

**QLDC Council
25 October 2018**

Report for Agenda Item: 2

Department: Finance & Regulatory

Proposed Amendment to Policy on Development Contributions

Purpose

To amend the Policy on Development Contributions in order to rectify incorrect differential values within the current Policy.

Recommendation

That Council:

1. **Note** the contents of this report; and
2. **Approve** the Council entering into consultation on the proposed amendment to the Policy on Development Contributions in accordance with section 102 (4) (b) of the Local Government Act 2002.

Prepared by:



Stewart Burns
GM Finance, Legal &
Regulatory
9/10/2018

Reviewed by:



Tony Avery
Acting Chief Executive
11/10/2018

Background

- 1 The Policy on Development Contributions was consulted on, and included within the 2018 – 2028 Long Term Plan (LTP).
- 2 Recently, we have been informed by our lead consultant for Development Contributions that certain differential values provided by them and used in the Policy are incorrect. In order to rectify the matter, an amendment to the Policy on Development Contributions is required.
- 3 The consultant has since reviewed all the differential values and the outcome is that most of the proposed amendments result in a lower differential than was originally published. This will generally result in lower DC assessments than those assessed under the current Policy.
- 4 QLDC staff will ensure that any assessments or estimates previously calculated using the incorrect differentials will be recalculated using the correct information.

We do not expect this to be a large number as the 2018/19 Policy only applies to consents received and issued since 1 July 2018.

- 5 The Local Government Act 2002 (LGA) allows Council to amend the Policy on Development Contributions at any time in accordance with section 102 (4) (b) of the Local Government Act 2002.
- 6 The original differential (incorrect) table is included in the attached Statement of Proposal on pg. 2 & the revised differential table is included on pg. 2. (See Attachment A: Statement of Proposal to Amend the Development Contribution Policy).

Options

- 7 Option 1 – Agree to the consultation on the proposal to amend the Development Contribution Policy

Advantages:

- 8 Agreement to the proposal will allow the consultation to commence immediately.
- 9 Affected parties may submit on the proposal.

Disadvantages:

- 10 None
- 11 Option 2 – Do not agree to the consultation on the proposal to amend the Development Contribution Policy

Advantages:

- 12 Saving of costs associated with running the consultation process.

Disadvantages:

- 13 Incorrect assessment of Development Contributions.
- 14 Potential for overcharging of Development Contributions for some consents.
- 15 The report recommends that the Council agree to the proposal to enter into consultation on the proposal to amend the Development Contribution Policy.

Significance and Engagement

- 16 This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy because of its importance to the Queenstown Lakes District and community.

Risk

- 17 This matter relates to the operational risk SR1 Current and future development needs of the community, as documented in the Council's risk register. The risk is classed as low. This matter relates to this risk because it impacts the ability of the QLDC to fairly recover the growth related capital costs.
- 18 The recommended option considered above mitigates the risk by treating the risk through the amendment of the Policy to fairly assess development contribution income.

Financial Implications

- 19 The proposed amendment to the Development Contribution Policy provides the necessary mechanism to fairly and correctly recover the growth related capital costs of the LTP. The costs associated with the Policy amendment will be recovered from the consultant.

Council Policies, Strategies and Bylaws

- 20 The following Council policies, strategies and bylaws were considered:

- 2018-28 Long Term Plan
- 2018/19 Policy on Development Contributions

Consultation

- 21 The LGA allows Council to amend the Policy on Development Contributions at any time in accordance with section 102 (4) (b) of the Local Government Act 2002. The consultation undertaken must be in accordance with Sec 82 Principles of Consultation (see extract below).

