



Have your
Say!

Draft Development and Financial Contributions Policy 2024

Consultation Document

We're reviewing our Development and Financial Contributions Policy and proposing to make some changes.. We want to hear what you think.

This document provides a quick overview of the changes and a form for your feedback. The full draft policy is available at [ItsOurPlace.nz](https://www.itsourplace.nz)

We are accepting feedback until Sunday 28 April 2024

Consultation Document – Draft Development and Financial Contributions Policy 2024

Have Your Say – How should Council collect development contributions?

Introduction

Tell us what you think about our draft Development and Financial Contributions Policy 2024

Council wants to amend its Development and Financial Contributions Policy. The purpose of the changes is to:

1. update the value of the development contributions (DCs) to align with Council's expenditure on better infrastructure to meet the demands of growth;
2. introduce new water DCs for Methven-Springfield and Mount Somers because of investment in water treatment upgrades
3. changes to introduce greater fairness and flexibility into charges for lower impact residential development.
4. changes to water DCs at Fairton arising from the decision to add Fairton Township to the Ashburton water supply.
5. changes to comply with the Local Government Act 2002.

What are development contributions?

Development contributions enable Council to charge developers of new housing, accommodation and business developments a fair share of the cost of providing capacity to cater for growth.

What are development contributions used for?

Development contributions are used to provide new or upgraded infrastructure such as water, wastewater and community infrastructure. They must be related to growth.

What is the purpose of development contributions?

DCs enable Council to recover a fair, equitable, and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term from persons undertaking development.

How do you calculate the amount of development contributions?

For residential properties, we calculate development contributions based on the average household size. In Ashburton District, this is 2.5 residents. We refer to this as a "Household Unit Equivalent" or HUE. Each residential unit, regardless of the size is treated as being 1 HUE. That means, regardless of whether you have 5 people or 2 people in your household, the development contribution is the same amount. **In this policy review we are proposing some changes to introduce scope for more fairness and flexibility for residential units that may typically have fewer than two residents. See "Want more information?" for links to more information on this matter.**

For non-residential properties, we assess the potential demand on the water and wastewater networks based on the intended use. We include an Appendix in the Policy which identifies average uses for different businesses. When assessing community infrastructure, we believe that demand for that infrastructure is driven by population and we charge community infrastructure on residential and accommodation developments only.

What are financial contributions (FCs)?

FCs are charged under the Ashburton District Plan and the Resource Management Act 1991. FCs help ensure positive effects on the environment to offset any adverse effect from development. The most common use of FCs is at subdivision, taking land, cash or a combination of both for development of reserves. They do not have to be related to growth.

FAQs on development contributions and financial contributions can be found on Council's website.

Key changes

Changes to the value of development contributions (DCs)

Council has updated the schedules to the Policy to account for

- new capital expenditure (CAPEX) for growth;
- changes to previously planned CAPEX for growth;
- expected growth in demand;
- the addition of new asset capacity; and
- the consumption of pre-existing capacity in the last three years.

This causes changes to the \$ value of DCs per household unit equivalent (HUE) listed in Table 1.

The overall impact on DCs by township is shown in Table 2.

Table 1 - Summary of \$ changes proposed

Activity	2021 DC/HUE \$ (incl. GST)	Draft 2024 DC/HUE \$ (incl. GST)
Ashburton water supply DC	840	1,401
Ashburton water supply DC (with Fairton after cutover)	840	1,404
Ashburton wastewater DC	3,637	2,625
Fairton water supply DC	1,911	1,835
Fairton water supply DC (with Ashburton after cutover)	1,911	1,404

Activity	2021 DC/HUE \$ (incl. GST)	Draft 2024 DC/HUE \$ (incl. GST)
Hinds water supply DC	1,400	1,260
Methven water supply DC	2,182	5,105
Methven wastewater DC	303	1,215
Methven-Springfield water supply DC	0	4,930
Mount Somers water supply DC	0	21,510
Rakaia water supply DC	0	0
Rakaia wastewater DC	107	0
Whole of Ashburton District community infrastructure DC	4,892	6,179

