

5 May 2006

Ref: 1695S

The City Manger
Christchurch City Council
PO Box 237
CHRISTCHURCH

Dear Sir/Madam

Re: The LTCCP Council Projects (Stormwater)

It is understood that sewer or stormwater cost-sharing areas as they currently stand are to be abolished and that the cost of such works will now be financed by/from a general stormwater levy on properties within "the area" ie that a person subdividing their land will not have to pay twice ie not have to pay the new stormwater levies and then **also** have to pay for infrastructure costs beyond their site.

On the basis of the above comments, I would expect the upgrading of the stormwater system, taking public stormwater off Panorama Road though Lot 3 DP 19187 at 44 Panorama Road (and then through a number of properties to Moncks Bay below) will be paid for by Council out of the new stormwater levies. I would appreciate your confirmation that in such circumstances that the landowner will not have to pay twice for stormwater disposal.

The Council will need to make money available for such matters from time-to-time and not state that funds will be available in 3 – 5 years time.

I wish to be heard and receive advice in respect of the philosophical basis for Council's policy and to present case studies.

Yours faithfully



D O Fox

Fox & Associates Ltd

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5 May 2006

Ref: 890

Christchurch City Council
PO Box 237
CHRISTCHURCH



**Re: LTCCP 2006 – 2016
Draft Policy on Development Contributions (“Policy”)
Submissions**

1. We hereby make a submission on behalf of our Developer Clients, their eventual purchasers, and Fox & Associates Limited.

We have a collective concern that if Council adopt the present proposed Policy, it will result in a significant decrease of development, growth and improvement in Christchurch, its environs and business community.

These submissions address the underlying principles upon which the Policy is based and pose questions that Council need to address before it approves the adoption of a Development Contribution Policy.

2. **Introduction:** Council have stated they expect the total cost of growth to be funded by developers. There appears to be a premise that growth is a negative thing and that all costs associated with growth should be funded by developers. No regard is made to the positive impact of growth on the City and its rate payers.

It would appear that the Council in its attempt to restrict the rates increase, believes that by increasing the development levies to the proposed levels in such a short term, they have found a convenient source and politically easy target.

Council's naivety in targeting such a source of funding have failed to appreciate the seriousness of their action. Council has demonstrated a lack of understanding of the basic economic impact on the business community and could potentially undermine business growth and investment by businesses in the City.

It is commonly acknowledged that there is a slowdown in the market and an action like this will only exacerbate this decline. This policy is likely to cause a shift of development to adjacent Local Authority areas, which may not result in a significant reduction in the demand of infrastructure but will significantly decrease the developer revenue source.

The following submissions pose a number of questions regarding the preparation and implementation of the LTCCP Policy.

- I. **Consultation:** Has there been sufficient consultation by Council with the relevant parties such as Council Officers, Consultants, Developers and the general Community of the content and effect of the proposed Policy?
 - II. Is the proposed Policy consistent with the Council's statutory obligations under the Local Government Act 2002 and other Councils' policies?
 - III. Council's understanding of the methodology, data source, and impact on development, businesses and the Community.
 - IV. Has Council considered the issues raised as a result of the consultation/implementation process undertaken by other Councils' throughout New Zealand?
3. **Consultation:** The LGA provides that there be a minimum period of one month for submissions. This is a minimum. During this consultation/notification/submission process, there have been public holidays ie ANZAC day and the Easter break.

The complexity of this document and the surrounding issues would suggest that a longer notification period rather than the minimum notification period would be sensible.

The notification is not seen to be an open/transparent process when documentation is labelled as being unavailable because of confidentiality issues and what would be described as a predetermined outcome. It does not help when on the cover of submission documents the draft plan is labelled "Adopted 30 June 2006" – this appears to assume that no notice will be taken of submissions.

The level of consultation has been woefully inadequate as one considers that many of the policy-makers have little to no experience with the development process. Council's own staff who administer these processes have not been consulted nor the Consultants or Developers.

It is easy to comprehend and sad to observe how managers with minimal understanding of the development process have produced a policy that will have a major impact on development and thus the City itself.

Council expects comprehensive submissions to assist in the formulation of the Policy. Why was this not done in a more collaborative way and in a fashion that engenders a positive relationship between Developers and the Council.

4. **Statutory Obligations:** Council is entitled to impose development contributions on developers to fairly cover the cost of growth resulting from their activities.

In imposing these development contributions, Council is required to demonstrate the causation, the demand, equity and consistency of such contributions.

Council is also required to set out these development contributions so there is predictability and certainty.

A developer should have certainty that no further levies can be applied thus financially jeopardising the development and the level of development contribution set at time of consent

5. **Methodology:** Council needs to demonstrate clearly the cause and effect connection between a development and a capital works programme.

Council's approach to this process appears to be a way to obfuscate the link and hope no-one will ask too many questions.

This raises the question – Does Council understand the process well enough to explain it to a third party?

Should development stall, will there be a requirement to continue with the projects listed in Appendix 4? If the answer is yes, then perhaps there is a wrong assumption as to the impact of the growth component and revisions of the proportion of capital expense made.

As stated in Item 4, once a contribution level is set then that should be sufficient to cover that entity for the purpose it was created.

There are several **basic examples** of this possible inequity.

