

Changes proposed to Development Contributions Policy for inclusion in draft Long Term Plan 21-31

Meeting: Council Briefing
Date of meeting: 20 January 2021
Reporting officer: Sue Davidson, GM Sustainable Growth and Investment

Purpose/Ngā whāinga

To discuss further proposed changes to the draft Development Contributions Policy for inclusion in the draft Long Term Plan which will go out for consultation

Executive summary/Whakarāpopototanga

The original policy has been divided into two sections, the first a simple explanation of development contributions, particular policy decisions and how they are applied and the second part being the more technical and detailing the legislation, method of calculation of contribution amounts and supporting information. Figures for development contributions have now been calculated. These have increased on the previous years as Council are going to invest in more growth areas.

Context/Horopaki

The charging of development contributions ensures that those responsible for the growth pay towards the amenities required to sustain the additional growth. Development Contributions Policy is reviewed every 3 years in line with the LTP. This means capital projects identified as required in each LTP can also be considered against the criteria for growth and whether these should be included in the calculations to be charged as development contributions for new subdivisions. The development contributions will assist with funding of roads, library and wastewater items which the spatial plan envisages.

Discussion/Ngā kōrerorero

The Development Contributions Policy has been written in two sections with the policy decisions and practical applications in the first section followed by the more technical information – the legislation and the mechanics of the calculation in Section 2.

New items for discussion since our last briefing:

There are new development contributions which will need to be advised to developers when adopted. The calculation basis is consistent with previous years, however there are far more of these as a result of growth in various areas.

Proposed Development Contributions schedule from 1 July 2021 (excluding GST, but including interest):

Table 1 - SCHEDULE OF DEVELOPMENT CONTRIBUTIONS 2021-2031						
MAIN PRICE	Stormwater	Wastewater treatment	Water supply	Roading	Community	TOTAL
Mangawhai	\$ 419	\$ 24,766	\$ -	\$ 2,364	\$ 496	\$ 28,045
Dargaville	\$ 216	\$ 1,887	\$ 1,690	\$ 90	\$ 496	\$ 4,379
Te Kopuru	\$ -	\$ 2,271	\$ -	\$ 90	\$ 496	\$ 2,858
Maungatoroto	\$ 2,531	\$ 1,524	\$ 860	\$ 90	\$ 496	\$ 5,502
Kaiwaka	\$ 2,032	\$ 1,465	\$ -	\$ 2,364	\$ 496	\$ 6,357
Baylys Beach	\$ 6,865	\$ -	\$ 1,690	\$ 90	\$ 496	\$ 9,142
Glinks Gully	\$ -	\$ -	\$ -	\$ 90	\$ 496	\$ 587
Ruawai	\$ -	\$ -	\$ -	\$ 90	\$ 496	\$ 587
District	\$ -	\$ -	\$ -	\$ 90	\$ 496	\$ 587
Roading East	\$ -	\$ -	\$ -	\$ 2,273	\$ 496	\$ 2,769

Current development contributions are:

Table 1 - SCHEDULE OF DEVELOPMENT CONTRIBUTIONS 2018-2028						
MAIN PRICE	Stormwater	Wastewater treatment	Water Supply	Roading	TOTAL	
Mangawhai	\$ 444	\$ 22,113	\$ -	\$ 799	\$	23,357
Kaiwaka	\$ -	\$ -	\$ -	\$ 799	\$	799
Baylys Beach	\$ 312	\$ -	\$ -	\$ 106	\$	419
Rest of District	\$ -	\$ -	\$ -	\$ 106	\$	106
Roading East	\$ -	\$ -	\$ -	\$ 693	\$	693

The higher development contributions reflect a high number of capital projects and higher revenue over the 10 years.

Development Contributions	Revenue from Development Contributions \$000	Total cost of Projects associated with Growth \$000	Growth Portion \$000	Detail
Mangawhai Stormwater	692	7,779	2,247	Jack Boyd Drive Lincoln Street/ Cheviot Street Taranui Place Wood Street Town Plan
Mangawhai Wastewater	20,803	21,250	21,006	Reticulation Reticulation New Disposal Area

