

Development Contributions

Submissions Catalogue

11 July 2022

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Tyron Tomlinson

- Q1. He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu? What is your preferred option for the Development Contribution Policy?** Option 1 - Developer pays for growth

Q2. Kei i a koe ētahi atu whakaaro? Anything you would like to add?

I generally support development contributions being levied on new development within the Rotorua District. It is my opinion that development should be funded by those who are receiving the benefit. Although growth of the City arguably provides some benefits to some people/groups, the ratepayers of Rotorua should not be made to subsidise initial infrastructural costs for the sake of said growth. It is important for the Council to properly scrutinise the veracity and sources of any data provided regarding the benefits of growth, as opposed to relying on colloquial evidence. If insufficient data is provided, further investigations should be undertaken by reputable research organisations with real data. It is my opinion that the Council should be seeking to provide the best possible outcome to the greatest amount of people. The Council's objective should not be to provide a windfall to developers at the expense of ratepayers, but should be a fair and balanced approach to growth. Some arguments have been made in the media, and will no doubt be repeated through this submissions process, which suggest otherwise. It is recommended that these claims are viewed impartially and are taken from the starting position of scepticism. Notwithstanding the above, there are significant challenges to developers (see below), construction companies, and local businesses which arise from development and growth. These challenges are real and should not be disregarded. As a fair balance, I would like to propose that Council consider the levying of Development Contributions only at the time of building consent, as opposed to before or throughout the subdivisional process. The rationale behind this proposal is on the following grounds: 1. Development of land and the resource consent process is significantly more expensive and time consuming in Rotorua than in other regions. This is due to the unique ground conditions and associated peer review/engineering scrutiny undertaken at the time of resource consent. Further compliance costs at the 'front end' could pose a very real risk that Rotorua becomes an undesirable place for development and may limit the supply of new land coming on to the open market. 2. Land developers generally have limited financing and must ensure that a development is financially viable. Essentially, there must be sufficient profit margin, and an acceptable level of risk, in order to secure financing for a development. In recent years, there have been significant cost pressures which have affected the profit margin and risk appetite of developers, to name a few: - Real estate agents have marketed properties as having 'development potential' which has significantly increased the 'wholesale' price that developers are required to pay for either green or brownfield land. - Significant increases in the price of infrastructural components (internal to the development) which are required to be installed as part of the subdivisional process. - COVID related delays with relation to the sourcing of materials and labour. - Material and labour shortages due to increased demand. - Delays in Council processing resource consents and building consents due to COVID and higher than usual demand. - Delays in obtaining Council and other utility providers' approval to install infrastructure and connect to reticulated networks due to increased demand. - A significant number of developments are 'pre-sold' prior to obtaining resource consent, or undertaking physical works, these increased costs are not always able to be passed onto the 'retail' purchaser of property. - The relatively low value of 'retail' land in Rotorua compared to other regions. Additional costs to the 'front end' of the development process, albeit a relatively small increase, will likely affect the developers margin and may cause Rotorua to be overlooked as a less desirable place to undertake development. 3. There are already financial contributions for reserves and heritage (and discretion to charge for specific development impacts on public infrastructure) levied in accordance with Council's financial contributions policy. These are taken at the time of s224 (Resource Management Act 1991) certification, and are generally payable by the land developer. 4. Levying development contributions at building consent stage can easily be absorbed and financed by the retail purchaser of a parcel of land throughout the financing process for a new build. 5. Building consent fees in Rotorua are extremely low compared to other regions. As such, there is scope for additional fees to be levied without an impact on land developers. 6. Other Councils (i.e. Tauranga City) successfully levy development contributions at building consent stage.