I) A young couple buy a vacant site created in 2005. Upon applying for a building consent they could be liable under the proposed LTCCP to pay an additional \$12,000. Apart from creating significant stress for such a couple, it is likely to stop many houses being built and result in less revenue for Council's identified capital works projects.

II) Unit title development for 22 elderly persons homes. The increase in development levies will result in an additional \$200,000 that is unlikely to be able to be recovered in the sales process. This \$200,000 is payable at the start of the process and would result in a much higher figure once holding costs are factored in. This development will not go ahead!

One must query whether the apportionment of \$49 million of \$55 million for the bus exchange is a fair reflection of the growth related cost or a cover up for a poor decision for the initial bus exchange design?

Council makes no distinction between a one-bedroom and five-bedroom home and its impact in infrastructure. This would seem to be a more equitable way of targeting actual demand. It would appear that Council are endeavouring to make the system of collecting development contributions as simple as possible. However in doing so, the system will become inequitable.

6. **Remissions:** council have in the past promoted the idea of pre-application consultation to promote early discussion of subdivision issues and "good urban design". By removing remissions, this will have the effect of closing down the consultation process and the potential of inventive solutions creating diversity and amenity.

It is recommended that the existing 2004 remission policy be retained in the 2006 Policy.

7. **Timing of Payments:** It is proposed that payment of the development contributions be made at uplifting (granting of consent).

There are numerous examples of lengthy development timelines and in fact developments not ever being finalised.

It is unrealistic for developers to be expected to pay for services well in advance of when they are required, or if in fact, they will ever be required.

The result is the likely creation of smaller stages running sequentially resulting in more paperwork and more fragmented developments. This may become a logistical nightmare for Council to administer and effectively manage for infrastructure demands.

The current policy for subdivision is that payment is payable upon release of the Section 224c certificate being the action just prior to the completion of the development.

We consider that development contributions be payable upon release of the Section 224c certificates for subdivision, and Code of Compliance certificates for building consent. This has always provided Council with surety that payment is made before completion of the development.

8. **Transition Period:** It is acknowledged that fees need to increase but the implementation and timing of these fees as proposed will be crippling for the majority of developments.

We recommend that the fee increased are phased-in over a two – three year period. This may result in deferring some of Council's major or less urgent capital works projects.

9. **Administration of the Policy:** As it currently stands, payments or credits will run with the land and not the consent holder. It is questionable whether Council will have systems in place to enable Council Officers the ability to administer and advise on what development credits exist or what contributions will be payable at the time of development.

The Policy of Credits needs to be reviewed so that credits from one stage of a development can be carried to the next, and not remain with the individual sections/units in the previous stage.

There is a clear lack of detail as to how credits or refunds will be dealt with in the advent that a capital works project does not proceed. How will Council determine the level of refund due to a particular development?

10. **Urban Design Initiatives:** David Fox was a member of the MfE team that produced the Urban Design Protocol.

The vision statement was *“how to create more successful towns and cities through quality urban design”*. It is noted that the Christchurch City Council is a signatory for the Protocol and therefore have an obligation to comply. Comments from Council staff are that the LTCCP is financially based and there is nothing to encourage good urban design. A comment made by an ex-senior planner at the Council was *“that the Council appears to be concentrating on process rather than outcomes and that this was rather sad”*.

The policies and objectives of the City Plan do not appear to figure in the LTCCP documents ie the level of development contributions and reserve contributions will not encourage higher density population in the City Centre.

It is noted that the Council is considering having private agreements with Developers – is this to facilitate good urban design projects? How can it be worked equitably for all developers – what are their criteria?

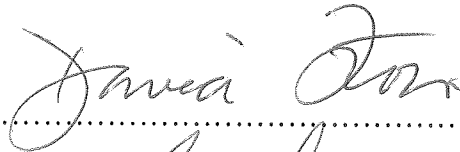
11. **Developers:** At one of the Council’s public meetings a senior member of the Council Management Team stated that the Council was going to get some of the developers’ excess profits back from them. This is clearly a misunderstanding of how developers work – development is a competitive industry and developers will always require an appropriate margin over and above their costs – and developers do not set the final price of housing or sections.
12. **Rates:** The Council is undertaking significant capital expenditure on matters such as the sewage outfall – rate payers should be required to fund these capital contributions. Unreasonable levies on developers will distort the market and after all the developers can only pass their costs on to the public.
13. **Conclusion:** In summary:
- a) The consultation process has been limited in its scope and has been far too short to be meaningful considering in its significance and magnitude.
 - b) The level of information provided is poor and the method of determining the proportion of costs is virtually unintelligible or unavailable.
 - c) Lack of explanation as to the link between a capital expenditure item and areas of demand as required under the LGA.
 - d) Lack of understanding or awareness of the impact of development contributions on the development and business community.
 - e) In Council’s decision to opt for an easy to administer Policy, there appears to be real issues in terms of consistency and equity of development contributions.

The “ease of administration” model may in fact result in (obviously) unforeseen administrative problems.

- f) We wish to be heard in support of this submission and request and half an hour be set aside to hear our concerns.

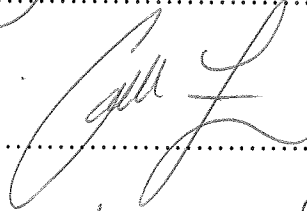
Dated 5 May 2006 at Christchurch.

David Fox:



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Carl Fox:



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Michael Martin:



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Partners

Fox & Associates Limited