

Strategy, Policy & Finance Committee Meeting Minutes 12 May 2022

01-15-228
RDC-1259136

Minutes

Strategy, Policy & Finance Committee meeting held Thursday, 12 May 2022 at 9.30 am Council Chamber, Rotorua Lakes Council

MEMBERS PRESENT:	Cr Raukawa-Tait (Chair) Cr Kai Fong (Deputy Chair), Mayor Chadwick, Cr Donaldson, Cr Kumar, Cr Maxwell, Cr Tapsell, Cr Wang, Cr Yates, Mr Biasiny-Tule (Te Tatau o Te Arawa) and Mrs Trumper (Rural Community Board).
MEMBERS PRESENT VIA AUDIO VISUAL:	Mr Thomass (Lakes Community Board)
APOLOGIES:	Dr Morgan
STAFF PRESENT:	G Williams, Chief Executive; T Collé, Deputy Chief Executive, Organisational Enablement; J-P Gaston, Deputy Chief Executive, District Development; O Hopkins, Deputy Chief Executive, District Leadership & Democracy; S Michael, Deputy Chief Executive, Infrastructure & Environmental Solutions; A Pewhairangi, Deputy Chief Executive, Community Wellbeing; G Rangi, Deputy Chief Executive, Te Arawa Partnership; C Tiriana, Deputy Chief Executive, Chief Executive's Group; J Akari, Director, People & Organisational Development; I Tiriana, Manager Council Communications; G Kieck, Manager, Corporate Strategy & Planning; S Kelly, Senior Strategic Advisor - District Development; R Dunn, Governance Lead; G Konara, Governance Support Advisor.

The meeting opened at 9.30am

The Chair welcomed elected members, media, staff and members of the public.

1. KARAKIA WHAKAPUAKI OPENING KARAKIA

Mr Biasiny-Tule opened the meeting with a Karakia.

2. NGĀ WHAKAPĀHA APOLOGIES

Resolved:

That the apologies from Dr Morgan and Mr Thomass for early departure be accepted.

Moved: Cr Maxwell

Seconded: Cr Tapsell

CARRIED

**3. WHAKAPUAKITANGA WHAIPĀNGA
DECLARATIONS OF INTEREST**

None.

**4. NGĀ TAKE WHAWHATI TATA KĀORE I TE RĀRANGI TAKE
URGENT ITEMS NOT ON THE AGENDA**

None.

**5. TE WHAKAŪ I NGĀ MENETI
CONFIRMATION OF MINUTES**

5.1 MINUTES OF THE STRATEGY, POLICY & FINANCE COMMITTEE MEETING 14 APRIL 2022

RDC-1250286

Resolved:

That the minutes of the Strategy, Policy & Finance Committee meeting held 14 April 2022 be confirmed as a true and correct record.

Moved: Mayor Chadwick

Seconded: Cr Yates

CARRIED

**6. PŪRONGO KAIMAHI
STAFF REPORTS**

**6.1 STATEMENTS OF INTENT FOR COUNCIL CONTROLLED ORGANISATIONS FOR THE YEAR COMMENCING
1 JULY 2022**

RDC-1254141

Resolved:

1. That the report titled “Statements of Intent for Council Controlled Organisations for the year commencing 1 July 2022” be received.

Moved: Cr Donaldson

Seconded: Cr Yates

CARRIED

J-P Gaston overviewed the report.

Further resolved:

- 2. That the Committee resolves to submit comments on the Draft Statements of Intent for InfraCore Limited, RotoruaNZ Limited (currently Rotorua Economic Development Limited), and Rotorua Regional Airport Limited as outlined in this report.**

- 3. That the Committee resolves to support Rotorua Economic Development Limited's change of legal entity and trading name to RotoruaNZ, in line with the new destination brand.**

Moved: Cr Kai Fong

Seconded: Cr Donaldson

CARRIED

The Chair ruled to consider item 6.3 prior to item 6.2.

