatment and disposal on site should not be liable for the contribution

as there is no clear linkage between the form of development and the need to provide surface water management off-site. If a subdivision or development detains and treats stormwater within its own on-site stormwater system and does not discharge the water at a greater rate than the pre-existing rural run-off rate, then there is no additional demand placed on the city waterway network hence there is no justification for a surface water management contribution.

Recommendation

Amend the DCP so that where a subdivision or development provides detention, treatment and disposal of stormwater at a rate not exceeding the existing rural run-off rate on-site then no surface water management contribution will be required.

We wish to talk to our written submission at the hearings to be held between Thursday 25 May and Wednesday 7 June 2006.

Signature

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On behalf of Davie Lovell-Smith Ltd

Date:

4/5/2006