22 82 Principles of consultation

(1) Consultation that a local authority undertakes in relation to any decision or other matter must be undertaken, subject to subsections (3) to (5), in accordance with the following principles:

(a) that persons who will or may be affected by, or have an interest in, the decision or matter should be provided by the local authority with reasonable access to relevant information in a manner and format that is appropriate to the preferences and needs of those persons:

(b) that persons who will or may be affected by, or have an interest in, the decision or matter should be encouraged by the local authority to present their views to the local authority:

(c) that persons who are invited or encouraged to present their views to the local authority should be given clear information by the local authority concerning the purpose of the consultation and the scope of the decisions to be taken following the consideration of views presented:

(d) that persons who wish to have their views on the decision or matter considered by the local authority should be provided by the local authority with a reasonable opportunity to present those views to the local authority in a manner and format that is appropriate to the preferences and needs of those persons:

(e) that the views presented to the local authority should be received by the local authority with an open mind and should be given by the local authority, in making a decision, due consideration:

(f) that persons who present views to the local authority should have access to a clear record or description of relevant decisions made by the local authority and explanatory material relating to the decisions, which may include, for example, reports relating to the matter that were considered before the decisions were made.

23 There is no requirement to use the Special Consultative Procedure (SCP), and given that the proposed amendments will generally result in lower assessments for DC's, we intend to keep the consultation process as efficient as possible:

- 25 October – (Council meeting) Approval to commence consultation
- 29 October – Commence consultation
- 11 November – Consultation ends
- Mid November – Hearing of submissions
- 13 December 2018 (Council meeting) Final decision on proposal

Local Government Act 2002 Purpose Provisions

24 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by ensuring that the local share of the EAR project is funded in an appropriate manner;
- Can be implemented through current funding under the 10-Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

Attachments

A Statement of Proposal to Amend the Development Contribution Policy

STATEMENT OF PROPOSAL

Proposed Amendments to the Policy on Development Contributions

Proposal

In accordance with section 102 (4) (b) of the Local Government Act 2002 (LGA), the Queenstown Lakes District Council (QLDC or Council) has begun consultation on amendments to the Policy on Development Contributions. The reason for the amendment is to rectify incorrect differential values that were included in the original 2018 Policy:

The proposed amendments to the Policy on Development Contributions are to correct four differential values identified within the 'Dwelling Equivalent Calculation Table', the amendments are as follows:

- 1) Revision of the Commercial and Industrial water and wastewater differential values
- 2) Revision of the Wanaka Commercial and Industrial transportation differential values
- 3) Revision of the Wakatipu Accommodation transportation differential values
- 4) Revision of the Restaurant/Bar transportation differential values

As the proposed changes will generally be of net benefit to applicants, it is proposed that these changes will apply to any application for resource consent, building consent or application for service connection lodged on or after ~~1 July 2018~~ **14 December 2018**

Consultation Timeline

The LGA allows Council to amend the Policy on Development Contributions at any time in accordance with section 102 (4) (b) of the Local Government Act 2002. The consultation undertaken must be in accordance with section 82 (Principles of Consultation). There is no requirement to use the Special Consultative Procedure (SCP), and given that the proposed amendments will generally result in lower assessments for DC's, we intend to keep the consultation process as efficient as possible:

25 25 October 2018	(Council meeting) Approval to commence consultation
29 October 2018	Commence consultation
11 November 2018	Consultation ends
Mid November 2018	Hearing of submissions
13 December- 2018	(Council meeting) Final decision on proposal

Submissions close on ~~12~~ **11 November 2018**. Submissions can be emailed to liz.simpson@qldc.govt.nz or posted to DC Policy Submission, Queenstown Lakes District Council, Private Bag 50072, Queenstown 9348.

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PART A - PROPOSED CHANGES TO THE POLICY

SUMMARY OF PROPOSED AMENDMENTS TO DEVELOPMENT CONTRIBUTIONS

The following changes are proposed to the Policy on Development Contributions in order to rectify incorrect differential values in the original 2018 policy.

It is proposed that these changes will apply to any application for resource consent, building consent or application for service connection lodged on or after ~~1 July 2018~~ 14 December 2018.

