

Proposed Development Contributions Policy



What are Development Contributions?

- DCs are charges set under the LGA:
 - A charge levied on new developments
 - 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

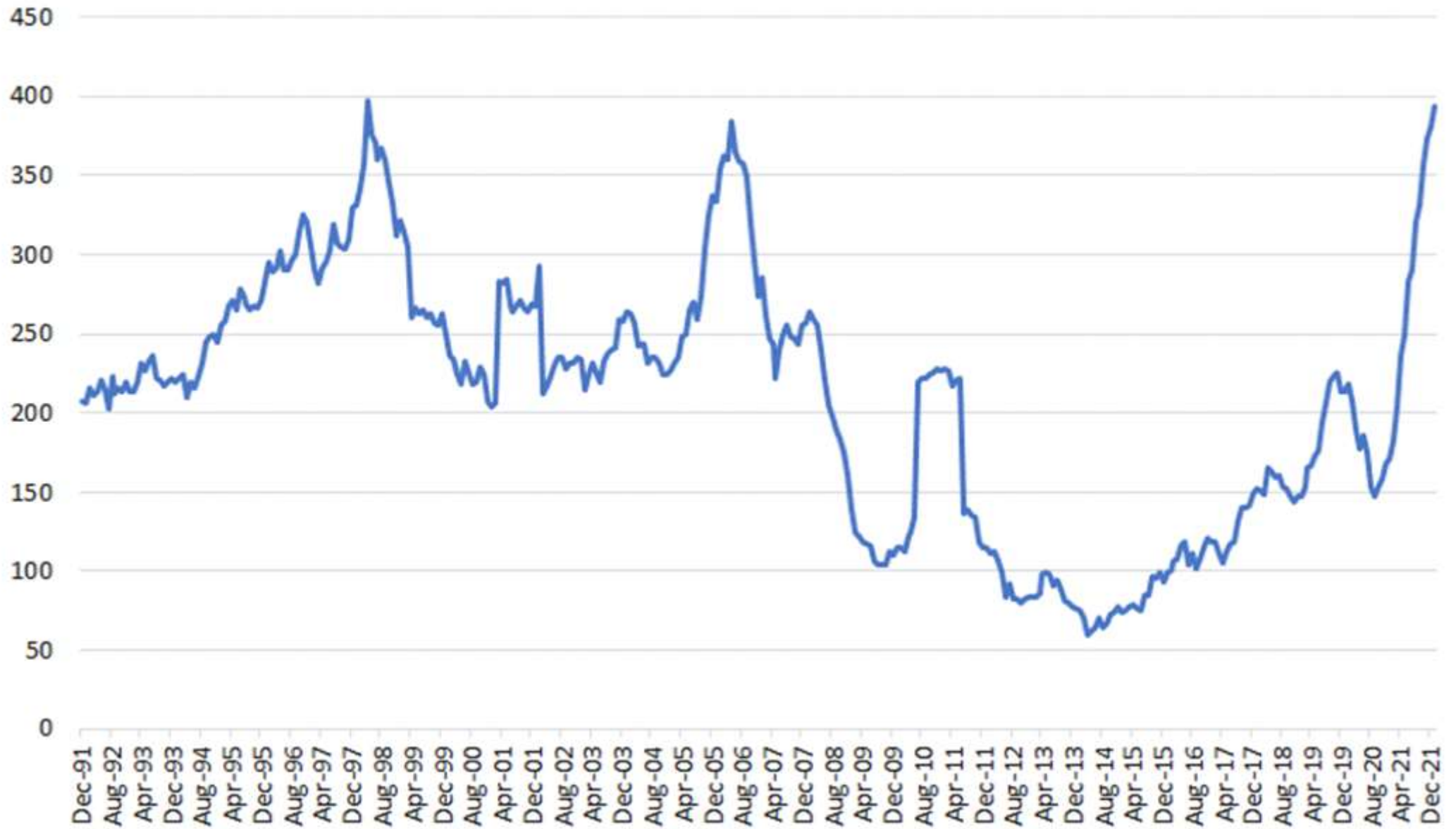
Different from Financial Contributions set under the Resource Management Act.