6.3 PROPOSAL FOR THE REVOCATION AND DISPOSAL OF IDENTIFIED RESERVES FOR HOUSING

RDC-1252717

Resolved:

- 1. That the report titled "Proposal for the revocation and disposal of identified reserves for housing" be received.**

Moved: Mrs Trumper

Seconded: Cr Yates

CARRIED

J-P Gaston and Stephanie Kelly overviewed the report and spoke to a presentation titled "Proposed revocation and disposal of reserve land" (Attachment 1).

Further resolved:

- 2. That the Committee notes that the reserves or part reserves for possible revocation and disposal have been identified using the levels of service identified in the Council's approved Open Spaces Level of Service Policy and the following criteria:**
 - There is excess reserve provision in the area;
 - There is no clear purpose for or function of the reserve;
 - The size of reserve significantly exceeds the minimum size identified in the Open Spaces Level of Service Policy and could be reduced without compromising recreation or open space values;
 - The provision of housing on part of the reserve would improve the safety and use of the reserve;
 - There are no viable options to improve the reserve to meet level of service standard.

3. That the Committee **notes** the significant housing deficit that exists in the Rotorua urban area (identified in the Housing and Business Capacity Assessment (HBA)), the below average number of transitional and public homes available in Rotorua and significant emergency housing problems.
4. That the Committee recommends to Council that consultation with neighbours of all reserves proposed and the wider community be undertaken through the distribution of a Statement of Proposal (SOP) document inviting written feedback, for a period of 4 weeks, on the proposals detailed below. That the feedback be used to inform Council's decisions on:
 - Whether or not to proceed with the revocation and disposal of any reserve or part reserve
 - The legal method for revocation and disposal (i.e. Local Bill or existing Reserves Act process);
 - The reserves to be developed or enhanced with funds received from the proceeds of the disposal;
 - Any conditions to be applied to housing development by the purchaser.
5. That the Committee recommends to Council that the following reserves (two full reserves and eight parts of reserves) be proposed for revocation and disposal in the Statement of Proposal:
 - Lee Road Reserve
 - Coulter Road Reserve (part only)
 - High Street Reserve (part only)
 - Glenholme Reserve - 117 Clinkard Avenue (part only)
 - Gallagher Street Reserve
 - Linton Park West – 16 Kamahi Road (part only)
 - Wrigley Road Reserve (part only)
 - Turner Drive Reserve (part only)
 - Park Road Reserve (part only)
 - Steeles Lane Reserve (part only)
6. That the Committee recommends to Council that the Statement of Proposal identify in-principle the preferred legal method for revocation and disposal of reserves be through a Local Bill and **notes** that all proceeds of land sales will be re-invested in improvements to existing reserves or the purchase of new reserves.
7. That the Committee recommends to Council that it includes within the Statement of Proposal, that it supports **in-principle**, a direct sale to Kāinga Ora of the following reserves (or parts of Reserves):
 - Lee Road Reserve
 - Coulter Road Reserve (part only)
 - High Street Reserve (part only)
 - Glenholme Reserve - 117 Clinkard Avenue (part only)
 - Turner Drive Reserve (part only)
 - Steeles Lane Reserve (part only)

And that the sale of those reserves to Kāinga Ora be conditional on:

- a. Kāinga Ora and Council reaching agreement on the value of the identified sites; and
- b. Kāinga Ora committing to providing mixed model housing developments that includes a mix of social housing and progressive home ownership models and market sale; and
- c. Kāinga Ora committing to delivering housing on the identified sites within two years.

- 8. That the Committee recommends to Council that remaining identified reserves (or parts of reserves) be sold via market sale or directly to a community housing provider where appropriate, conditional on the purchaser committing to delivering housing within two years.**

Attendance: - Mr Thomass left the meeting at 10.58am.

Moved: Mayor Chadwick

Seconded: Cr Donaldson

CARRIED

- Cr Kai Fong and Cr Tapsell requested their opposition only to recommendation number seven (7) of the motion be recorded.
- Cr Kumar and Mr Biasiny-Tule requested their vote against the motion be recorded.

