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Submission on Council Development Contribution Policy Comprised in Volume 2 of the Draft Long Term Council Community Plan

- Name of Submitter: **Raj Deo Lakhan of
Bruce Alexander Surveyors**
CONFIRMED BY PHONE 12 MAY 2006 NOT TO BE HEARD
~~I wish to talk to the main points in my written submission~~ at the hearings to be held between Thursday, 25 May 2006 and Wednesday, 7 June 2006.
- My submission refers to the Full Version of the Council Development Contribution Policy.

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• Signature *Raj Lakhan*

• Date *5th May 2006*

1. Remissions

The 2004 LTCCP provided incentives by way of remissions or credits for developments to include and enhance reserve land and retain or protect existing features and vegetation. Remissions included:

- Development of reserves
- Existing allotments and buildings
- Surface water management
- Esplanade reserves and strips
- Historic buildings, objects, trees
- Art in public places
- Affordable housing
- Elderly Person Housing
- Central City Housing

There is no recognition that developments can have an element of public good associated with them.

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 will be 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. Timing of Introduction

The timing of the introduction of the policy makes no allowance for developers who have either purchased land or pre-sold land or buildings based on the existing contributions.

The question has to be asked does Council have the systems or resources to administer the introduction of the new contributions policy.

Recommendation

Either delay the introduction, develop a transitional period or include a grandfather clause for those with pre-existing commitments. (eg: signed and dated sale and purchase agreements).

A Transition period of 2 years with the costs introduced incrementally, 50% at 12 months 100% at 24 months would allow developers and Council to develop the necessary systems and deal with existing projects.

4. Magnitude of the Increase

The magnitude of the increase is significant.

The policy documentation provides no details on the calculation of the contributions or demonstrates the linkage between developments and the demand for reserves/infrastructure.

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 likely to see a short term drop in growth or even negative growth as a direct result of the impact of the contributions. This is in conflict with the "Development Contribution Policy" which states:

*...The Policy details a transparent, consistent and fair method for collecting development contributions to meet Council objectives to:
....Ensure that the level of such contribution does not generally act to discourage development, ...*

If this occurs Council will be unable to fund any infrastructure projects.

If ratepayers have been subsidising growth infrastructure until now, the development contribution policy should see a corresponding reduction in rates.

The magnitude of the increase combined with the timing of the introduction of the policy makes no allowance for developers who have either purchased land or pre-sold land buildings based on the existing contributions.

It will also unfairly penalise the likes of a family who have brought a section in a new subdivision with plans to build and who are working to a tight budget. These contributions will affect whether or not some people can build to varying degrees.

Recommendation

Either delay the introduction, develop a transitional period or include a grandfather clause for those with pre-existing commitments. (eg: signed and dated sale and purchase agreement).

A Transition period of 2 years with the costs introduced incrementally, 50% at 12 months 100% at 24 months would allow developers and Council to develop the necessary systems and deal with existing projects.

5. Payment of Development Contributions

Payment of development contribution upon granting subdivision consent is a departure from existing policy and will not be conducive to “open planning”. The increased holding costs will see an increase in smaller and/or staged developments making it harder for Council to determine the demand for new infrastructure and implement upgrade programs.

Section 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 I 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 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 have retained the ability to take further “top-up” contributions.

Recommendations

That the existing policy of payment of development contributions on subdivision consents be made prior to the issue of Council’s Section 224 certificates be retained.

If consistency in terms of the payment process is the issue I suggest that the contributions relating to building consents are paid at issue of the code compliance certificate

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

6. Undeveloped allotments created prior to 2004

Development or building on undeveloped allotments created prior to 2004 receives 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.

Recommendation

Amend Historic Credits (Section 2.4.1) so that full credit on basis of 1 HUE per allotment is made and only new additional 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 receives 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 additional 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 questionable whether Council has the resources or 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.

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.

9. Administration of the Policy

I have grave concerns about the LTCCP and its impact on growth in the city. I require a reassessment of the method of controls the council will have regarding the management and implementation of the development contributions.

I am concerned that it seems that very few Council staff have been consulted for their input, nor do they appear to have been adequately briefed. I have a great deal of respect for the majority of Council Officers. Very few seem to have been able to tell me or my clients how these new contributions will be applied.

10. Long term planning considers different interacting parts as a whole. Making different parts such a Developments totally pay for themselves is contrary to this view.

Developments generate a lot of monetary and social benefits to the council and these are not allowed for in the calculations.

Yours faithfully

BRUCE ALEXANDER SURVEYORS

per



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