Kylie

Q1. **He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu?What is your preferred option for the Development Contribution Policy?**

Option 1 - Developer pays for growth

Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

Developers most certainly benefit profit wise from their work, so I don't see why ratepayers should foot the bill



Judy Gardner

Q1. **He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu?What is your preferred option for the Development Contribution Policy?** Option 1 - Developer pays for growth

Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

not answered



Rachael McGarvie

**Q1. He aha tāu e pirangi ai mo Kaupapa Here
Whakamato Tupu?What is your preferred option
for the Development Contribution Policy?**

Option 1 - Developer pays for growth

Q2. Kei i a koe ētahi atu whakaaro?Anything you would like to add?

The fees proposed are not excessive. Although I do not understand why there is no storm water fee for Ngongotaha, but a \$7000 fee for Rotorua central, eastern and western.



Judy Casey

Q1. **He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu? What is your preferred option for the Development Contribution Policy?**

Option 1 - Developer pays for growth

Q2. **Kei i a koe ētahi atu whakaaro? Anything you would like to add?**

Rotorua Ratepayers are struggling to pay the current level of rates. To be burdened with paying for new housing will be impossible and unjust for the majority.



Roger Loveless

Q1. **He aha tāu e pirangi ai mo Kaupapa Here** Option 1 - Developer pays for growth

**Whakamato Tupu?What is your preferred option
for the Development Contribution Policy?**

Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

It is many years since Council had the statutory right to charge development contributions, and the lack of the additional revenue this would have generated has led to some infrastructure not being upgraded to cope with the additional demand placed on it by new developments. Footpaths on streets which were formally cul de sacs now serving far more dwellings have not been upgraded, the recent Ngapuna waste water pumping station failure could have been exacerbated, at least in part by increased flow rates caused by new development, and better parks and reserves could possibly have been constructed to serve the increased population without having to wait for government support. This is a long overdue and unfortunately necessary revenue stream that needs to be used wisely.



Wieland Hartwig

Q1. **He aha tāu e pirangi ai mo Kaupapa Here** Option 1 - Developer pays for growth

**Whakamato Tupu?What is your preferred option
for the Development Contribution Policy?**

Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

Developer pays for the construction. It will be incorporated in the sale price of the section. Which means that the home owner pays; not the developer; Rotorua pays for maintenance, repair, etc. via rates.



Roger Willard

- Q1. **He aha tāu e pirangi ai mo Kaupapa Here** Option 2 - Ratepayer pays for growth
Whakamato Tupu?What is your preferred option
for the Development Contribution Policy?
-

- Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

Development Levy increase cost when cash flow is critical. It is not more than a development deterring tax. Pay as you use services is far fairer to proceed. And what if a business folds. Does it get its Levy back? Development Levies are ill conceived, expensive to implement, over complicated, negative in every way. Control of frivolous Council spending and stopping 'glory' projects - stop buying pretty pictures projects, and better control over all project's costs is seriously needed. Replacing the city focus was a mistake, as was the extent of the lake front redevelopment, the green cycle way through the CBD was a serious error of judgment, the sculpture at Hemo Gorge was ill conceived. How much money can be saved with clearer thinking and proper development ideas, budgeting and cost controls? The hugely negative effect of Development Levies could then be avoided. Cost overruns on Glory projects the council's failure to fix the Museum, Blue Baths, Howard Morrison Centre, failed city focus, west end of Kuirā Park, and the homeless in the midst of our tourist accommodation is killing the city and Development Levies will put a nail in the coffin.



Hamish Hamilton

- Q1. **He aha tāu e pirangi ai mo Kaupapa Here** Option 2 - Ratepayer pays for growth
Whakamato Tupu?What is your preferred option
for the Development Contribution Policy?
-

- Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

Although the recent annual number of residential dwellings is high. This is coming off a low base. Sections in Rotorua have typically been hard to come by with little growth in bareland development. Rotorua needs to present itself as open for development and use its more affordable sections as an advantage to grow the ratings base. Sticking developers with added costs just puts sections out of reach of middle income families. We can't fix the housing crisis by putting up the cost of new sections. Although the initial outlay for infrastructure for new developments is paid for by existing ratepayers, in the long run the extra ratepayers contribute more to the region, and a bigger rating base means more future opportunities to develop the fun stuff for ratepayers and fund better services, along with replacing existing aging infrastructure. It's the councils job to do the boring infrastructure well before thinking about the other fun stuff.



