Development Contributions Feedback

Background

During the engagement period, submissions were received from 60 submitters. These 60 submissions have been grouped into key themes, where the majority of submissions covered more than one theme. Below are themes taken from the feedback provided:

Feedback

Option One - Developer Pays for Growth Themes

1. **Support development but is not fair for the ratepayer to pay for growth (21)**

- Support user pays, development should be paid by those who receive the benefit.
- Council should be seeking the best outcome for the greatest amount of people.
- Developer costs can be absorbed in the price of the section.
- Rates should not fund developers when they are making a profit on the development of land
- Rate payers are already burdened by high rates and high cost of living it is not sustainable for rates to increase further. In addition, the economic downturn and affordability for ratepayers such as inflation, increasing food and fuel prices means Rotorua residence cannot afford further rate increases.
- When ratepayers are forced to fit the bill the rural community wears more of this cost and has little benefit making this model unjust.

2. **Other strategies for collecting Development Contributions and further revenue that vary from that in the proposed policy (7)**

- Should levy development contributions at the building consent stage so they can easily be absorbed and financed by the retail purchaser.
- Building consent fees are extremely low in Rotorua compared to other places in NZ.
- Concern about the costs not recouped by development contributions and where the remainder of funds will come from.
- There are already financial contributions so the DC's should be levied in accordance with the financial contributions policy. Suggestion that financial contributions be paused while DC's are introduced and then phased back in.
- Suggest a levy on the rates for relevant properties over a period of ten years to cover the DC.

Option Two - Ratepayer Pays for Growth Themes

1. **Support development and the rate payer should pay for it (10)**

- Rotorua needs to present itself as open for development and grow the ratepayer base. This is an investment as increasing the infrastructure will increase the amount of ratepayers in the District.
- Added cost for developers will affect the supply of sections and disincentives development.
- Concern that our infrastructure will not support the proposed level of growth and we need to ensure that growth is managed well.
- Making developer's pay means that new homes will be out of reach/priced too high for many purchasers.
- Rates should be increased as developers should not suffer for poor infrastructure planning
- Recoup costs from actual growth via rates

Do not support DC's - Themes

1. **Don't support reintroducing development contributions (19)**

- Need to fund growth by culling vanity projects and tightening spending
- DC's are over complicated; if they are implemented, they need to be clear and straightforward.
- DC's are expensive to implements.
- The proposed policy is simplistic and divisive.

- Rates are unaffordable so DC’s are not a realistic option.
- DC’s disincentives growth and development.
- The economic climate is not right to introduce a DC policy.
- Have not consulted affected parties in putting this proposal together.
- The proposed DC fee is far too high.
- Economic and residential development is not Rotorua’s future and the proposal is not perceived to align with the reality of Rotorua’s economic climate in relation to crime, homelessness and a bad reputation.
- CBD development and social housing is at risk under a DC policy as the cost to build these housing types will be too high.
- Council’s growth predictions are far too optimistic.

2. **Developers already contribute a significant financial contribution to Council by way of:**

- Resource Consent Fees.
- Building Consent Fees.
- Financial Contributions.
- Upgrading of Infrastructure connections, i.e. water, stormwater, wastewater, power, telecommunications connections to new developments.

3. **Existing challenges and cost barriers to development (4)**

- The development process is more expensive and time consuming in Rotorua than other regions.
- Increase to the cost and lack of supply of infrastructural components and land fit for development
- There are material and labour shortages.
- COVID, Council and utility providers have made for large project delays.
- A recession is likely looming, and the introduction of Development Contributions could become a further barrier to already decreasing growth in the District.

4. **The reasoning for removing DC's in 2013 still stand**

- Council is going back on the claims they made in 2013 saying that DC’s were not an effective tool.
- Rotorua has been an attractive place to developers, as it does not currently have DC’s in place.

5. **Policy needs to be fair to all - Council is 'playing favourites' (12)**

- Do not support Crown entities and social housing providers being exempt from paying DC’s
- Do not support the credit proposal, such as HUE credits not transferred between different end uses of the land.
- Council is ‘double-dipping’ - Council is taking credits but not giving credits under the proposed 'credit method’ and levying DC's on residential development and then again on commercial or industrial development.
- The framework for retirement villages is not fair, equitable or proportionate in relation to other uses.
- No one should be given concessions and there should be a ‘level playing field’ for all potential investors.
- There should be no subsidies by ratepayers.

Other Feedback – Related Themes

1. **The timings are too short for implementation (5)**

- The proposed start date of 1 September 2022 is too soon.
- The short time frame does not allow for existing projects budgets to accommodate the proposed development contributions.
- A recession is looming and therefore DC’s are ill timed and not appropriate for Rotorua.

