

**Submission on draft 2007 Amendments to the Long Term Council Community Plan  
(LTCCP) 2006-16**

## Development Contributions Policy

### Introduction

1. **Submitter: Retirement Villages Association (RVA)**
2. The RVA is a voluntary membership association for operators of retirement villages in New Zealand and individuals and commercial organisations that work in the retirement villages sector. It represents over 225 villages in which approximately 25,000 residents live.
3. The RVA represents retirement villages committed to providing quality services. It has a member's Code of Practice and an independent accreditation process requiring RVA members to operate their retirement villages in a professional manner and with the highest level of commercial integrity.
4. The RVA has been instrumental in liaison with Government and the introduction of the Retirement Villages Act 2003, which becomes operative this year.
5. The RVA does not represent rest homes or aged care hospitals [which are represented by Healthcare Providers], although many members may also have rest home or hospital at their village location.
6. This submission concerns the draft amendments to the LTCCP's Development Contributions Policy (**DCP**).
7. The RVA is concerned that the DCP does not recognise that retirement village developments create significantly less demand for Council infrastructure and services than other residential or mixed developments and that the DCP gives no certainty on how development contributions will be assessed for retirement village developments.
8. The RVA opposes the same level of development contributions applying to retirement villages as to other residential or mixed development that create much greater demand for growth.
9. This situation is similar to several other New Zealand local authorities where the issues of financial contributions are under review.

### Reasons for submission in opposition

#### *Distinguishing retirement village developments*

10. Retirement village developments are fundamentally different from other residential or mixed developments.
11. RVA statistics reveal that the average age of residents in a retirement village is approximately 81.5. Moreover, as females live significantly longer than males (on average), most villages are heavily skewed towards female residents and have an average occupancy of approximately 5 to 6 years. The exact age and density is dependent on the actual village and positioning of the village product. We also note that generally speaking, the traffic associated with a retirement village is significantly less than a normal residential enclave. In summary, a retirement village generates significantly less demand for Council infrastructure than an average household unit.

*No specific provisions for retirement villages*

12. Despite the clear difference, the DCP appears to equate one residential unit in a retirement village with an average Christchurch household.
13. Given certain terms used in the DCP, such as “*household unit*” at page 32, are not defined it can only be assumed that an apartment or flat in a retirement village falls within the DCP’s meaning of a “*residential*” or “*household unit*”. If this is the case, each retirement village unit (i.e. each apartment or flat) will incur development contribution charges at 1 HUE per unit for each activity (Section 3.2.1), subject only to the “*small residential unit adjustment*”.
14. This appears to be a logical reading of the DCP however it is submitted there is no certainty on how the DCP will apply to retirement villages. It does not identify whether a retirement village is to be assessed for development contributions as a residential, non-residential or mixed development.
15. The DCP would appear to require that the non-residential components of a retirement village, such as a restaurant, café or hair salon, be assessed separately and incur additional development contributions. Leisure facilities such as libraries, pools and other recreational facilities would also incur development charges. Additionally, the DCP takes no account of the fact that the on-site provisions of these facilities would reduce demand on publicly funded facilities to provide the same services. Accordingly, a discount factor should be applied.
16. The DCP clearly does not take account of the significantly lower demand created by an average residential unit in a retirement village in comparison to an average household.
17. This is contrary to the stated purpose of the DCP that the person who creates additional demand on Council services and infrastructure only pays for the capital investment needed to meet that demand. The DCP’s approximation of the growth in demand created by a new retirement village unit (via HUEs) is simply too inaccurate to be a fair or reasonable basis for development contribution charges.
18. The RVA has been involved in discussions with other local authorities about the application of development contributions to retirement villages. Other councils have recognised that the demand created by an average retirement village unit is significantly less than that of an average household and included appropriate remissions or reduction in HUEs in their DCPs.
19. For example, North Shore City Council’s 2006-16 LTCCP classifies retirement villages as a separate type of residential development and applies the following reduction in HUEs for each retirement village unit (apartment or flat):
 

a. Transport	0.25 HUEs
b. Water Supply	0.50 HUEs
c. Wastewater	0.50 HUEs

- d. Wastewater treatment 0.50 HUEs
  - e. Storm water 0.50 HUEs
  - f. Parks – Community 0.25 HUEs
  - g. Community Services 0.50 HUEs
20. The North Shore LTCCP also caps reserve contributions for retirement village developments at the greater of 7.5% the value of additional allotments created by subdivision or the value equivalent of 5m<sup>2</sup> of land for each additional retirement village unit created by the development. For other residential activities the second cap is 20m<sup>2</sup>.
  21. Further, the North Shore LTCCP does not charge development contributions for common areas in retirement villages (such as lobbies, foyers and stairwells) or for the listed services provided to residents (such as nursing or medical services, laundry services, a hair salon, library or the provision of meals).
  22. A copy of the relevant parts of the North Shore LTCCP is attached to this submission and marked “A”.
  23. The approach adopted by the North Shore LTCCP plan recognises the significantly lower impact on services that a retirement village causes.
  24. The RVA is currently engaged in dialogue with Auckland City regarding its approach. Auckland Council has acknowledged that it is not appropriate to charge retirement villages on the basis of a residential unit and wish to negotiate an acceptable level of charges.
  25. Not recognising retirement villages as a different kind of residential development with less impact on infrastructure is inconsistent with the Council’s aim of aligning its DCP with that of other councils as expressed at Section 6.4 of the DCP and the 2006 Urban Development Strategy for Christchurch.