The meeting adjourned at 11.30am and resumed at 11.48 am.

6.2 DEVELOPMENT CONTRIBUTIONS POLICY – APPROVE STATEMENT OF PROPOSAL FOR PUBLIC CONSULTATION

RDC-1256330

Resolved:

- 1. That the report titled “Development Contributions Policy –approve Statement of Proposal for Public Consultation” be received.**

Moved: Mayor Chadwick

Seconded: Cr Yates

CARRIED

Thomas Collé overviewed the report and spoke to a presentation titled “Proposed Development Contribution Policy 2022” (Attachment 2).

Further resolved:

- 2. That the Committee approve the draft Development Contributions Policy – Statement of Proposal to be released for the purpose of community consultation.**

Moved: Cr Kumar

Seconded: Cr Donaldson

CARRIED

The Chair ruled that the only matter in the public excluded session is to adopt the confidential minutes of the previous meeting and as there are, no corrections or discussion required there is no requirement to move to Public Excluded.

**7. TE WHAKAŪ I NGĀ MENETI (ngā take matatapu)
CONFIRMATION OF MINUTES (confidential items)**

7.1 STRATEGY, POLICY & FINANCE COMMITTEE MEETING 14 APRIL 2022 (Confidential Minutes)

RDC-1250288

Resolved:

- 1. That the confidential minutes of the Strategy, Policy & Finance Committee meeting held on 14 April 2022 be confirmed as a true and correct record.**

Moved: Mrs Trumper

Seconded: Cr Yates

CARRIED

Meeting closed at 12.22pm.

Confirmed at the Strategy, Policy & Finance Committee meeting on 9 June 2022.



Chair

Rotorua Lakes Council is the operating name of Rotorua District Council.

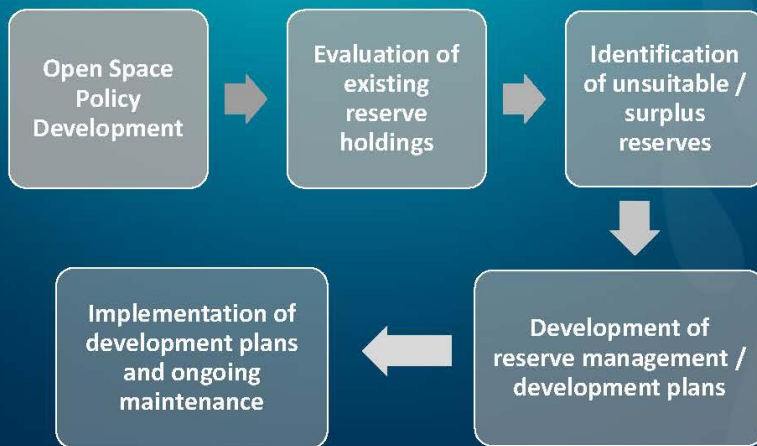
Attachment 1:- Proposal for the revocation and disposal of identified reserves for housing

Open Space Level of Service Policy

- Formally adopted April 2021
- Objectives for open space network:
 - Accessible (within 500m walking distance)
 - High quality and safe
 - Provides a variety of experiences
 - Well designed
 - Highly valued by the community



Planned Policy Implementation



Extensive Open Space Network but quality is inconsistent

- 370 individual reserves covering 1 500ha
- 10 reserve sites have been identified which do not meet policy objectives
 - No clear purpose or function
 - Poor location
 - Excessively large and costly to maintain
 - Reported safety issues



Gallagher Road Reserve



Proposal for noncompliant reserves

- Revoke the reserve status of 10 reserve sites – 8 parts of reserves and 2 full reserves
- Use of a Local Bill to progress revocation



Outcomes

- Reinvestment of proceeds into reserves network
- Opportunity to improve retained open spaces
- Ongoing reduction in maintenance costs
- Surplus land to be disposed of to achieve a mix of public and commercial housing outcomes



