



SUBMISSION ON CHRISTCHURCH CITY COUNCIL LTCCP 2009-19

I wish to be heard in support of my submission.

Our submission in opposition to the LTCCP in part relates to the following:

1. Capital Works and resulting development contributions for Waterways and Land Drainage;
2. Past resolutions of Council have not been adhered to, including but not limited to Auditing of Capital Works Program by an external consultant.
3. Council Consent Application fees.

I provide further comment as follows:

1.0 Capital Works and Resulting Development Contributions for Waterways and Land Drainage.

The proposed expenditure and resulting development contributions payable for Waterways and Land Drainage has increased significantly from the 2006/16 Policy and amended 2007/09 Policy.

In comparing the development contributions payable for the catchments within Christchurch, the smallest increase from the 2007/09 Policy to the proposed 2009/19 Policy is 12% (Avon) with the largest increase being 1,297% increase for Otukaikino. Halswell, the main growth area for Christchurch is to increase 125%, with Styx, being the second focal area for growth increasing by 91%, refer below.

	2007/09 Policy	2009/19 Policy	Increase
Avon	\$ 1,721.93	\$ 1,921.60	12%
Heathcote	\$ 2,721.12	\$ 8,057.22	196%
Estuary	\$ 2,153.38	\$ 2,938.08	36%
Halswell	\$ 2,132.45	\$ 4,811.94	126%
Otukaikino	\$ 419.20	\$ 5,857.40	1297%
Styx	\$ 506.30	\$ 966.02	91%

Akaroa	\$	-	\$	966.02
Lyttleton	\$	-	\$	966.02
Northern Bays	\$	-	\$	966.02
Southern Bays	\$	-	\$	966.02

The scale of the above increases causes concern on two fronts. Firstly how staff can be so incorrect and inaccurate in their budgets that were reviewed within the past two years and secondly, the scale of the increases over such a short period of time where that has been little reason for such increase. Raw material costs have reduced, including land prices. CPI has been hovering around 5% at it peak.

Through reviewing the capital works program, it would appear approximately \$60m is proposed to be spent as core expenditure over the ten year term of the LTCCP (project 110). A further \$137,250,000 is proposed to be spent for growth (project 68) over this ten year term. A total of \$197m over ten years on stormwater management.

Within the \$137m to be funded through growth (development contributions), \$85m is for land purchases at \$8.5m per annum (refer appendix 1). Making a broad assumption that half of this budget is for land to be purchased that has an undeveloped residential zone value at \$500,000 per hectare and the balance is available for rural zoned land at a cost of \$150,000 per hectare. With stormwater able to be stored to a depth of up to 1m across the city (for treatment purposes), approximately 7,000 hectares of development would be required to occur over the ten year period to justify such expenditure.

The UDS has growth projections for households for the ten years starting 2007 at 18,090 new households. Using the minimum density required for such development at 15 households per hectare, only 1,200 hectares is required for household growth. If this was increased to 20hh/ha, to take into account infill and central city, only 900 hectares is required.

Clearly the above-mentioned land requirements does not include industrial land uses however it serves to paint a picture of excessive budgets or land purchase programs that cannot reasonably be linked to growth.

2.0 Past resolutions of Council have not been adhered to.

In 2007, the writer was a member of the Development Contribution Working Party, appointed by Council.

The purpose of this working party was to ensure the proposed development contribution policy was robust and had general backing and support of council and industry members.

The working party reached conclusions some of which were supported by Council. Council passed a number of resolutions that incorporated some of the suggested amendments of the working party, one of which was to have the capital works program audited at random, not from an accounting point of view, but from the perspective of justification for the project and cost allocation between backlog, growth, etc. refer following Resolution of Council passed on the 8th February 2007 (see appendix 2):

“That the Council obtain an independent review of the level of costs allocated to growth for major projects in the future as a standard procedure, and take other steps to ensure that cost allocations for different projects are robust and consistent and suggests its expansion to include a random sample of smaller projects.”

This recommendation came following debate over the legitimacy of the growth allocation for the proposed bus exchange. Following the questions and debate, staff accepted the allocation to growth was significantly overstated and it was reduced accordingly.

I hold that submission point 1 above reinforces for the need to implement the resolution to audit as passed by Council in 2007.

Until such time as a random audit has occurred, the development contribution policy should be suspended and the 2007 Policy maintained, including the transitional discounts.

3.0 Council Consent Application Fees.

We are in a time where affordability is a significant concern for home owners.

Within our residential developments we are attempting to provide housing in an affordable manner by developing smaller sections and placing smaller housing on such sections.

Under the proposed development contribution policy, DC's per unit equates to approximately \$30,000 per new unit.

In addition to this, the units require subdivision consent (\$265), resource consent (\$650) and building consents (\$2,200), adding another \$3,115 per unit.

The units are selling for \$310,000, therefore 10.5% of the purchase price is immediately taken in Council levies.

It has reached the point where development of new units will be constrained due to cost exceeding value which can only lead to subsequent price inflation.

Council needs to be taking a lead, promoting the development of new housing in an affordable manner. When base costs are added to development, they get passed on. On the flip side, when savings can be made, these are also passed on to the consumer through greater competition.