Table 2 – Total \$ change by community (incl. GST)*

Community	2021 DC/HUE \$ (incl. GST) Total “A”	Draft 2024 DC/HUE \$ (incl. GST) Total “B”	\$ Change “B”-“A”
Ashburton	9,369	10,205	836
Ashburton (after Fairton water cutover)	9,369	10,208	839
Fairton	6,803	8,014	1,211
Fairton (after Ashburton water cutover)	6,803	7,325	522
Hinds	6,292	7,439	1,147
Methven	7,377	12,499	5,122
Methven-Springfield	4,892	11,109	6,217
Mount Somers	4,892	27,689	22,797
Rakaia	4,999	6,179	1,180
Rest of Ashburton District	4,892	6,179	1,287

* This table uses a residential development to calculate the \$DC/HUE. As noted previously, a non-residential development would not attract a community infrastructure DC and will attract water and wastewater DCs that reflect the demand associated with the development.

Key changes continued

New DCs for Methven-Springfield and Mount Somers

Methven-Springfield Water

Council proposes a DC for Methven-Springfield as it is now supplied treated water from the membrane filtration plant at Methven. Council invested around \$9M in the new plant and reservoirs at Methven. This included over \$1M in growth-related CAPEX.

The DC for Methven-Springfield does not include CAPEX related to main upgrades in Methven as these benefit Methven properties only. As Methven-Springfield is a closed scheme for stockwater purposes, the DC will only be triggered by applications for new houses, which are relatively uncommon.

Mount Somers Water

Council is investing over \$3M (growth CAPEX \$910K) to build a membrane filtration plant at Mount Somers. This is a substantial capital investment for a relatively small community. The DC enables people joining the scheme to pay their share of the growth they will consume.

More fairness and flexibility for lower impact residential development

The draft policy proposes a change to how Council calculates development contributions on lower impact residential developments, such as retirement developments.

The existing Policy treats every new retirement unit as if it was a typical residential house. We treat every house as if it had an average occupancy of 2.5 persons. Each house and each retirement unit pays 1 HUE for water, wastewater and community infrastructure. We have reliable information from various sources that shows that lower impact residential developments, like retirement developments have lower occupancy than our policy assumes. A typical retirement village has an average occupancy of around 1.6 people compared with the assumed average of 2.5 people in our policy. This equates to 0.64 HUE.

This approach better reflects good practice in the sector and the purpose and principles in the Act applying to development contributions.

A similar argument can be made for tiny homes or apartments, where the level of occupancy or the nature of the development will influence demand on the infrastructure.

We are proposing that all assessment calculations for lower impact residential development and non-residential development will be based on average occupancy rather than the maximum occupancy. This is consistent with the averaging approach applied to residential development.

We also propose that Council officers will consider other relevant evidence such as historic consumption figures (average and peak) from metered developments of comparable types. Officers will also consider data supplied by developers including, but not limited to, occupancy rates and typical annual consumption.

Options

Council is interested in your views on these options.

Option A – Support the policy as a whole.

This is the draft proposal from Council.

Advantages

- This proposal reflects the best available information on our capital expenditure for growth.
- It represents our best assessment of how the costs of growth should be apportioned to developers.
- It represents our best thinking on compliance issues and the methodology most appropriate for assessing lower impact residential development.

Disadvantages

- Some communities will face higher DCs as a result of the three-yearly review of the Policy.
- Applying a different assessment methodology will incur slightly more work processing applications for lower impact residential developments.

Option B – Reject the policy as a whole and keep the status quo.

Council considered this option but did not support it as a draft proposal for consultation as it did not address the issues identified in the Policy review.

Advantages

- This proposal does not increase DCs in most communities. The effect of under-recovery is to shift costs to ratepayers and increase rates. This advantages developers at the expense of ratepayers.

Disadvantages

- This option does not address the issues identified in the review.
- This proposal does not take into account the best available information.
- It does not reflect our best thinking on the fair apportionment of costs to developers.
- Small non-compliance issues are not addressed.

Option C – Accept some of the changes while rejecting the others.

Council considered each of the issues addressed in the draft Proposal and supports the solutions set out in the proposal as it believes each is a reasonable, affordable and effective solution to the issues identified in the Review.

Advantages

- Submitters may identify costs or benefits associated with changes that mean that some changes will be beneficial overall.

Disadvantages

- Based on the information considered to date, Council believes the benefits of each proposed change outweigh the costs.