Housing proposal

- Six reserves proposed for direct sale to Kāinga Ora subject to market valuation
- Wrigley Road reserve to be sold to Community Housing Provider
- Remainder of sites proposed for market sale



Government Expectation

Neither Council nor Government acting alone will solve the housing crisis in Rotorua

That Council will be an active partner and will tangibly contribute to addressing our local crisis



Government Contribution

During the last 2 years Govt has, amongst other things:

- Committed \$55m (CIP) to fund eastside stormwater/transport infrastructure
- Infrastructure Acceleration Funding (\$99m in negotiation) for storm-water
- Supported Council's bid to be included in MDRS
- Significant wrap-around services for families in emergency housing (\$40m+?)
- Current public housing build programme (approx. 230 homes - \$130m).
- Offered professional and funding assistance to progress Council spatial planning for central city and Ngongotahā (Priority Development Areas)



Legal position

- The identified reserves are mix of Crown & Council owned land
- None are Gifted Reserves
- Any development taking place on revoked reserve land will be subject to normal consenting process to address environmental effects
- Kāinga Ora has an established neighborhood consultation process
- Neighbour concerns will be considered within these processes



Kāinga Ora position

- Won't compete with the market
- Will offer Council a fair market price
- Should Kāinga Ora not be able to acquire these sites the likely impact is:
 - Inability to deliver public homes programme
 - Lack of public homes to exit motel alternative



Public Housing: Balancing Interests

Decision to dispose of reserves for Public Housing must balance:

- The wishes of residents
- Current acute shortage of public housing in Rotorua
- Desire to distribute public housing across the city
- The need to shut down Emergency Housing (EH) motels
- Need to reduce the negative social impacts of EH on the CBD / Fenton Street area.

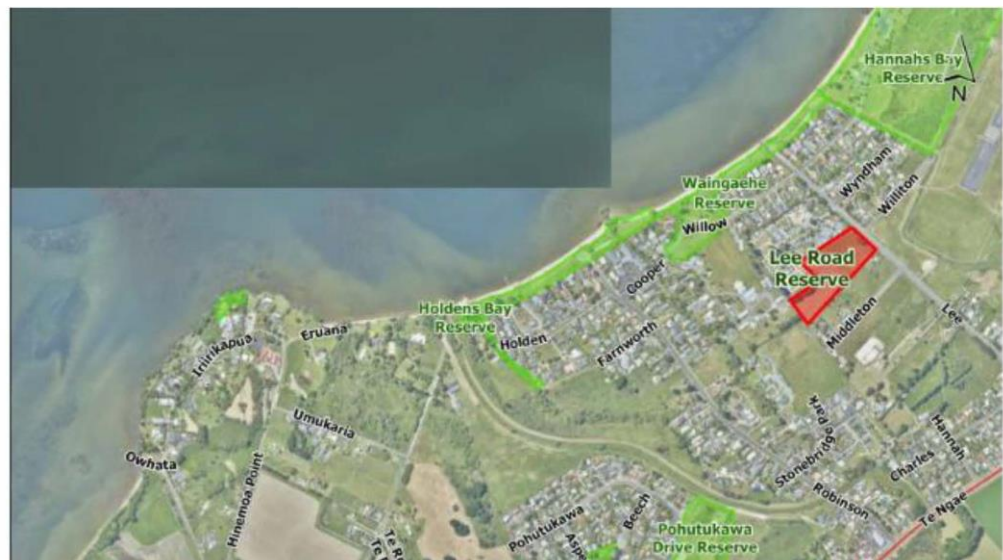


Proposed next steps

- Invite written feedback on proposal
- Analysis of feedback to inform final Council decision
- If approved:
 - Finalise local Bill
 - Negotiate agreement with Kāinga Ora
 - Introduce local Bill



