
Briefing - Council NOTES

Date:	Monday 27 & Tuesday 28 November 2023
Time:	9.00am
Venue:	Council Chambers and Mayor's Lounge, Civic Offices, 53 Hereford Street, Christchurch

5&6. Development Contributions Policy Workshop

Development Contributions Policy Workshop

Presenter: Gavin Thomas, Principal Advisor Economic Policy

Part 1: Nov 27, 2023

In person: Cllr Sam MacDonald, Cllr Melanie Coker, Cllr Sara Templeton, Cllr Mark Peters, Cllr Yani Johanson, Cllr Andrei Moore, Cllr Kelly Barber, Cllr Tim Scandrett, Cllr Victoria Henstock, Cllr Jake McLellan

Online: Cllr James Gough, Cllr Aaron Keown

Chair: Mayor Phil Mauger

Principal Advisor: Acting CE Mary Richardson

Presentation:

The Principal Advisor Economic Policy presented and provided detail on the following slides:

- Purpose of briefing
- What are development contributions
- DC's only used to fund growth infrastructure
- Growth planning an implantation framework
- How we fund infrastructure – greenfield
- Example
- Example

Questions

Mayor Phil Mauger: So just to clarify, if you chopped your section off and put a house on the back or a something, a separate title, in that area, \$215 just that part of it goes to your DCs? So DC's may well be 30 grand, but, 215 of that is..?

Response: Yeah. Will go directly to that mains renewal Riccarton Rd. Hanson project, whatever that may be.

Cllr Yani Johanson: ...typo in the Akaroa one, the water upgrade; it's 10,000 DC per HUE, but it's only 5% funded by DC's?

Response: Yeah. The thing with Akaroa is that the growth forecast is so small. So you look at the total DC funding, there's \$640,000 and then the DC per HUE \$10,500. So we're forecasting over the next 30 years will be roughly another - what is it - 65 household unit equivalents developed in Akaroa? So that's you've got a combination of things. You've got a very, very expensive water system per connection, and you've got a very low forecast growth rate. And so if you're going to fund the entire growth component from DC's, that's what you end up with.

Cllr Yani Johanson: Just quick clarification, is there a kind of column that shows you the predicted growth across the properties?

Response: That's done in our growth modelling and a team member from our growth modelling team might be able to tell you whether that is visible anywhere or not, or whether that just goes into the SPM programme. But we could produce it by activity and by catchment.

Action 5.1

Mayor Phil Mauger: So Yani, if you think, and correct me if I'm wrong Gavin, that's for the water upgrade. For the sewer upgrade it's 80 mil, so extrapolate that out and add that on, I know for the fact that DC's in Akaroa have gone from 19 grand to 72 grand a lot because it adds all that. So people are not going to do sections over there because it's gonna cost too much. But the ones that are already there don't have to pay for it do they?

Response: No. Well, they pay for it. No, they don't actually because all of us pay for it through our rates.

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Cllr Jake McLellan: How was Central City and Inner City defined? Different areas but?

Response: It depends on the activity. For most activities, though, for some, we have a central city catchment that is within the four aves.

Cllr Jake McLellan: And then inner city would be?

Response: Kind of a bit of a ring around.

Cllr Jake McLellan: Addington, Riccarton.. sort of thing?

Response: Yeah. Not all activities use catchments in that way, but certainly, I think water and wastewater do and Parks has Central city and then medium density which is the medium density area around the central city plus the other parts of the city that are zoned for medium density.

Cllr Mark Peters: Interested to, I guess, figure out how the DC spend actually works in regards to, if you've got large growth in, say, the South West of Christchurch, and do you then see a large DC investment into that area as it's growing?

Response: Well, it depends on the Council's investment in assets and whether those assets are servicing entirely that area or the wider city or. So it's all based on investment. So we make the commitment to invest first before we take the money rather than the other way around.

Cllr Mark Peters: I guess to expand on that a wee bit further. Inside the South West of Christchurch, where you've had large growth in the last 10 years and the transport infrastructure, say the roading maybe hasn't caught up with that growth, hasn't happened. Is there a way to sort of backfill from the DC's that come in to complete some of the projects that might have been brought on by that growth?

