

LTCCP 2006-16 SUBMISSION

Submissions close on 5 May 2006

I wish to talk to the main points in my submission at the hearings to be held between Thursday 25 May and Wednesday 7 June 2006.

I am completing this submission:
For yourself

Number of people you represent:

My submission refers to:
Full Version of the LTCCP

Page Number:

I also want to respond to: Development Contributions

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CHRISTCHURCH

Your Submission:

Do you have any comments on the major projects in our Draft Community Plan?

Do you have any comments on groups of activities (The activities and services the Council provides?)

Do you have any other comments or suggestions you want to make?

1. Introduction

Tudor Developments Ltd purchased 1ha of Business 4 Zoned land on Blenheim Road in 2005, and is presently developing the site for commercial use, with 14 business units proposed. Sale and purchase agreements are in place for several of the business units. After a year of preparation, including extensive consultation with Council over servicing and access, PIM 10060354 has been granted, and we are about to apply for subdivision and land use consents. The subdivision will involve the creation of five new freehold titles from six existing titles. Four of the new freehold titles will also be subject to a unit title subdivision. Up to four building consents will be applied for to erect buildings in each stage. The remainder of the submission discusses our concerns about the impact of the 2006 Draft Development Contributions Policy (DCP) on our project.

2. Magnitude of the Increase

The magnitude of the increases in contributions payable is significant for our project. The current development contributions payable for our development were quoted on the PIM issued on 28 April 2006 as \$59,284 (exclusive of water supply contributions, which were still to be assessed). We have calculated the contributions payable after July 1st 2006 as approximately \$200,000 based on our estimates of demand for services, or approximately \$500,000 based on the GFA conversions from Appendix 5 of the DCP. This potential 300% or 800% increase in contributions will drastically affect the viability of our development project.

The policy documentation provides no details on the calculation of the contributions or demonstrates the linkage between developments and the demand for reserves/infrastructure. Can Council confirm if the projected costs of new infrastructure and contribution calculation model have been independently audited.

**Your Submission
(Cont'd):**

The magnitude of the increase will have a direct impact on the land values of our development project. Also, the magnitude of the increase combined with the timing of the introduction of the policy makes no allowance for our company having purchased land and pre-sold land and buildings based on the existing contributions.

Request

Either delay the introduction of the DCP or include a grandfather clause for projects such as ours with pre-existing commitments. (eg: signed and dated sale and purchase agreement, PIM granted, and subdivision and land use consents applied for prior to July 1st 2006).

Please confirm if the projected costs of new infrastructure and contribution calculation model have been independently audited.

3. 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 will be in terms the 2006 DCP or the contribution policy in force at the time the consents were granted.

This is significant for our development as the abovementioned situation could well apply to our future consents.

Request

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.

4. Timing of Introduction

The timing of the introduction of the policy makes no allowance for our company having purchased land and pre-sold land and business units based on the existing contributions.

Request

Either delay the introduction of the DCP or include a grandfather clause for projects such as ours with pre-existing commitments. (eg: signed and dated sale and purchase agreement, PIM granted, and subdivision and land use consents applied for prior to July 1st 2006).

5. Payment of Development Contributions

The proposal for payment of development contributions will increase the holding costs of our staged development.

Sections 6.6.1 allows for the postponement of the payment of contribution, at Council discretion. 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.

Generating an invoice valid for payment for a period within 12 months of assessment allows certainty in the determining the amount of contribution payable. However as the policy allows Council the ability to take contributions on subdivision consent, building consent or service connection it appears that Council can take further or "top-up" contributions should the value of the contribution increase. The policy states (section 4.1) that 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.

**Your Submission
(Cont'd):**

Our staged development will take a couple of years to complete, and we will be applying for up to four building consents during this time. If we are expected to "top-up" contributions each time we apply for building consent for a further stage, this could again drastically and unexpectedly alter the viability of our project as it would be uncertain whether Council would require "top-ups" or not.

Request

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

6. 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. Our commercial development will involve up to four 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.

Furthermore, as our proposed subdivision involves the creation of five new titles from six existing titles, a title credit is to be created which we intend to transfer to the unit title subdivision. It is not clear in the 2006 DCP how this would be redeemed.

Request

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

That the existence and transferability of the title credit which is to be created in our freehold subdivision be confirmed by Council as valid under the 2006 DCP.

7. Administration of the Policy

We have concerns about the 2006 DCP and its impact on our project.

Request

We require a reassessment of the method of controls the council will have regarding the management and implementation of the development contributions.

8. Processing of applications

If resource consents granted prior to July 1st are to be assessed under the existing 2004 Developments Contributions Policy, the timing of applications lodged in the next few weeks will be crucial. Given that Council may be unable to process all applications within the 20 working day RMA timeframe, in the interests of equity Council should honour the timeframe in respect of applications lodged by Thursday 1st June, even if due to workloads Council is unable to complete processing all applications by Friday 30th June. We understand that this approach was adopted in 2004 when the 2004/14 LTCCP was adopted.

Request

That the development contributions payable for resource consent applications lodged by Thursday June 1st be assessed under the 2004 DCP.

9. Hearing

Due to the complexity of our submission, we request that additional time be allocated for us to speak at the hearing.