Eastern area – reserves proposed for revocation and disposal



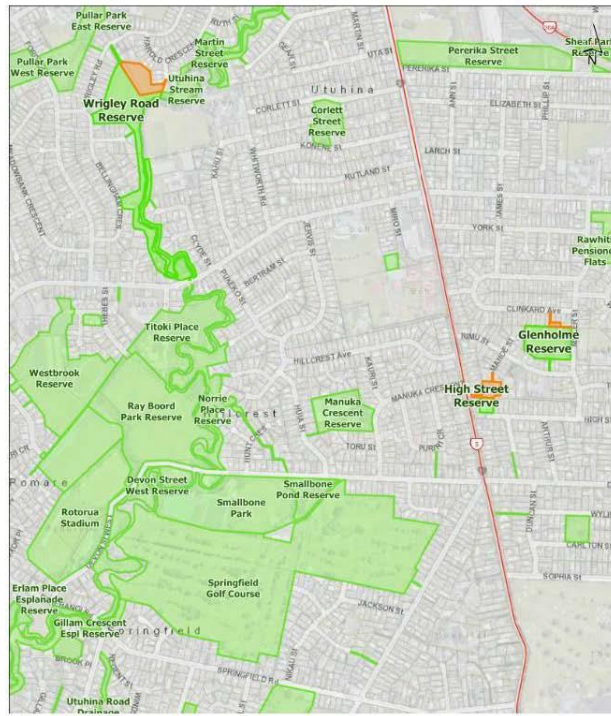
Lee Road Reserve



Coulter Road Reserve (part only)



Central area – reserves proposed for revocation and disposal



High Road Reserve (part only)



Glenholme Reserve – 117 Clinkard Avenue (part only)



Gallagher Road Reserve



Western area reserves proposed for revocation and disposal



Linton Park West (part only) – 16 Kamahi Road



Wrigley Road Reserve (part only)



Turner Drive Reserve (part only)



Park Road Reserve (part only)



Steeles Lane Reserve (part only)



As Rotorua grows, so does the need for reliable infrastructure to cater for this growth.

Over the next 10 years, Council will invest close to \$750m into infrastructure

\$60m of this has been identified as new infrastructure to support population growth

What are Development Contributions?

A development contribution is a charge levied on new developments.

They are used to ensure that those who create additional demand on infrastructure contribute to the extra costs the development imposes on the community

What are Development Contributions?

DCs are charges set under the Local Government Act:

- Applied at Subdivision, building consent or service connection
- Can only fund identified Growth related capital projects
- Cannot fund level of service improvements or renewals
- can only be applied to the projects listed in the DCP and must align with 2021 Long Term Plan (LTP) funding assumptions.
- Applies to specific catchment areas based on costs and benefits

Different from Financial Contributions set under the Resource Management Act.

The vast majority of Councils have DCs to help fund growth

History and Background

RLC had previous DC Policy until 2014

- 2013 charges = \$13,834 per HUE (included Public Amenities)
- Low growth post GFC resulted in revenue forecasts not being met and growth investments being deferred

Signalled the introduction of DCs in last two LTPs:

- 2021 LTP includes \$31m of infrastructure to be funded by DC's
- Costs of Growth charged to those who benefit the most
- Housing Strategy goals
- Debt limits and affordability of ratepayers to fund growth projects

How are DC's calculated?

HUE – Core unit of Demand

A single unit of demand is expressed as a Household Unit Equivalent (HUE), all developments are converted to HUEs

For Rotorua, 1 residential lot is 1 HUE

- Water 1 HUE = 605 L / day
- Wastewater 1 HUE = 554 L / per day
- Stormwater 1 HUE = 450m² of impervious surface area (ISA)

A discount for small dwellings (<72m² as per District Plan) is suggested to promote new smaller dwellings and support the Housing Strategy

- 0.5 or 0.6 HUE.

Non residential DC calculation

Non-residential developments are calculated on units of 100m² Gross Floor Area (GFA), and ISA (for Stormwater).