Response: I'll probably throw [to colleagues].

Response: Can you repeat the question again, please?

Cllr Mark Peters: Just thinking about South West of Christchurch has had huge growth in the last decade and the transport infrastructure, sort of in and around that area may not have been

invested in to keep up with the growth. I mean, a particular example would be a signalised intersection that was needed before that growth happened and then never got done and it's still awaiting. Is there a way to back or, you know move some of the DC's across to it.

Response: So if I may, when the projects are included in the LTP, they are considered to be included in the development contributions policies. So it might be that project comes up this time around and we're doing the project now but some of that can be contributed to growth. Then we would be able to include that. Over time it would become backlog though, so it's about how we define it.

Cllr Yani Johanson: Thanks for providing the question and answer stuff as well. I don't know if that's the right time to raise the concern I guess is... We're stuck in this chicken and egg thing. We don't have a project on the LTP, we can't charge DC. We can't get a project on the LTP because we don't have the budget to do it. So in areas where we're seeing, like intensification, where we're seeing a huge loss of green space, particularly on private property rights, they're not just the public space, but the trees all getting chopped down, more demand on existing infrastructure. How do we get projects on budget to be funded, right? So like and the example I'll give is Rutherford St. where we've had probably about, I'm guessing about 50 to 100 new apartments, you know, maybe 50 to 75 new townhouses going in and there's a whole bunch of issues with parking and new people coming in, but there's no growth project attached to dealing with the new people. So I guess when I read that question in a response, it still feels like we're still at the start of coming up with something to address it, but I don't know what that mechanism is or when we give direction around what we'd like to see.

Response: It it's quite a complex question, although it probably doesn't seem so. You're on the pointy end of it. We're driven largely by levels of service, so and the issue with parks, for example is that the level of service that's used for parks is that there is a pack of - and I might not get this exactly right - but at least 3 hectares or 4 hectares, no 4000 square metres within 500 metres. And the majority of the infill areas meet that level of service. So there hasn't been a requirement to increase the investment in green space per se. But there is some work going on at the moment to look at whether that level of service on its own is sufficient to provide appropriate green space in some of these more intensively developed areas, and I think you'll see that coming through in the next sort of few months or year or so.

Cllr Yani Johanson: Can we fast track that? Because this is like something been raised for like at least five to six years.

Response: Yeah no, I I can't answer that. The parks people, they haven't been able to come today. But they are the ones that will be able to.

Question

Cllr Yani Johanson: So it seems like the gap is our levels of service are based on a geographic thing rather than a population thing, which means when we get growth we don't have the ability to charge DCs?

Response: Yes and no. You got to be careful though, because if you, if you develop a level of service based on population, you'll end up needing masses and masses and masses of green space that you probably don't really need. So you've got to get a balance between having it spatially available and being of sufficient size and quality for the catchment it's servicing to enjoy. So those aren't straightforward questions in terms of how you deliver that.

Cllr Yani Johanson: Just the only other question from is when will we see the schedules for the LTP for the DC?

Response: We'll come back to you with a first cut draft policy at the end of February and that will have a schedule of assets that is based on the Capex programme in the draft LTP.

Cllr Yani Johanson: So if we if we want to add things to the programme, to be funded from DC's. What's the way that we do that?

Response: You need to do that through the LTP . So you need to be talking to the asset planners about whether there are assets that could or should be provided that would be 100% funded from DC's or majority funded from DC's that could be added to the capex programme. But you need to do that through your capex programme planning rather than yeah, rather than just the DC policy.

Cllr Andrei Moore: So just, I mean just on Yani's last one like, I mean, there's certain things you'd expect with growth like areas being connected with footpaths and it was put forward as a priority and rejected from the capital programme altogether, despite the fact that it would be fully paid for with development contributions, which sort of leads me to ask, but also on the amount charged per property does the amount get assessed as part of this policy and does that amount likely to go up with inflation?

Response: The amount, it depends entirely on the investment the Council is making in assets to service growth. So if you go back to , you know we've got pages and pages and pages of these projects, these are the projects that the Council is investing in to service growth and those...