Tania Squibb

Q1. **He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu? What is your preferred option for the Development Contribution Policy?**

Option 1 - Developer pays for growth

Q2. **Kei i a koe ētahi atu whakaaro? Anything you would like to add?**

not answered



Andrew Watts

Q1. **He aha tāu e pirangi ai mo Kaupapa Here** Option 2 - Ratepayer pays for growth
Whakamato Tupu?What is your preferred option
for the Development Contribution Policy?

Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

This is an investment by the council. By increasing infrastructure, you are bringing more ratepayers into the district. If developers do it, it will result in private solutions and corporate fees for future homeowners, which is not sustainable, especially for low incomes. The council is also able to borrow for this at lower rates than a developer ever could.



Jasmin

Q1. **He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu? What is your preferred option for the Development Contribution Policy?**

Option 1 - Developer pays for growth

Q2. **Kei i a koe ētahi atu whakaaro? Anything you would like to add?**

This makes logical sense. Developers can factor extra costs into the project price and pass on costs to purchasers. Purchasers will then pay rates.



Kerri Anne Hancock

Q1. **He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu?What is your preferred option for the Development Contribution Policy?** Option 1 - Developer pays for growth

Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

not answered



Kyle

Q1. **He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu? What is your preferred option for the Development Contribution Policy?**

Option 1 - Developer pays for growth

Q2. **Kei i a koe ētahi atu whakaaro? Anything you would like to add?**

not answered



Huia Renata

- Q1. **He aha tāu e pirangi ai mo Kaupapa Here** Option 1 - Developer pays for growth
Whakamato Tupu?What is your preferred option
for the Development Contribution Policy?

Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

The commercialisation of the redwoods is wrong. Our local council selling rights to companies exploiting our forest and turning it into a play ground for well off locals/councilors who live in lynmore. The eye site is in the redwoods to service the well off locals/councilors going for their daily bike rides. The ambulance service is now on the ngae Rd, busiest road in Rotorua. Why is it there? To service our well of community in lynmore!! How long would an ambulance take to get to an emergency in western heights in peak traffic, or ngongotaha. There should be an ambulance service based in central Rotorua. There seems to be alot of tax payers money being spent to modify redwoods and surrounding areas. Who is that benefiting? The lynmore community. What is happening with the town center?it is dirty and depressing. It almost feels like the town center is lynmore. The council gives/sells liquor licenses for bottle shops/bars to open up in our most deprived areas, westend, fordlands, western heights next to schools. Shopping centers in our town are dirty and ugly. Why isn't rates money going into our deprived areas. The council are selling off parks to the government for social housing in areas already dense with social housing. Is the government housing for our local people? There are parks in lynmore? Why not sell a park in lynmore for social housing? There needs to be green spaces even on the wrong side of Rotorua (not lynmore). Money should not be spent on extravagant art pieces when children are living in motels, or going hungry in our town. Maybe councilors have a pay cut so our rates don't keep going up and making rents go up with it, making families homeless. No, rates should not pay for developers to save their money while making a profit.

If the houses are not social housing the developers should pay100%, they make enough profit after sale. Only wealthy people would be able to afford buying from developers, they can afford it. We as rate payers cannot. If for social housing the council should drop all the permit costs and councilors and CEOs of council should take a pay cut, not have their wages go up every year when our rates go up. It's going to be unaffordable to own a house, with mortgage rates increase and cost of living rise and rate increases every year. Council have so far made superficial expensive changes to our town ie kuirau park, lake front, to appease our tourist market without addressing poverty in our town or our run down looking township. Progress needs to be in town not spending millions on exploiting the redwood forest, taking away it's mauri. Selling permits to companies exploiting the forest to make a buck. Turning it into a cycling track for the well off Lynmore locals. There is dog feases on most of the tracks not just the dog track and dog urine can be smelt right through the dog track. I know the council have to say they consulted the community (because the secret sale of the 10 parks the councilors are selling off was leaked) just to tick that box. The council will go ahead and sell like jp Gaston said they have the last say whether the community overwhelmingly disagrees or not. Money is what it comes down to. This council does not listen to its community even though they are paid by their community rate payers.