#### *No remissions policy*

26. The DCP explicitly states that it “*does not provide for any remissions or reductions to be applied for or granted*” (section 3.4.3) and one reason given for this is that it leads to less transparency and more complexity in the administration process. Also, this ignores the concept of ‘exacerabtor pays’. True transparency occurs only when it is clear what you pay for and what you get in return.
27. A straightforward remissions policy applied to particular activities, such as retirement villages and rest homes, and appropriately consulted on, would not lack transparency or create administrative difficulties. As is clear from the above discussion of North Shore’s recent LTCCP DCP, a specific remission policy would not be without precedent.
28. A general remission policy would accord with the principles of natural justice and fairness by allowing development contribution levies to be remitted by the Council where the levels set by the DCP produce an unfair or unreasonable result in a particular case.
29. The provision for Special Assessments and Private Developer Agreements do not remedy the flaws in the DCP’s application to retirement village developments.
30. Both Special Assessments and Private Developer Agreements appear to be intended to increase development contribution requirements from those set in the DCP. No mention is made of special projects that create less demand than anticipated by the DCP.

31. Further, the DCP makes no provision for Council decisions on the amount of development contributions levied to be reviewed other than through judicial review in the High Court that would be at a prohibitively high cost to most developers.
32. The DCP is simply not specific enough and appears to result in exaggerated and unfair development contributions being incurred on retirement village developments.

*'Extra-over' works*

33. Also problematic is section 3.3.5 of the DCP that allows the Council to require works over and above what is needed as a result of the development and then if these are provided by the developer at a cost exceeding the set development contribution the Council "*may, at its discretion, reimburse the developer.*"
34. In effect, a developer could be subsidising other future developments that eventually utilise the capacity of the additional works carried out. This is contrary to the purpose of the DCP and could be considered *ultra vires* the Council's powers.

*Timing*

35. The RVA is concerned that the Council chose to allow only the statutory minimum of one calendar month for consultation on the draft amendments to the LTCCP given the complexity of the document. The RVA is also concerned that the Council has indicated further changes will be made to the LTCCP following the High Court's decision in *Neil Construction Ltd & Ors v North Shore City Council* (CIV 2005-404-4690) which will not be made available for consultation.

**Action sought**

36. The RVA requests that the Council include in the DCP:
  - a. Policy recognition that retirement villages place less demand on Council services and infrastructure per residential unit than an average household; and
  - b. Appropriate remissions or reductions in development contributions for retirement village developments (such as those in the North Shore LTCCP);
  - c. Regardless of the outcome on the above, remove the Council's discretion regarding reimbursement of over-payment by developers for works carried out that is outlined in section 3.3.5; and
  - d. Make provision in the DCP for a review mechanism for Council's decisions on development contributions for individual developments; and
  - e. Allow a further period for interested parties to review submissions and any further changes made to the draft amendments or the LTCCP before they are accepted by the Council.

37. The RVA wishes to be heard in support of its submission.
38. Attachment: Part copy of North Shore City Council's Development Contributions Policy.

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Date 11<sup>th</sup> May 2007

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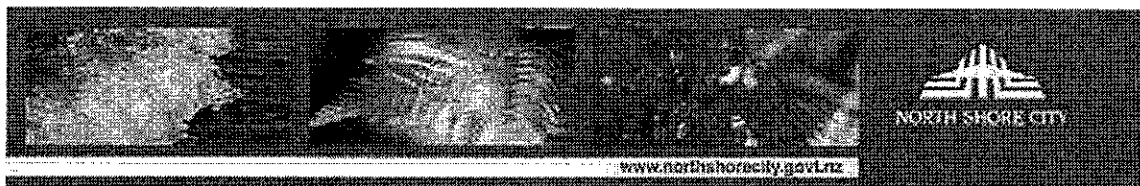
# North Shore City Council

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## 2006 Development Contributions Policy

July 2006

Version – Final



### **Network & Community Infrastructure**

- 8.4.2 Service connection applications that are associated with a building consent will not be separately assessed for Development Contributions. The full development contribution will be assessed on the associated building consent assuming that it was not already assessed at land use resource consent stage. Service connection assessments will, therefore, only apply to new (stand alone) or upgraded connections.
- 8.4.3 Service connections will be assessed using the same calculations as land use & building consents for that particular activity.
- 8.4.4 Service Connection applications for the separation of shared water meters into separate water meters will not be charged development contributions.

