

MEMO

TO: Gina Sweetman
CC: Sherilyn Hinton, Mark de Haast, Wayne Maxwell, Sarah
Stevenson
FROM: Jacinta Straker
DATE: 1/8/16

SUBJECT: Appendix to S42A Report_Financial Contributions

1. INTRODUCTION

Purpose

- 1.1 This memo has been prepared as a background document to the Proposed District Plan (PDP) for Council to support the consideration of submission issues raised in terms of Chapter 12 (Financial Contributions) provisions.
- 1.2 The purpose of the note is to review and provide specific advice and recommendations (from a financial perspective) on key Chapter 12 issues raised by submitters.
- 1.3 The submission issues reviewed relate to submissions made by numerous PDP submitters.

Background

- 1.4 This memo has been prepared on the basis of analysis undertaken by Council and is in line with earlier evidence and position statements conveyed to submitters.
- 1.5 This memo summarises the Council's current approach and highlights where the Council is considering moving from a funding policy perspective.

Discussion

Current basis for charging Financial Contributions

- 1.6 The Local Government Act 2002 determines that it is appropriate to charge financial contributions on the basis of market land value. LGA 2002 s203(1) states that the development contributions for reserves must not exceed 7.5% of the value of the additional allotments created by a subdivision; and the value equivalent of 20 square metres of land for each additional household unit or accommodation unit created by the development.
- 1.7 This market value approach approach contained in the proposed District Plan is in line with the approach applied by a number of Councils across New Zealand, including Western Bay of Plenty, Hutt Valley, Marlborough and Upper Hutt.
- 1.8 The RMA provides for the charging of financial contributions under s108. Under s108(9) a financial contribution means a contribution of money or land or a combination of both. Under s108(10), a consent authority can only impose a condition of consent requiring a financial contribution where the condition is

imposed in accordance with the purposes specified in the plan and the level of contribution is determined in the manner described in the plan.

- 1.9 Section 203 of the LGA provides a good guide to setting financial contributions under the RMA, in the absence of a DC policy requiring reserve and open space contributions.
- 1.10 Charging on the basis of market value is still considered appropriate and is recommended to be the Council's basis of charging for reserves until the Council completes a review of whether to move the charging for reserves from the District Plan into the Development Contributions policy.

Development Contributions Policy

- 1.11 The Resource Legislation Bill that is currently in process is proposed to phase out the specific ability for Councils to charge financial contributions under the RMA, with a five year transitional period.
- 1.12 The Council is currently planning a review of the Development Contributions Policy to coincide with the development and consultation on the 2018-38 LTP. This review will consider moving the funding requirement for development that increases the demand for reserves and public open spaces within the District from the District Plan into the Council's Development Contributions Policy.
- 1.13 Inclusion of the levy for reserves and open spaces in the Development Contributions Policy will help the Council to streamline the charging process for developers as all standard levies will charges through one development contributions invoice. The Development Contributions Policy will also enable further transparency over where the levies will be spent.
- 1.14 Further work is however required to ensure that all future spending on Parks and Open Spaces is included in the 2018-39 Long Term Plan before it is appropriate to move to charging through Development Contributions. In particular, all land that is anticipated to be vested to Council will need to be factored into the calculations of overall land requirements.
- 1.15 Growth and works that cannot be forecast sufficiently to provide capital expenditure in the LTP will still be covered by retaining a financial contribution provision for reserves in the District Plan. This provides the Council with a mechanism to ensure that an appropriate financial contribution for new reserve development can be addressed, as a condition of resource consent should development arise unexpectedly. This will also apply to unexpected 'urban developments' outside of the existing urban area that potentially give rise to the need for local neighbourhood reserves.

Estimates of development spending for Parks and Open Spaces

- 1.16 Over the last 5 years (2010/11 through 2014/15) the Council spent almost \$11million to upgrade and expand the network of parks and reserves and purchase strategic land across the district. The Council is also planning to spend a further \$81 million over the next 30 years. This includes an allocation for strategic land purchases which is also used to purchase land for roading or other strategic purposes. There is a further amount of land not included in the above amounts that is regularly vested to the Council in lieu of financial contributions. Over the last 10 years this totalled \$3.5 million.

- 1.17 Significant expenditure includes the purchase and development of Otaraua Park which totals more than \$16 million and Strategic Land purchases of \$42 million. Further work will be completed during the development of the 2018-38 Long Term plan to determine which spending should specifically be recovered through reserve contributions in the future DC policy.
- 1.18 Over the last 10 years the Council has received approximately \$5.4 million in Financial Contributions to contribute towards this past and future expenditure.