Table one below, highlights the four incorrect differential values (dwelling equivalents) and Table two highlights the proposed changes

Table One: Current in Policy											Table Two: Proposed Changes										
	Water Supply	Wastewater	Stormwater	Community Facilities	Reserve Improvements & Reserve Land		Transportation		Transportation - Eastern Access Road			Water Supply	Wastewater	Stormwater	Community Facilities	Reserve Improvements & Reserve Land		Transportation		Transportation - Eastern Access Road	
Category	Dwelling Equivalents per 100m ² GFA	Dwelling Equivalents per 100m ² GFA	Dwelling Equivalent s per 100m ² Impervious Surface Area	Dwelling Equivalent s per 100m ² GFA for Wakatipu	Dwelling Equivalent s per 100m ² GFA for Wanaka	Dwelling Equivalent s per 100m ² GFA for Wakatipu	Dwelling Equivalent s per 100m ² GFA for Wanaka	Dwelling Equivalent s per 100m ² GFA for Wakatipu	Dwelling Equivalent s per 100m ² GFA for Wanaka	Dwelling Equivalent s per 100m ² GFA	Category	Dwelling Equivalents per 100m ² GFA	Dwelling Equivalents per 100m ² GFA	Dwelling Equivalent s per 100m ² Impervious Surface Area	Dwelling Equivalent s per 100m ² GFA for Wakatipu	Dwelling Equivalent s per 100m ² GFA for Wanaka	Dwelling Equivalent s per 100m ² GFA for Wakatipu	Dwelling Equivalent s per 100m ² GFA for Wanaka	Dwelling Equivalent s per 100m ² GFA for Wakatipu	Dwelling Equivalent s per 100m ² GFA for Wanaka	Dwelling Equivalent s per 100m ² GFA
Residential	1 Dwelling Equivalent (DE) per unit										Residential	1 Dwelling Equivalent (DE) per unit									
Residential Flat	0.71	0.71	0.38	0.71	0.71	0.71	0.71	0.71	0.71	0.71	Residential Flat	0.71	0.71	0.38	0.71	0.71	0.71	0.71	0.71	0.71	0.71
Multi Unit Residential	0.71	0.71	0.38	0.71	0.71	0.71	0.71	0.71	0.71	0.71	Multi-Unit Residential	0.71	0.71	0.38	0.71	0.71	0.71	0.71	0.71	0.71	0.71
Country Dwelling	Treated as residential if connected to council supply					0.66 DE's per Dwelling		1.0 DE's per Dwelling			Country Dwelling	Treated as residential if connected to council supply					0.66 DE's per Dwelling		1.0 DE's per Dwelling		
Retirement units	0.68 per unit	0.60 per unit	0.38	0.65 per unit		0.41 per unit		0.35 per unit			Retirement units	0.68 per unit	0.60 per unit	0.38	0.65 per unit		0.41 per unit		0.35 per unit		
Accommodation	0.90	0.49	0.38	0.89	1.71	0.89	1.71	2.13	2.25	1.36	Accommodation	0.90	0.49	0.38	0.89	1.71	0.89	1.71	1.88	2.25	1.36
Commercial	0.74	0.57	0.38	0.04	0.06	n/a	n/a	2.83	2.62	2.99	Commercial	0.60	0.41	0.38	0.04	0.06	n/a	n/a	2.83	2.71	2.99
Industrial	0.74	0.57	0.38	0.04	0.06	n/a	n/a	0.94	0.87	0.88	Industrial	0.60	0.41	0.38	0.04	0.06	n/a	n/a	0.94	1.15	0.88
Other	To be individually assessed at the time of application										Other	To be individually assessed at the time of application									
Childcare Centre	0.63	0.77	0.38	0.04	0.06	n/a	n/a	4.29	4.29	4.29	Childcare Centre	0.63	0.77	0.38	0.04	0.06	n/a	n/a	4.29	4.29	4.29
CBD Accommodation	0.90	0.49	0.38	0.89	1.71	0.89	1.71	2.13	2.25	-	CBD Accommodation	0.90	0.49	0.38	0.89	1.71	0.89	1.71	1.88	2.25	-
CBD Commercial	0.74	0.57	0.38	0.04	0.06	n/a	n/a	2.83	2.62	-	CBD Commercial	0.60	0.41	0.38	0.04	0.06	n/a	n/a	2.83	2.71	-
Mixed Use Accom.	1 DE per Dwelling		0.38	0.97	1.18	0.97	1.18	0.89	0.93	1.09	Mixed Use Accom.	1 DE per Dwelling		0.38	0.97	1.18	0.97	1.18	0.89	0.93	1.09
Mixed Use Comm.	1 DE per Dwelling		0.38	0.76	0.76	1 DE per Dwelling		1.32	1.46	1.50	Mixed Use Comm.	1 DE per Dwelling		0.38	0.76	0.76	1 DE per Dwelling		1.32	1.46	1.50
Primary Industry	As per residential					0.66 DE's per Dwelling		1.0 DE's per 27Ha	1.0 DE's per 41Ha	-	Primary Industry	As per residential					0.66 DE's per Dwelling		1.0 DE's per 27Ha	1.0 DE's per 41Ha	-
Restaurant/Bar	1.42	1.34	0.38	0.04	0.06	n/a	n/a	2.13	1.98	2.99	Restaurant/Bar	1.42	1.34	0.38	0.04	0.06	n/a	n/a	2.83	2.71	2.99
Unusual Developments	To be individually assessed at the time of application										Unusual Developments	To be individually assessed at the time of application									