Want more information?

Further information on the Policy can be found on Council's website (itsourplace.nz) including:

- A copy of the full policy as proposed.
- A document comparing Council's proposed 2024 DCs with those of other councils.
- A report providing more detail on the advantages and disadvantages of all changes and an annotated copy of the draft Policy showing the substantive changes.
- FAQs on development and financial contributions
- Links to the 2021 Policy

What Happens Next?

Timeframe	Development process
27 March -28 April	Community engagement We want to hear your views on the policy.
13-23 May	Hearings and deliberations Council will hear and deliberate on all submissions. This will happen alongside hearings and deliberations on other LTP policies and the Long-term Plan itself.
26 June	Policy adopted by Council. Council will adopt the Policy, either at the Council meeting on 26 June or at an earlier date after hearings and deliberations, with the new policy taking effect from 1 July 2024.

Have Your Say - Development and Financial Contributions Policy

What do YOU think?

Your feedback will help us to know whether we are on the right track. You can provide your feedback by completing the submission form in the back of this document, or online at itsourplace.nz. We are accepting feedback until Sunday 28 April 2024.

The scope of Council's decision on the draft Development and Financial Contributions Policy is the changes highlighted in this statement of proposal (and supporting information) and any related matter covered by the Policy. Submissions on new matters may be considered as part of future reviews.

Please note all submissions are public documents and will be made available on Council's website with the names of submitters included.

Submissions presented in the form of a petition or accompanied by multiple signatures will be processed as a single submission.

The easiest way to provide your feedback is online at itsourplace.nz

Alternatively, you can provide feedback by filling in the attached submission form and get it back to us using one of the following methods:

Freepost to Ashburton District Council
Freepost 230444
PO Box 94
Ashburton 7740

Email to submissions@adc.govt.nz

Hand in to Council reception at Te Whare Whakitere, Baring Square East

You have until Sunday 28 April 2024 to get your feedback in.

Please note that by making a submission, your information will be used in the following ways:

- Submission material, including your name and organisation (if applicable) but excluding your contact details, will be included in material available to Council, media and the public at our office and on our website.

- The contact details you provide will be used for administration of the consultation process, including informing you of the outcome of the consultation.

- The information you have provided will be stored and held by Council. If you would like to request access to, or make a correction to your personal information, please contact the Council staff.

Submission Form

Your details

Name* _____

Organisation (if appropriate) _____

Address _____

Phone _____

Email* _____

**these fields are required*

Do you wish to speak in support of your submission at the hearing?

(if no boxes are ticked, it will be considered that you do not wish to be heard)

☐ **Yes:**

The hearing will be held at Hine Paaka (the Council Chamber) between 13-16 May.

If yes, do you wish to be heard: ☐ **In-Person** or ☐ **Virtually**

☐ **No:**

I do not wish to speak in support of my submission and ask that the following written submission be fully considered.

You can submit on any or all of the questions below. You don't have to complete every question and you can comment on any aspect of the draft policy. You can provide attachments to support your submission. The full draft policy is available at itsourplace.nz

1. What is your preferred course of action on this policy?

- ☐ Adopt the policy as a whole
- ☐ Reject the policy and go back to the 2021 Policy
- ☐ Adopt some parts and change others

2. If your preference was to adopt some parts and change others, which parts would you adopt and which would you change? Please tick the box for your preference.

	Adopt	Change
Changes to the value of DCs		
New water DC at Methven-Springfield		
New water DC for Mount Somers		
Changes to Fairton DCs		
Fairer, more flexible approach to lower impact residential		
Compliance changes		

3. Where you prefer a change, please outline the proposed change and your reasons?

This image shows a full page of blank primary-ruled paper. It features ten sets of horizontal lines across the page. Each set consists of a solid top blue line, a dashed middle blue line, and a solid bottom blue line, providing a guide for letter height and placement in handwriting practice. The background is white, and there are no margins or other markings present.

4. Do you have any other ideas to improve the policy?

This image shows a full page of blank primary-ruled paper. It features ten sets of horizontal lines, each consisting of a solid top line, a dashed midline, and a solid bottom line, providing a guide for letter height and placement. The paper is otherwise completely blank, with no margins, text, or other markings.