



Briefing: Development

Contributions Policy update

22 November 2023 – 4.00pm

Attendees

Elected Members: Mayor Barry, Cr Briggs, Cr Dyer, Cr Edwards, Deputy Mayor Lewis, Cr Mitchell, Cr Morgan, Cr Parkin (by audio-visual link), Cr Shaw, Cr Stallinger (via audio-visual link), Cr Tupou, S Kuresa (Petone Community Board) (via audio-visual link), K Yung (Petone Community Board).

Staff: J Livschitz, Group Chief Financial Officer; K Puketapu-Dentice, Director Economy and Development; D Nunnian, Manager Financial Strategy and Planning; C Ashfaq, Senior Management Accountant (via audio-visual link); J Randall, Democracy Advisor.

Apologies

Cr Brown, M Henderson (Petone Community Board) and T Harker (Wainuiomata Community Board).

Absent

Cr Barratt

Presenters

J Livschitz, Group Chief Financial Officer, D Nunnian, Manager Financial Strategy and Planning and D Fletcher, consultant.

Key Objectives of the Briefing

The purpose of the briefing is to update members on options for Council's Development and Financial Contributions Policy.

Presentation by J Livschitz, Group Chief Financial Officer and D Nunnian, Manager Financial Strategy and Planning

Slide 1 (Header)

Slide 2 – Background: There is more growth than was forecasted in the last Long Term Plan, which has generated more development contribution revenue.

Slide 3 – Proposed changes and revenue: Revenue from development contributions is increasing.

Slide 4 – Revenue – Development Contributions: Graph showing the upward trend in development contribution revenue.

Slide 5 – Previous Council in principle decisions: Council agreed to some changes to the policy in principle in June 2023.

Slide 6 – Infrastructure supporting growth: There has been an increase in growth with a corresponding increase in infrastructure to support it. The cost of existing projects has grown, and Council is trying to meet additional demands.

Slide 7 – Infrastructure supporting growth – caveats: There will be some tweaks to charges once Wellington Water Limited updates Council. Subsidies from Waka Kotahi have been assumed for the transport programme but are not a certainty.

Slide 8 – Infrastructure supporting growth: The growth in capex expected against Council’s wider programme. Overall, 14% of the \$1.6M in growth related to infrastructure is expected to be recovered from development contributions. Some growth assumes Waka Kotahi funding will be received. Only a small proportion of the Three Waters programme is attributed to growth.

Slide 9 – Infrastructure supporting growth – key transport changes: Projects that have an influence on transportation development contribution charges. Intensification improvements could have a significant influence.

Slide 10 – Infrastructure supporting growth – key Three Waters projects: Projects such as reservoirs show a significant increase because they are mostly for growth. Most costs have risen, but some have been reduced.

Slide 11 – Infrastructure supporting growth – key Three Waters projects: An overview of the biggest Three Waters drivers that have driven costs.

Slide 12 – 2021 Policy – current charges: Council’s development contributions are overall moderate to low.

Slide 13 – 2024 policy update – revised changes: Model of the proposed changes to development contribution charges. The Valley floor and Wainuiomata catchments have risen more due to the number of projects there. There is some scope for these to change.

Slide 14 – Change in charges: The key drivers of costs. Wastewater charges district-wide are reducing because of Seaview project costs extending beyond 10 years.

Slide 15 – DC comparison graph: A comparison of charges for transport and water from other councils to provide perspective. Other councils are also looking at increasing charges significantly.

Slide 16 – Te Ture Whenua Māori Act 1993: A brief summary of Council's obligations under the Act. Council must be supportive, but there is discretion in the type of support provided. The key is to strengthen the ability of Māori to retain Māori freehold land.

Slide 17 – Te Ture Whenua Māori Act 1993: Council already has a policy to reduce rates remissions for various reasons, so no changes are proposed. Council has the ability to be flexible according to what is sensible. Officers recommend incorporating the rates remission policy by reference.

Slide 18 – Remissions and discounts – current: Current policy contains demand-based reductions and remissions, so no change is recommended.

Slide 19 – Remissions and discounts: Officers recommend not using development contributions to obtain good housing and urban design outcomes – using budgets funded by rates is a more transparent approach.

Slide 20 – Options for draft policy: Officers recommend consideration for retaining the current funding policy and programme.

Questions and discussion points

- Graphs in future reports showing development contribution cost comparisons across councils will include cities in the Wellington region.
- The main outfall pipe costs are for the next 10 years only – the balance of the costs falls after that time. The pipe will allow for growth 30 years after the next 10 years so that a wider capex outlay can be built for future growth.

- Council is entitled to look at capex up to 30 years beyond the 10 years of the Long Term Plan. Other costs would also need to be incorporated. Wellington Water could be asked about the level of growth the pipe would accommodate.
- Developers will likely build where the demand is regardless of development contribution charges. Relevant Council officers could provide on-the-ground advice on this.
- Development contribution charges cannot be spread evenly across the city because legislation directs councils to avoid district-wide catchments unless practical. Council has been administering five catchments, so it would have to justify what has changed. Council could change its catchments.
- Stokes Valley stormwater costs reflect the 10-year programme only. If there is an existing issue of an unreasonable flood hazard not related to growth (Stokes Valley is not a high growth area), the funding would need to be drawn from non-development contribution related funding sources.

Next steps

The Long Term Plan/Annual Plan Subcommittee meeting will consider a report where officers will seek direction from Councillors. Some development contribution revenue is still to be factored in, and the impact on developers needs to be considered. Officers are seeking a risk averse approach. Officers prefer to remove some projects if they are likely to be downscaled or deferred.

Briefing materials

Attachment 1 – Presentation: Development and Financial Contributions Policy.

Appendix 1: Background information on development contributions.

The briefing closed at 6.19 pm