Mayor Phil Mauger: That's the secret to it. Projects that service growth. If you're just replacing a water main upper cul-de-sac that's not servicing the growth, DC don't come into that at all.

Response: Correct

Mayor Phil Mauger: Yeah, so there has to be a specific job that you line it up against.

Response: Yep. So it's all about providing the asset first, not getting the money first and then providing the asset.

Cllr Andrei Moore: So I guess what I'm asking, so for example in Halswell, 34 grand of property is that likely to increase?

Response: I don't know until we run the numbers with the new capex programme.

Cllr Andrei Moore: Gotcha. Gotcha. OK.

Response: And we bake in inflation. So that these numbers don't need to change each year. But we do refresh that inflation allocation every time we review the policy.

Cllr Andrei Moore: Understood. So next question is, so earlier this year when we had a briefing, I believe it was in around March, so there was a commitment to make sure that key stakeholders are part of a pre engagement process with the Halswell Resident Association being one of them, as a key growth area. When will that take place.

Response: That's going to have to be early new year now because I'm going to be out of action for next month.

Cllr Andrei Moore: So that will happen around, at the same time, it comes to us and goes out to consultation?

Response: It will be close to that time, but we'll be.

Cllr Andrei Moore: So there won't be a pre engagement process as was committed.

Response: Well, we'll be looking to do that before we come back to you and to be able to tell you what the pre engagement messaging was.

Cllr Andrei Moore: So it was messaging, so it would it will be messaging, it won't be pre engagement as was committed to?

Response: It will be talking with these organisations about the DC policy, about the matters that we're thinking about raising for proposed proposals for change. But, if they're wanting projects put in, that needs to come through the LTP.

Cllr Andrei Moore: Yeah. The so has there been pre engagement with certain stakeholders already?

Response: We're looking to organise that at the moment, but again, that's going to have to happen after Christmas now.

Cllr Andrei Moore: So, but there hasn't been any pre engagement thus far with any?

Response: No

Cllr Andrei Moore: All good. Thank you.

Cllr Kelly Barber: Thanks, Gavin. Really interesting. Just trying to understand better. On the north side of Christchurch is Preston, Preston's Park. 8-9 years ago was virtually nothing there, now there's well over 2000 sections. I know that the development contributions for one side of the road has been in the region of \$20 to \$30 million. Are there some places that are more expensive in terms of servicing an area like Preston, Preston's Park were quite isolated. There wasn't much around them. Is it more expensive to put in a place like that?

Response: Yeah, in terms of extending our networks and increasing the capacity of our networks, it is. And for the developer, you know, if you're putting new services into a Greenfield development, it's a lot cheaper than doing it in a brownfield development or in an infill situation. But we, you know, the stuff we're doing is away from the development footprint and so we're in that kind of expensive realm if you like.

Cllr Kelly Barber: So you know, if for arguments like that, they'd spend \$30 million, is it likely that actually the cost was much higher to Council to put in all the services around Preston, Preston's Park

Response: It's possible, but that's not the situation that we're aiming for.

Cllr Kelly Barber: Is there any visibility around that? Can I see the DC contributions from those subdivisions? Is it somewhere like this?

Response: I'm not sure, to be honest. I think you'd struggle to sort of separate them out and be able to correlate it to anything.

Cllr Kelly Barber: OK. And just a final question. Is it all about infrastructure or DCs, are some diverted to things like community centres?

Response: No, well, we, we might take DC's for assets like community centres. I don't know that we've got any at the moment that we are. We're certainly taking them for a library or two.... But we can't use it for anything other than growth assets.

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Cllr Andrei Moore: But community infrastructure is, there's a component there, the development contributions to community infrastructure so that can be used for what Kelly just mentioned.

Cllr Melanie Coker: I was going to mention about neighbourhood parks again but, sort of two bits when we're renewing playground equipment, just renewals, it's not covered by DC's is it because it's not growth is it right?

Response: Correct:

Cllr Melanie Coker: Because well, my question sort of was that, we've not got enough money in the parks budget for renewing playground equipment and I was just wondering if the reduction in the neighbourhood park amount, that we, whenever we made that decision a few years back, is contributing to that at all or not?