Table One: Current Policy

Table Two: Proposed Changes

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Amendment 1 – Amend the Commercial and Industrial water and wastewater dwelling equivalents

The Policy includes incorrect water and wastewater differential values (dwelling equivalents) for Commercial, Industrial & CBD Commercial and accordingly the following text is -amended as follows:

(Page 207 – deleted text struck out, (new text underlined))

Category	Dwelling Equivalents per 100m ² GFA	Dwelling Equivalents per 100m ² GFA
Commercial	0.74 <u>0.60</u>	0.57 <u>0.41</u>
Industrial	0.74 <u>0.60</u>	0.57 <u>0.41</u>
CBD Commercial	0.74 <u>0.60</u>	0.57 <u>0.41</u>

Amendment 2 – Revision of the Wanaka Commercial and Industrial transportation dwelling equivalents

The Policy includes incorrect transport differential values (dwelling equivalents) for Wanaka Commercial, Industrial & CBD Commercial and accordingly the following text is amended as follows:

(Page 207 – deleted text struck out, (new text underlined))

Category	Dwelling Equivalents per 100m ² GFA for Wanaka	
Commercial	2.62 <u>2.71</u>	
Industrial	0.87 <u>1.15</u>	
CBD Commercial	2.62 <u>2.71</u>	

Amendment 3 – Revision of the Wakatipu Accommodation transportation dwelling equivalents

The Policy includes incorrect transport differential values (dwelling equivalent), for Wakatipu Accommodation & CBD Accommodation and accordingly the following text is amended as follows:

(Page 207 – deleted text struck out, new text underlined)

Category	Dwelling Equivalents per 100m ² GFA for Wakatipu
Accommodation	2.43 <u>1.88</u>
CBD Accommodation	2.43 <u>1.88</u>

Amendment 4 – Revision of the Restaurant/Bar transportation dwelling equivalents

The Policy includes incorrect transport differential values (dwelling equivalent) for Wakatipu & Wanaka Restaurant & Bar and accordingly the following text is amended as ~~follows~~ follows:

(Page 207 – deleted text struck out, new text underlined)

Category	Dwelling Equivalents per 100m ² GFA for Wakatipu	Dwelling Equivalents per 100m ² GFA for Wanaka
Restaurant/Bar	2.43 <u>2.83</u>	4.98 <u>2.71</u>