4.0 Outcomes Sought

4.1 Development Contributions should be held at their current transitional level until an audit of major expenditure projects and a random number of smaller projects has occurred as resolved by Council.

4.2 A review of the resolutions passed by Council in February 2007 should occur and where such directions have not been followed, steps should be put in place to ensure those directions are followed.

4.3 All consent related fees should be retained at their current level for a minimum period of one year to allow growth to occur and prices of new housing to adsorb the proposed increase in consent related fees.



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Hamish Wheelans
Director, Gillman Wheelans Limited
Wednesday, 15 April 2009

**APPENDIX 1,
SCHEDULE OF GROWTH RELATED CAPITAL EXPENDITURE**

	Stormwater Drainage - Snellings Drain	
Waterways and Land Drainage	No.2	2,500,000
Waterways and Land Drainage	Heathcote Valley Drain Naturalisation	444,294
Waterways and Land Drainage	Inner City River Banks	1,877,401
Waterways and Land Drainage	Owaka & Awatea Green Corridor	853,691
	Stormwater Drainage - Addington Cluster	
Waterways and Land Drainage	Raingardens	100,000
Waterways and Land Drainage	Stormwater Drainage - Baxters Drain	100,000
	Stormwater Drainage - Bullers Drain	
Waterways and Land Drainage	Diversion	100,000
Waterways and Land Drainage	Stormwater Drainage- Matai Street Piping	90,000
	Dudley Creek & St Albans Stream	
Waterways and Land Drainage	Restoration	
Waterways and Land Drainage	Natural Waterways (New)	2,850,000
Waterways and Land Drainage	Natural Waterways - Land Purchase (New)	9,750,000
Waterways and Land Drainage	Cranford - QEII Corridor	732,200
Waterways and Land Drainage	Open Water System - Open Drains (New)	101,985
Waterways and Land Drainage	Augusta Street - Areas A-G	587,063
Waterways and Land Drainage	Bower Avenue/Palmers Road	946,033
Waterways and Land Drainage	Buchanans/Carmen Roads	166,930
Waterways and Land Drainage	Carmen Road/Yaldhurst	1,127,659
Waterways and Land Drainage	Epsom Road	231,308
Waterways and Land Drainage	Halswell Junction Road	4,336,582
Waterways and Land Drainage	Maces Road - Area A	61,509
Waterways and Land Drainage	Maces Road – Area B	1,116,801
Waterways and Land Drainage	Maces Road/Newton Street	66,580
Waterways and Land Drainage	Madely Road	97,463
Waterways and Land Drainage	Marylands - Area 1	864,955
Waterways and Land Drainage	Marylands Place - Area 2A	185,208
Waterways and Land Drainage	Merrin Street - Area A	318,700
Waterways and Land Drainage	Merrin Street - Area B	608,787
Waterways and Land Drainage	Nicholls Road/Rearsby Drive	3,507
Waterways and Land Drainage	Scarborough	302,706
Waterways and Land Drainage	St Johns Street	715,365

Waterways and Land Drainage	Waimairi Stream	951,607
Waterways and Land Drainage	Waterloo Road	1,305,297
Waterways and Land Drainage	Piped System - Pipe Drains (New)	22,933,456
Waterways and Land Drainage	Barnett Park	565,984
Waterways and Land Drainage	Waterways Detention and Treatment Facilities - Wetlands (New)	85,500,000
Waterways and Land Drainage	Waterways Detention and Treatment Facilities	12,254,144
Waterways and Land Drainage	Waterway Management and General (New)	91,939
Waterways and Land Drainage	Ballintines Drain Renewal	469,693
Waterways and Land Drainage	Riccarton Main Drain Renewals	918,746
Waterways and Land Drainage	Natural Waterways (R&R)	13,448,773
Waterways and Land Drainage	Open Water Systems - Box Drains (R&R)	3,261,325
Waterways and Land Drainage	Open Water Systems - Unlined Drains (R&R)	3,375,601
Waterways and Land Drainage	Open Water Systems - Unlined Drains (R&R) (2)	2,981,100
Waterways and Land Drainage	Surface Water Management and General (R&R)	178,621
Waterways and Land Drainage	Shirley/Philpotts Drain (Mairehau Drain) design	1,019,850
Waterways and Land Drainage	Piped Systems - Pipe Drains (R&R)	22,933,456
Waterways and Land Drainage	Surface Water Piped system - Manholes, catchpits	126,399
Waterways and Land Drainage	Waterways Detention and Treatment Facilities	1,068,429
Waterways and Land Drainage	Waterways Detention and Treatment Facilities	4,092,059

APPENDIX 2, COUNCIL MINUTES FEBRUARY 2007

MINUTES OF A MEETING OF THE CHRISTCHURCH CITY COUNCIL
HELD AT 9.30AM ON THURSDAY 8 FEBRUARY 2007

PRESENT: The Mayor, Garry Moore (Chairperson).
Councillors Helen Broughton, Sally Buck, Graham Condon, Barry Corbett, David Cox,
Anna Crighton, Carole Evans, Pat Harrow, Bob Parker, Bob Shearing, Gail Sheriff,
Sue Wells and Norm Withers.