Development Contributions	Revenue from Development Contributions \$000	Total cost of Projects associated with Growth \$000	Growth Portion \$000	Detail
Dargaville Stormwater	57	500	312	
Dargaville wastewater	491	3,115	2,290	Treatment Plant Upgrade Growth Design 1800m Reticulation Station Road Reticulation
Dargaville / Baylys Beach Water Supply	544	2,890	1,993	Water Storage Treatment Upgrade Reticulation
Baylys Beach Stormwater	91	470	70	Cynthia Place Chases Gorge
Maungaturoto Stormwater	201	2,050	1,281	
Maungaturoto Water Supply	90	345	336	Bickerstaff to Judd 1.2 km reticulation
Maungaturoto wastewater	134	1,035	675	Railway Village Reticulation Extension Reticulation Extensions Bickerstaff to Judd
Kaiwaka Wastewater	49	100	100	
Kaiwaka Stormwater	72	1,050	656	
Te Kopuru Wastewater	20	350	131	Upgrade Treatment Plant

Development Contributions	Revenue from Development Contributions \$000	Total cost of Projects associated with Growth \$000	Growth Portion \$000	Detail
Roading East and District	2,285	39,684	13,809	Access Alamar Boat Ramp Cove Road Kaiwaka/ Oneriri Intersection Kaiwaka Network Growth Wood Street Mangawhai Shared Path
Community Infrastructure	1,403	6,000	2,875	Library Building Taharoa Domain
Total	\$26,902	\$86,618	\$47,781	

The current balance of the development contribution reserve as at 30 June 2020 is \$24.7 million in deficit, as infrastructure has been built ahead of growth. This means the new balance will be further in deficit- approximately \$63.0 million as the Council will be paying for infrastructure up front which is the norm.

Council has reduced the original proposed schedule for growth however this is still an extremely ambitious capital programme to support growth. The risk is confidence in the growth. If development doesn't occur as forecast there is a risk that Council may have spent funds on capital projects that won't be funded until further into the future.

There needs to be a clear message to the community if Council decides on this programme as the community will be concerned that the revenue does fall behind the cost of building the infrastructure.

Key items discussed and noted in previous Council meetings in Section 1 of the Development Contributions Policy are:

- There are new categories that we will levy a development contribution for supporting Council growth
 - Dargaville Water supply
 - Maungaturoto Water supply
 - Dargaville Wastewater
 - Maungaturoto Wastewater
 - Kaiwaka Wastewater
 - Te Kopuru Wastewater
 - Dargaville Stormwater
 - Maungaturoto Stormwater
 - Kaiwaka Stormwater

- Community Infrastructure - Investment in Library Network
- 2. Clause 1.6.1 The approach to growth has changed. Previously, Council welcomed growth in selective areas. It is now widening the scope on the back of the spatial plan.
- 3. Clause 2.2.2 Assumption that Council won't want to charge community infrastructure development contributions on business development.
- 4. Clause 2.3.1 Use of district wide catchments for solid waste and community infrastructure activities, but only community infrastructure proposed to be utilised.
- 5. Clause 2.3.1 Continued use of Roding East catchment due to some large-scale roading spending proposed at Mangawhai.
- 6. Clause 2.8.3 Exception of past Mangawhai Community Waste Water Scheme (MCWWS) interest incurred for the construction projects in the past is shared between growth and existing users.
- 7. Clause 2.10.6 New clause to allow Council to consider position with regard to warehouses as generating less demand on waters infrastructure.

There are no key areas to note in Section 2 of the Development Contributions Policy. This states the legislation and details the calculation methodology.

Policy and planning implications

This is a policy required to be reviewed by the Local Government Act 2002.

In July 2020, the Government launched the Three Waters Reform Programme - a three-year programme to reform local government three waters service delivery arrangements. This reform programme builds on the progress made through the Three Waters Review and establishment of Taumata Arowai. Council needs to signal its intention as to growth areas that need to be supported by this policy.

Financial implications

The proposed changes to the Development Contributions Policy will impact on the charges for additional subdivisions as the amenities required, and the future estimate of rating units, have been reviewed. The current program for growth is far larger than before but follows the new growth areas designated in the spatial plans adopted by Council.

Risks and mitigations

The biggest risk is that growth does not occur as anticipated and Council has to take out increased debt to fund the difference.

Council needs to be able to substantiate the projects and the share charged to growth. Council must ensure it has good justification for the percentage of new capital projects it allocates to growth as there is a risk that developers could challenge the calculations.

Significance and engagement/Hirahira me ngā whakapāpā

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

Consultation will occur as part of the draft Long Term Plan consultation.

Next steps/E whaiake nei

These changes and specific consultation issues will be included in the draft Long Term Plan.

Attachments/Ngā tapiritanga

	Title
A	Attachment A - Development Contributions Policy - Section 1 (Draft)
B	Attachment B - Development Contributions Policy - Section 2 (Draft)