Cllr Andrei Moore: Can I just correct a point that was made? Development contributions can be used for some of those things, so for those playground renewals in Halswell the other week, some parts of that were funded through development contributions.

Cllr Melanie Coker: So therefore the answer is yes, said reduction over park, so the development contribution collection could be resulting in a reduction to playgrounds.

Response: No, because, the DC's we're taking from that we take for neighbourhood parks pays for the parks. We fund, the playgrounds from community facilities and if they're budgeted in the LTP and there's a growth component, we will be taking money from for DC's for those playgrounds.

Cllr Melanie Coker: OK, so that's from community facilities. The other question is, is there a way of using DC's to fund, like I know, street renewals is on there, like adding trees and things that people keep asking for, especially in the high intensity?

Response: Yeah, we'd like to look at whether we can do that and how to do that. I know we're looking at that taking financial contributions to plant trees as an offset.

Cllr Melanie Coker: But it's in development, not on public realm, isn't it?

Response: Well, the financial contributions at the plant trees in the public realm, in lieu of them being on the private property.

Cllr Melanie Coker: OK. Yeah.

Response: I know there's a little way to go with that yet and we need to keep doing some work in the background on whether we can use DC's as well as or instead of to try and get that, you know, the sort of outcome that we're looking for.

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Cllr Yani Johanson: Can we get some information back on how we could charge DC's for industrial and also the concept of having a regional DC rate to pay for our regional infrastructure? Thank you.

Mayor Phil Mauger: I think Gavin's hit nail on the head when he said it's for growth. And if you give something and you hit it, if it's something that's a bigger pipe that's needed for a miles away for some sections over there that need growth because it's capacity of the sewer pipe or the stormwater pipe that's the secret to the.

Response: And we do take DC's for industrial development or non-residential. And we're now taking DC's for parks and community facilities from those developments as well.

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Part 2: Nov 28, 2023

In person: Cllr Tyla Harrison-Hunt, Cllr Mark Peters, Cllr Tyrone Fields, Cllr Andrei Moore, Cllr James Gough, Cllr Aaron Victoria Henstock, Cllr Sam MacDonald, Mayor Phil Mauger, Cllr Pauline Cotter, Cllr Jake McLellan, Cllr Sara Templeton, Cllr Tim Scandrett, Cllr Celeste Donovan, Cllr Melanie Coker, Cllr Kelly Barber; Mayor Phil Mauger

Presentation:

The Principal Advisor Economic Policy continued the presentation on Development Contribution policy and presented and provided detail on the following slides:

- Development contributions policy (2 slides)
- 2024 Key policy issues identified to date

Open for questions

Cllr Mark Peters: Interested to hear your thoughts around the PC14 High Density changes. I'm not the thinking so much immediately because it's a more generalised problem, but areas that have got high density being proposed from, e.g. Hornby, Riccarton, other areas that are gonna obviously gonna need upgrades. Is that going to be handled with that?

Response: Well, in the past we had the Council was more in control of how those areas evolved so through zone changes and then could plan for asset upgrades and DCs... We're less able to control that now, so that's why we think a bigger catchment configuration we'll give us more flexibility in terms of being able to respond.

Cllr Mark Peters: We were already seeing blockage just because of medium density that is s going on there now. We're now gonna put high density on there... We've gotta cover in the DC policy to cope with it.

Response: Yeah, it's going to be a challenge for Council and you know, I think they will, there could be pinch points going forward, but you know that's happened before and we've worked through it so.

Cllr Mark Peters: It was mentioned about a list of projects. [audio issues]

Response: Of the top of my head, I would say no and but, you know, we should have a look at every situation.

Cllr Mark Peters: I guess, could you cover under a general coverage of safe transport projects, some of those ones that have been missed historically?

Response: We can take DC's for assets that we have provided in the past that we are currently providing, or that we plan to provide. So then you know there may be elements that we have missed in the past that we need to fix. But the asset planners are pretty on to that. But if there are examples where you think you know... I think everybody would be keen to have.

Cllr Tim Scandrett: First one, if someone leases land of the Council for a long period of time and built a structure on it, do we apply DC's to them? The second one. I just think it would be pointless to take DC's from a council owned project because all we actually end up doing is administration, and I think it's just stupidest thing so.