1. APOLOGIES

Nil.

2. CONFIRMATION OF MINUTES

COUNCIL MEETING OF 14 DECEMBER 2006

Resolved: That the minutes of the Council meeting held on Thursday 14 December 2006 with the public present be confirmed.

EXTRAORDINARY COUNCIL MEETING OF 17 JANUARY 2007

Resolved: That the open and public excluded minutes of the extraordinary Council meeting held on Wednesday 17 January 2007 be confirmed.

3. DEPUTATIONS BY APPOINTMENT

Nil.

4. PRESENTATION OF PETITIONS

Nil.

5. CORRESPONDENCE

Nil.

6. DEVELOPMENT CONTRIBUTIONS POLICY REVIEW OMNIBUS REPORT

Councillor Sheriff moved *"That consideration of the omnibus report be deferred, to enable it to be discussed at a Council seminar prior to being resubmitted to the Council"*. The motion was seconded by Councillor Evans and when put to the meeting was declared **lost**.

(Note: Councillor Evans recorded her vote in favour of the motion.)

The Council received presentations from Mr David Caygill, the Chairman of the Development Contributions Working Party, and from Mr Mike Theelen, the General Manager Strategy and Planning.

Resolved:

1. That the Council obtain an independent review of the level of costs allocated to growth for major projects in the future as a standard procedure, and take other steps to ensure that cost allocations for different projects are robust and consistent and suggests its expansion to include a random sample of smaller projects.
2. That the Council confirm its commitment in the draft Urban Development Strategy to align development contributions with those of the other councils.

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3. That the Council facilitate a regular series of meetings (three or four times a year) with the development community to allow for joint developer/Council review of the content, timing and progress of the Council's Capital Works Programme.
4. That it be part of the responsibility of the appropriate Council officers to liaise regularly with developers.
5. That the availability of private developer agreements (PDAs) be more clearly acknowledged, and that clear guidelines be put in place as to when and how PDAs can be used.
6. That the Council ensure that only the costs attributable to new developments are recovered by way of development contributions.
7. That the Development Contributions Policy include an explanation of the factors and calculations used to convert business and other forms of development into household unit equivalents (HUEs).
8. That the Council accept the working party's recommendation that consideration be given to smaller units paying a lower development contribution on a sliding scale based on their floor area, and that staff be requested to refine the details of this proposal, and report to the 23 February 2007 Council seminar.
9. That the Council clarify the definition of "undeveloped" and "developed" in relation to vacant land.
10. That there be a clear process for determining the credits available in advance of demolition.
11. That the Council accept the working party's recommendation of a move to a cost based approach, and that details of such a recovery policy be further developed by staff, including fee recovery options, to ensure that income from reserve contributions meets the needs of growth.
12. That the Council avoid including in its Development Contributions Policy any system of incentives or remissions for social purposes or to give effect to other Council policies, on the basis that these should be addressed by separate means.
13. That all undeveloped residential lots receive a credit of one household unit equivalent for all services/activities and reserves.
14. That the Council adopt the principle that existing undeveloped non-residential lots subdivided before 1 July 2006 are entitled to a credit, and request that Council staff and the working party reconvene to address this issue and report back to the Council with a recommended credit formula.
15. That old cost shares and capital contributions be retained as past projects and other projects contained in Appendix 3 of the 2006-16 policy be reviewed, with those that are not clearly growth related to be removed, and the cost implications of past projects be reported to the Council.
16. That the Council conduct a further analysis of how its proposed development contributions would compare to those in other districts, especially those closest to the city, ie Selwyn and Waimakariri Districts.
17. That the Council:
 - (a) Re-evaluate the proposed level of development contributions in the light of the Urban Development Strategy, the expected impact of its revised policy on future development, and the ongoing discussions with the development community.
 - (b) Request staff to prepare a proposal for the final 2007 charges, in the light of the financial change to the proposed Development Contributions Policy that arise as a consequence of the resolutions adopted by the Council in respect of this report, and present such proposal to the Council seminar on 23 February 2007, taking into account the ground rules outlined in the report.

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18. That the Council actively promote and publicise its new policy, to encourage effective consultation thereon.
19. That the Council receive the report relating to the full integration of Banks Peninsula into the Development Contributions Policy, and adopt the proposals contained therein for the presentation, format and content changes recommended.
20. That the Council agree to the full integration of the former Banks Peninsula development contribution provisions into the revised community-wide Development Contributions Policy as proposed in the report.
21. That the proposed charging regime for the former Banks Peninsula area recommended in the report be held over, for further consideration at the Council seminar on 23 February 2007.
22. That Council staff report back to the Council on the various processes and mechanisms required to implement the above resolutions.

35. DEFERMENT OF REMAINING AGENDA ITEMS

It was **resolved** that the remaining items of business on the agenda for the present Council meeting be held over for consideration at the following Council meeting on Thursday 15 February 2007.

36. CONCLUSION

The meeting concluded at 1.30pm

CONFIRMED THIS 15TH DAY OF FEBRUARY 2007

MAYOR