DEVELOPMENT TYPE	WATER	WASTEWATER	STORM WATER*
Industrial	0.4	0.4	0.28
Commercial	0.3	0.3	0.28
Retail	0.3	0.3	0.28
Tourist Accommodation ^ Per room	0.5^	0.5^	0.28
Other non-residential	0.4	0.4	0.28

Non-residential includes retirement villages, hotels, factories, offices etc

Places of assembly will not be a separate category.

Exemptions from DC's

- Building work with a building consent with a value less than \$20,000 plus GST (with some exceptions)
- Any dwelling, replacement, repair or renovation work which generates no additional demand on network infrastructure
- Bridges, dams or other public utility
- Resource or building consents for the Crown or Council (excluded CCO's)
- Marae and ancillary buildings (Papakainga is not exempt)

When DC's are charged

INVOICE TIMING	
Building consent	At granting of the building consent
Certificate of acceptance	At issue of the certificate of acceptance
Resource consent for subdivision	At the time of application for a certificate under section 224(c) of the RMA (the 224(c) certificate). An invoice will be issued for each stage of a development for which 224(c) certificates are sought, even where separate stages are part of the same consent
Resource consent (other)	At granting of the resource consent (for land use change)
Service connection	At granting of the service connection

DC's are generally charged at the earliest possible time in a developments process

Proposed Development Contributions to fund \$31m Infrastructure

ACTIVITY	CHARGE PER HUE
Water	
Rotorua Urban Area	\$2,050
Wastewater	
Rotorua Urban Area	\$1,604
Stormwater	
Stormwater area (Central, Eastern and Western areas)	\$7,204
Reserves	Nil (note – financial contributions may be levied under the RMA as specified in the District Plan)
Transport	Nil (note - DCs assessed under this policy may not attract a credit for transport in any subsequent assessment under any subsequent policy)
Community infrastructure	Nil (note - DCs assessed under this policy may not attract a credit for transport in any subsequent assessment under any subsequent policy)
Total Rotorua Urban Area Eastern Western and Central	\$10,856
Total - Rotorua Urban Area - Ngongotahā	\$3,654

Comparison of proposed DC's (GST Incl)

	Water	Wastewater	Stormwater	Roading	Other	Total	3 Waters
Rotorua - (East, West, Cent)	\$2,050	\$1,604	\$7,204	\$-	\$-	\$10,858	\$10,858
Rotorua - (Ngongotaha)	\$2,050	\$1,604	\$-	\$-	\$-	\$3,655	\$3,655
	\$-	\$-	\$-	\$-	\$-		
Hamilton Greenfield	\$5,810	\$11,766	\$1,187	\$11,725	\$437	\$30,925	\$18,762
Tauranga*	\$17,477	\$9,520	\$-	\$331	\$1,231	\$28,558	\$26,996
Hastings	\$3,635	\$5,236	\$6,447	\$4,971	\$4,155	\$24,444	\$15,318
Nelson	\$6,785	\$7,625	\$4,152	\$1,978	\$3,703	\$24,242	\$18,561
Taupo	\$5,088	\$9,460	\$-	\$7,636	\$1,829	\$24,012	\$14,548
Hamilton infill	\$5,844	\$8,438	\$1,002	\$4,800	\$463	\$20,547	\$15,284
Whangarei	\$5,011	\$2,193	\$-	\$7,077	\$2,284	\$16,565	\$7,204
Levin	\$3,867	\$9,424	\$619	\$711	\$1,434	\$16,055	\$13,910
New Plymouth	\$3,338	\$3,391	\$1,977	\$1,488	\$5,722	\$15,917	\$8,707
Palmerston North	\$1,970	\$1,940	\$4,773	\$2,806	\$1,162	\$12,650	\$8,683
Gisborne	\$1,130	\$5,849	\$1,858	\$2,136	\$432	\$11,406	\$8,838

Note, most Councils have multiple catchments and DC's at various rates

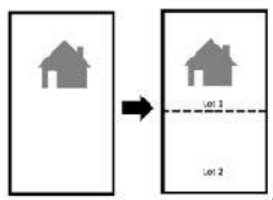
Example 1 – Residential Subdivision (1 Lot)

Residential Subdivision

Proposal: Subdividing an existing residential section to create an additional lot (Lot 2) located within the Rotorua Urban Area (Western). The new site is connecting to council services.