Response: We take DC's for council projects because Council projects are funded differently. In particular we take DC's for Three Waters assets because they are funded by targeted rates, from a targeted rate, by the residents who benefit from those assets that are connected to those methods. If we were to not charge the Council, then other residents would be paying for those particular assets.

Cllr Tim Scandrett: You mentioned say for instance a project like Te Kaha or say whether it's doing it for town hall or whatever it was. I think that that's kind of a difference to the Three Waters. I mean, although they'll have drainage and sewage etcetera.

Response: Yeah Te Kaha... Well, the upgrade of the Town Hall didn't pay any DC because it was like for like. And Te Kaha has been assessed for DC's and the assessment is pretty modest. It's like \$50,000 or something. And that is because the amount of existing use credits that are lying on the site, and then were given an extended life through a site amalgamation process, so.

Cllr Tim Scandrett: A new site would be, on a Greenfield would be different than that, obviously?

Response: Yeah

Mayor Phil Mauger: OPP, no DCs, if someone's building say an OPP building somewhere, there's no DC's on it?

Response: At the moment we aren't taking DC's for Council owned resource recovery facilities. So what I'm saying is, if the Council decides to build a new OPP, that facility will have a growth component, it won't be built simply to provide services for today's community, it'll have a growth element to it to provide for future residents. So there's a share of that that can be funded from DC's.

Mayor Phil Mauger: Just along on what Tim was saying about Te Kaha, and I understand there's the same amount of say, in theory, the same amount of toilets over there that were there when all those other buildings are there. What about water? I was walking through town the other day, and I was told that that see that building over there, we haven't got enough water. They've gotta build a big tank for their firefighting. It's more or less across the road from Te Kaha. Is that because Te Kaha is taking so much water capacity for maybe its firefighting stuff, which doesn't leave enough left for other people. so that's why Te Kaha should be paying for its water?

Response: I'm afraid I can't answer that.... You would need to talk to a water engineer about that situation.

Question

Mayor Phil Mauger: On DC's on Te Kaha. Th Kaha is watering the grass and got all these toilets flush and all that sort of stuff. It should be paying DC because it's putting a load on the system. If we haven't got enough water for someone else to do it.

Response: It will pay DCs for the demand on our infrastructure over and above what the demand was prior. So it's got existing use credits.

Cllr Yani Johanson: But 30,000 people going in for a game, that must have a massive impact on our infrastructure. So are we taking some transport projects funded through the DC.

Response: I don't do the assessment so I can't tell you.

Cllr Yani Johanson: I'd be interested. I think it would be because there's two issues. Do we charge the community DC's to pay for the stadium, or do we charge the development DC's to offset the cost of the impact?

Response: At the moment we don't charge the community for DC for Te Kaha.

Cllr Yani Johanson: And have we looked at that? Like we put a roof on so we could get more events, more.

Response: That's what I'm saying. That's what we want to look at. One of the things is, can we take DC for Te Kaha? Te Kaha is kind of a grey area because while on the one hand, it's replacing Lancaster Park, and so you could say it's a like for like basically, therefore there is no growth component, but on the other hand it's a facility that's quite different from Lancaster Park, and within that, there will be a growth component, so it's a matter of working through how that best fits.

Action 6.1

Cllr Yani Johanson: In regards to a small units. So basically what's happening is the developers are, the private cost of car parking has now become a public cost so people are parking on our roads and on our berms,. So is there a way that we could, through the DC process get money to compensate for the loss of parking to start putting some things in place?

Response: You'd probably need to talk to the transport people, but you know we are encouraging people to build without garaging to encourage... So it may be that this is some sort of transition, I don't know.

Question

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Cllr Tyla Harrison Hunt: I just want to get the gist of the DC's and [?], just a quick understanding on...

Response: We fund the growth proportion only of assets with capacity growth.

Cllr Tyla Harrison Hunt: So say for example Riccarton, gets DCs from fewer developers now under this now because it is going to be smaller?

Response: Now Riccarton doesn't get DC's. The various assets get DC's.

Briefing concludes