- Most Councils have moved to DCs as easier to set and change

Why do we need to introduce DCs?

- Significant surge in housing growth – and the costs of providing infrastructure
 - Most new housing consents in over 15 years
 - Strong household growth forecast to continue into medium term
 - Growth aligned with the Housing and Business Assessment
- DCs set to fund approximately \$30m of the total \$60m identified 3 waters growth projects not funded elsewhere (such as CIP funding)

Rotorua LC New Dwellings rolling Annual



Delivery Programme

Milestone	Date
Councillor Workshop	24 March
Draft DC Policy to SP&F	14 April
Public Consultation	May - June
Council hearing and deliberations	July
Final recommendation and DC Policy	11 August
Council decision to adopt DC Policy	25 August

Draft charges for consultation (ex GST)

Development Type		# of HUEs	Water per HUE	Wastewater per HUE	Stormwater per HUE	Total DC Charge per HUE Central, Western, Eastern	Total DC Charge per HUE Ngongotaha
Residential > 73m2	1 HUE	2,192	\$2,056	\$1,833	\$5,737	\$9,626	\$3,888
Small Residential	0.5 HUE (679)	340	\$1,028	\$917	\$2,869	\$4,813	\$1,944
Non-Residential	HUE's	879	\$2,056	\$1,833	\$5,737	\$9,626	\$3,888
Total Forecast HUEs		3,410					

Consultation

60 Submissions received – 2 main themes

Developer pays:

- Support development but it is not fair for the ratepayer to pay for growth
 - Development should be paid for by those who receive the benefit – Council needs to ensure the best outcome for the greatest amount of people.
- Suggest other strategies for collecting revenue to fund growth such as increasing building consent fees and/or a levy on the rates for relevant properties over a period to cover the development contributions.

Ratepayer pays:

- Support developers and developments where rates fund growth
 - Rotorua needs to present itself as open for development and aim to grow the ratepayer base by investing in infrastructure.
 - The added cost to developers is a disincentive to growth and will reduce new supply of housing adding to the cost burden for purchasers (as the development contributions will ultimately be passed on to them).

Amendments made to draft policy

Summary of changes:

1. Eastern Stormwater catchments reduced in focus by splitting up the Eastern into three.
2. Eastern Stormwater growth allocation now at 28.6% of the \$8 million eastern conveyance project.
 - a. The Impact is growth / DCP funded now \$2.288 million vs what was originally \$7.5 million (**\$5.2m difference**)
3. Western catchment for Stormwater increased to reflect stormwater flows – takes in part of the Central area used in HBA.
 - a. The changes have meant many of the DC charges have decreased but the Western catchment Stormwater DC charge is around 30% higher than originally consulted on.
4. Recalculated Water and Wastewater charges to reflect the reduced non-residential HUE forecasts to align with HBA methodology.
5. Reduced interest costs able to be allocated to Stormwater to reflect the reduced Eastern growth allocation. No impact on Western.

Stormwater Map Update



Implication of changes on DC charge

TOTAL DC CHARGES	Charge As Consulted Incl GST	amended	Difference
Rotorua Urban Area (Eastern, Western and Central)	\$10,856	N/A	N/A
Land Located in Stormwater Western	N/A	\$14,074	30%
Land Located in Stormwater Central, Eastern A and Eastern C	N/A	\$3,977	-63%
Land Located in Stormwater Eastern B	N/A	\$10,227	-6%
Land Located Ngongotahā	\$3,654	\$3,977	9%