Assessment: One HUE for all activities for the additional lot created.

Activity	Number of extra HUE's being created by the proposal	Charge per HUE (\$) (GST Inclusive)	Total Cost of the proposal (GST Inclusive)
Water	1	\$2,050	\$2,050
Wastewater	1	\$1,604	\$1,604
Stormwater	1	\$7,202	\$7,202
Total DC Charges		\$10,856	\$10,856





Example 2 – Subdivision (multi lot)

Multiple lot Residential Subdivision

Proposal: A proposed residential subdivision as shown below. The proposed subdivision is from an original residential lot size of 3,000 m² that is located within the Rotorua Urban Area (Central). The proposed subdivision will result in the creation of four new additional allotments each consisting of variable areas of up to 800 m². The Development Contribution will be worked out in relation to the new units of demand created (four HUE) that will contain a total area of 2,400 m².

Activity	Number of extra HUE's being created by the proposal	Charge per HUE (\$) (GST Inclusive)	Total Cost of the proposal (GST Inclusive)
Water	4	\$2,050	\$8,200
Wastewater	4	\$1,604	\$6,416
Stormwater	4	\$7,202	\$28,808
Total DC Charges		\$10,856	\$43,424

Original Lot Size	Proposed New Allotments for Original Lot				
3,000 m ²	600 m ²	800 m ²	600 m ²	500 m ²	500 m ²
					
	Remaining Lot	Four proposed new allotments			

(Note: A credit for an existing HUE is determined by either an existing equivalent residential unit on the site such as a dwelling.)

Example 3 – new commercial building

Develop one Non-Residential building on an existing commercial property

Proposal: Erect a 1,000m² single storey Commercial Building located in the Rotorua Urban Area (**Central**) catchment. The building is in addition to existing buildings on site and is connected to council services. Creates an additional Impervious Service Area (ISA) of 2,000m² including carparks. The number of HUEs is worked out by dividing the building gross floor area (GFA) by 100, then multiplying this by the HUE ratio for the appropriate non-residential type of development. For stormwater the area of roof and impervious surface area (ISA) is used.

Activity	HUE's per 100m ² GFA or ISA	Number of extra HUE's being created by the proposal	Charge per HUE (\$) (GST Inclusive)	Total Cost of the proposal (GST Inclusive)
Water	0.30	3	\$2,050	\$6,150
Wastewater	0.30	3	\$1,604	\$4,812
Stormwater	0.28	5.6	\$7,202	\$40,331
Total DC Charges			\$10,856	\$51,293

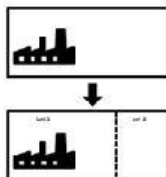
Example 4 – subdivision non-residential

Non-Residential Subdivision

Proposal: Subdividing to create one additional Industrial vacant non - residential lot in the Rotorua Urban Area (**Western**) where the final new use for the lot is not known. The new site will be serviced by council services. **Assessment:** One set of contributions for the additional vacant lot created.

Activity	Number of extra HUE's being created by the proposal	Charge per HUE (\$) (GST Inclusive)	Total Cost of the proposal (GST Inclusive)
Water	1	\$2,050	\$2,050
Wastewater	1	\$1,604	\$1,604
Stormwater	1	\$7,202	\$7,202
Total DC Charges		\$10,856	\$10,856

Note: when an application for a building consent is lodged in the future an additional assessment for DCs will be carried out based on the gross floor area of the development and the intended use of the building.



Delivery Programme

Milestone	Date
Draft DC Policy to SP&F	12 May
Community Engagement	16 May - 16 June
Council Hearings and Deliberations	June - July
Council adopts DC Policy	25 August
DC Policy live	Target 1 September