### **8.5 RETIREMENT VILLAGES**

#### **Reserves**

- 8.5.1 Development Contributions for Parks-Reserves shall not exceed the greater of:
- (a) 7.5% of the value of the additional allotments created by a subdivision; and
  - (b) the value equivalent of 5m<sup>2</sup> of land for each additional retirement village unit created by the development.
- 8.5.2 Sub clause (a) will not normally be applicable to residential development unless combined with a consent application creating additional allotments.

#### **Network & Community Infrastructure**

- 8.5.3 The following network and community infrastructure activities will be assessed for each retirement village unit at a reduced rate as follows:

1.	Transport	0.25 HUEs
2.	Water Supply	0.50 HUEs
3.	Wastewater	0.50 HUEs
4.	Wastewater Treatment	0.50 HUEs
5.	Storm water	0.50 HUEs
6.	Parks - Community	0.25 HUEs
7.	Community Services	0.50 HUEs

For the purposes of development contributions, an office will be assessed as a commercial land use type.

#### **Pedestrian Circulation Space**

For the purposes of development contributions means:

Applies to a covered public area which:

- a) contains a minimum horizontal measurement of 5m;
- b) has a minimum vertical dimension of 2.5m between the finished ceiling and the floor of the pedestrian area, and which is unobstructed and clear of buildings, retail kiosks and retail display cases

Pedestrian Circulation Space includes:

- a) escalators, ramps and stairs within the pedestrian circulation space;
- b) decorative features such as fountains and planting within the pedestrian circulation space;
- c) stages or display area for free public entertainment associated with any retail centre.

Pedestrian Circulation Space does not include:

- a) seating area for food courts / eating area;
- b) any space leased for retail display or sales purposes;
- c) any space for entertainment which is either leased or subject to a charge.

#### **Permeable Area**

For the purposes of development contributions, permeable area means any part of a site which is grassed or planted in trees or shrubs and is capable of absorbing water. It does not include any area which:

- a) Falls within the definition of building coverage.
- b) Is covered by decks.
- c) Is occupied by swimming pools.
- d) Is used for parking, manoeuvring or loading of motor vehicles.
- e) Is paved with a continuous surface.

#### **Residential Care Centre**

Means any building in which board, lodging, and live-in mental or physical health support is provided, including emergency housing, refuge centres and halfway houses, but excludes private or public hospitals.

For the purpose of development contributions, residential care centres will be assessed as special assessments.

#### **Residential Unit**

Means any self-contained residence of one or more persons as a single household which in each case contains one kitchen sink or dishwashing facility, and includes any dwelling house, flat, home unit or townhouse or papakaianga housing on ancestral land.

For the purposes of development contributions, residential units will be assessed as a residential land use type.



**Rest Home**

Means a licensed premises used for residential accommodation and full time care of the elderly and infirm where meal and nursing/medical care is provided but does not include a hospital, a housing development for the elderly or disabled or a retirement village.

For the purposes of development contributions, rest homes will be assessed as a special assessment.

**Retail - General**

For the purposes of development contributions, Retail - General means land and/or buildings from which goods, merchandise, equipment or services are sold, exposed, displayed or offered for sale directly to consumers.

Excludes Supermarkets, Grocery Stores and Dairies.

**Retail - FMCG**

For the purposes of development contributions, retail FMCG means land and/or buildings from which fast moving consumer goods are sold.

Includes Supermarkets, Grocery Stores and Dairies.

**Retirement Village**

Means a retirement village that is registered in accordance with the provisions of the Retirement Village Act 2003 and for the purposes of development contributions includes any Retirement Village that will be registered under that Act.

Retirement Villages will be assessed as a Residential – Retirement Village land use type. No additional contributions will be sought for common areas (for example: lobbies, foyers, stairwells etc) or the following services which provide for the exclusive use of residents or staff:

- (a) Gardening, repair, or maintenance services:
- (b) Nursing or medical services:
- (c) the provision of meals:
- (d) shops and other services for the provision of goods:
- (e) laundry services (not being the provision of facilities for residents to carry out their own laundry)
- (f) services (for example, hairdressing services) for the personal care of residents:
- (g) transport services:
- (h) services for recreation or entertainment:
- (i) security services:
- (j) other services for the care or benefit of residents.

These facilities may also be used occasionally by guests, when accompanied by a resident, but may not be used by the general public or residents of other retirement villages.

If any of these services were available to the general public and not exclusive to residents of the retirement village then development contributions shall be charged at the applicable non-residential rate.

**School**

Means any land and buildings used for the purposes of education, learning and training and includes kura kaupapa Maori (primary schools) and kura Maori (secondary schools).

For the purposes of development contributions, schools will be assess as a special assessment.