2. Other funding options and cost saving suggestions (6) • Councillors and Council Executive team should take a pay-cut. • A lot if the cost for this infrastructure will be worn elsewhere for example three waters. • Council should investigate current opex and capex and look where cost savings can be made. • Council should behave like all other businesses are at this time and look at cutting costs and overheads to survive. • Reduce unnecessary reports as part of consenting to help lower developer's costs. • Use the FC regime under the Resource Management Act 1991 (RMA) for housing matters rather than a DC Policy. • Ask Council to continue to work hard to seek alternative funding streams such as grants and subsidies where possible. • Credits on existing properties should be transferable to other asset classes e.g. Storm water, Waste Water and Water Supply.
3. Parts of the policy that are supported: (8) • Support the inclusion of development agreements within the policy that will override DC's. • Development needs to happen in deprived areas of the city and not just Lynmore and 'wealthy' areas. • The policy is supported for residential development and where "greenfield" development occurs on city centre, commercial or industrial land. • Consider development contributions for brand new land rather than infill housing. We need more density. • Working closely with RLC in association with the future development of the Wharenui Development Area and other urban development land. • Supports the proposal to only charge development contributions for the Rotorua urban area. • Support the wastewater requirement of the DC as there is a need to extend this network. • Support reasonable DCs being collected by Council specific to each development project and its unique and actual infrastructure costs.
4. Parts of the policy that are not supported: (4) • Do not support the policy as it relates to the development or redevelopment of "brownfield" city centre, commercial or industrial land. This includes extensions to existing commercial/industrial business premises. • Do not support a DC for water supply. Do not support storm water contribution in Ngongotaha as previous developments have already funded this infrastructure. • The exclusions from contributions don't go far enough, for example it is proposed that Development Contributions exclusions also extend within an agreed footprint of the marae, i.e. Kohanga Reo, kaumatua housing, offices, and village developments.
5. Implications for retirement villages (8) • The aging population is growing at a significant rate. • A DC policy will disincentive the development of more retirement villages. • Retirees cannot afford the increased cost to be passed on to them. • Ensure that the charges for retirement villages are proportionate relative to other land uses and are based on good evidence. • The proposal currently lacks appropriate provisions for retirement villages. • Threatened legal action under the LGA objection process for retirement village DC's
6. Implications for mana whenua (8)

- Eco-contribution credits should be explored and other incentives for developers such as credits for environmentally sustainable design.
- Desire to work closely with Rotorua Lakes Council (RLC) as part of the land development process.
- The provisions to exclude DC's for marae development do not go far enough it should also extend to Papakāinga areas, which have been under resourced. Propose exclusions extend within an agreed footprint of the marae, i.e. Kohanga Reo, kaumatua housing, offices, and village developments that will likely boost the cultural, social, environmental and economic well-being of the community.
- Where additional DC's may apply needs to be better examined e.g. small-scale development contributions should not be offsetting larger scale developments.
- Would like consideration given to tools that help the public and developers to estimate and calculate development contributions and or credits.
- Water extraction should be well planned with appropriate mana whenua, and ensuring of quality environmental and cultural land use management standards observed.
- Need to ensure that the impact of new development on flood risks for existing properties is minimised and run-off into the stormwater network, carrying urban contaminants to rivers and waterways is avoided along with mitigating potable water waste.
- New housing developments need to be affordable.

7. **Not enough engagement and consultation with interested parties before drafting the policy**

- Other councils including Auckland and Wellington have closely engaged with affected parties concerning the creation of a DC policy.
- Effected parties want to engage with Council more on this proposal.

Other Feedback – Not Related Themes

1. **Council spending is frivolous and needs to be controlled (9)**

- Council needs to reconsider what they are spending money on as it is perceived by some that they do not get anything for their rates and these individuals have provided some suggestions that ratepayers would like.
- Council has had years of inflexible and unresponsive financial management.
- Stop glory/ego/vanity projects (Hemo, Kuirau Park, Lakefront etc.)
- Council should stick to its core purposes and do these well.
- Invest in community gardens and things that relieve stress for ratepayers.
- Stop giving senior staff pay rises and blaming rates increases on other issues.

2. **The council does not listen to feedback from the community**

- Consultation is a tick-box exercise
- Community experiencing consultation fatigue

3. **Three waters related feedback**

- The proposal is about clearing the pathway for revenue raising prior to the Three Waters functions being transferred to a new supra-regional entity.
- Council's DCP is interpreted as a policy narrative intended to justify the collection of DCs to fund a historical and current deficit in Three Waters infrastructure.

Statistics:
Option One – Developer pays: 32
Option Two – Ratepayer pays: 12

Against DC policy: eight
Not specified: eight