Staff recommendation

Activity	charge per HUE Draft DCP	Current Recommended final DCP	Change	Capped Increase in SW at 15% above consulted	Change if SW Capped at 15% above consulted
Water				115%	
Rotorua Urban Area	\$2,050	\$2,231	9%		
Wastewater					
Rotorua Urban Area	\$1,604	\$1,746	9%		
Stormwater					
Stormwater area (Central, Eastern and Western areas)	\$7,202		-100%		
Stormwater new Eastern A	N/A	\$0	-100%		
Stormwater new Eastern B	N/A	\$6,250	-13%		
Stormwater new Eastern C	N/A	\$0	-100%		
Stormwater revised Central	N/A	\$0	-100%		
Stormwater revised Western	N/A	\$10,097	40%	\$8,282	
Transport					
Rotorua Urban Area	Nil - (note – DCs assessed under this policy may not attract a credit for transport in any subsequent assessment under any subsequent policy)	Nil - (note – DCs assessed under this policy may not attract a credit for transport in any subsequent assessment under any subsequent policy)	0%		
Reserves					
Rotorua Urban Area	Nil - (note – DCs assessed under this policy may not attract a credit for transport in any subsequent assessment under any subsequent policy)	Nil - (note – DCs assessed under this policy may not attract a credit for transport in any subsequent assessment under any subsequent policy)	0%		
Community infrastructure					
Rotorua Urban Area	Nil - (note – DCs assessed under this policy may not attract a credit for transport in any subsequent assessment under any subsequent policy)	Nil - (note – DCs assessed under this policy may not attract a credit for transport in any subsequent assessment under any subsequent policy)	0%		
TOTAL DC CHARGES	Charge As Consulted	Charge Uncapped	Difference	Charge if SW increase is capped at 15%	Difference if SW Increase is capped at 15%
Rotorua Urban Area (Eastern, Western and Central)	\$10,856	N/A	N/A	N/A	N/A
Land Located in Stormwater Western	N/A	\$14,074	30%	\$12,259	13%
Land Located in Stormwater Central, Eastern A and Eastern C	N/A	\$3,977	-63%	N/A	N/A
Land Located in Stormwater Eastern B	N/A	\$10,227	-6%	N/A	N/A
Land Located Ngongotahā	\$3,654	\$3,977	9%	N/A	N/A

Q&A

All Other Changes

Amend ment #	Subject	Summary
1	Remove 'Draft' and 'Proposed' amend to reflect final	Numerous changes to remove the reference to 'Draft' in the DCP
2	Added '2022-31' to footer	Adds clarity
3	Review period	Clarifies its reviewed as part of LTP – less than 3 years to 1 st review
4	Catchment areas for Stormwater	Clarify different catchment areas for Stormwater
5	Example of costs for 3 lot development	Updated DC charges
6	Table 1 adjusted	Update charges and new catchments in Table 1
7	Minor typo	Superscript for note 5
8	Impervious Surface Definition	Definition added – From Auckland City + additional word 'area'.
9	Table 11	Update numbers in last 2 columns
10	Update comment on IAF grant	\$84.6 million granted mainly for stormwater in Central
11	Clarify stormwater areas	Change to 2 areas in Rotorua Urban area
12	Catchment areas	Adjust to reflect new stormwater catchments
15	NPS-UD 20%	Delete sentence that says we include an extra 20% to comply with NPS-UD (because we don't in the DCP)

Amend ment #	Subject	Summary
16	Non-residential HUEs	Change to match reduced forecasts
17	Update HUE totals to reflect change to non-residential HUEs	Update text and replace the table
18	Schedule 1 update numbers	Add March quarter PPI increase. Adjust non-residential HUEs and subsequent charge per HUE. Stormwater – add separate numbers for Eastern and Western and reflect big reduction in Eastern costs.
19	Schedule 2 update numbers: Stormwater catchments Project Headings PPI increase Stormwater interest costs	Add March PPI to all projects. Stormwater split into two catchments. Change stormwater programme project titles. Reduce Eastern Stormwater costs. Adjust Stormwater interest costs.
20	Part 3 – Maps	Replace Stormwater catchment map to reflect two separate catchments that differ from those for Water and Wastewater. Add 'Housing and Business Assessment base areas' to Rotorua Urban Area Details map.
21	Cost Allocation file adjustments	Eastern Stormwater changes Subsequent interest costs Stormwater Project titles
22	Cost Allocations methodology	Probably multiple revisions to reflect changes to Stormwater catchments, numbers etc Non-residential HUE numbers
15	NPS-UD 20%	Delete sentence that says we include an extra 20% to comply with NPS-UD (because we don't in the DCP)