Darryl Church

Q1. **He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu?What is your preferred option for the Development Contribution Policy?** Option 2 - Ratepayer pays for growth

Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

Planning and putting growth infrastructure in place should be the collective cost of the city, not a penalty payment for those contributing or investing towards the development and growth.



Brian Brown

Q1. **He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu? What is your preferred option for the Development Contribution Policy?**

Option 1 - Developer pays for growth

Q2. **Kei i a koe ētahi atu whakaaro? Anything you would like to add?**

not answered



Ros Mihaka

Q1. **He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu? What is your preferred option for the Development Contribution Policy?**

Option 1 - Developer pays for growth

Q2. **Kei i a koe ētahi atu whakaaro? Anything you would like to add?**

not answered



Claudia Raupita

Q1. **He aha tāu e pirangi ai mo Kaupapa Here** Option 1 - Developer pays for growth

**Whakamato Tupu?What is your preferred option
for the Development Contribution Policy?**

Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

Ratepayers are already paying enough. They still have to make a living they still have to feed there families and with the amounts of increases happening food, petrol, transport coughing up money they might not have will put themselves in hardship.



Andrea

Q1. **He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu?What is your preferred option for the Development Contribution Policy?** Option 2 - Ratepayer pays for growth

Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

not answered



Frank Hickey

- Q1. **He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu?What is your preferred option for the Development Contribution Policy?**
- Option 1 - Developer pays for growth
Option 2 - Ratepayer pays for growth

Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

Reading through all of the information, there is no doubt in my mind that this is a foregone conclusion and that the development contribution is to be put in place. There may be some tinkering on the fringes but the documents provided are comprehensive. There is no mention of the 3 waters proposal that the government is putting into place. Is there any cross over? I remember when the development contribution was in place in the early 2000 and I have no doubt there were a number of projects that didn't proceed due to these additional capital costs. The development contribution at the time was very controversial. I think reading between the lines with the combination of the financial contribution and the development contribution the poor developer is going to be prepared for high capital costs. In the FAQ sheet, there is an example of an additional shed of 2000 m2 on an existing site, the total cost of the DC would be 51K. Do the projects that are consented by the government have to pay the DC? The way this submission is couched most ratepayers will be happy for developers to pay the DC. The council should be communicating with developers as to their thoughts and the impact on their future work in Rotorua, possibly consider alternatives to how the DC gets paid, to reduce capital cost and also the price of the house etc by that amount. As a suggestion possibly a levy on the rates for these properties over a period of 10 years to cover the DC?? The ratepayer will still in effect fund the development but will get repaid over an agreed time. There may be some additional interest charges etc but in the scheme of things may be more attractive to the developer who we want to encourage to build in Rotorua.



Michael Patrick Grey

**Q1. He aha tāu e pirangi ai mo Kaupapa Here
Whakamato Tupu?What is your preferred option
for the Development Contribution Policy?**

Option 1 - Developer pays for growth

Q2. Kei i a koe ētahi atu whakaaro?Anything you would like to add?

Suggest the "contribution" approach.... Also that the amount paid reflect the distance from the development to the appropriate treatment plant.



Karen Love

**Q1. He aha tāu e pirangi ai mo Kaupapa Here
Whakamato Tupu?What is your preferred option
for the Development Contribution Policy?**

Option 1 - Developer pays for growth

Q2. Kei i a koe ētahi atu whakaaro?Anything you would like to add?

not answered



Alex

Q1. He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu? What is your preferred option for the Development Contribution Policy?

Option 2 - Ratepayer pays for growth

Q2. Kei i a koe ētahi atu whakaaro? Anything you would like to add?

If you make developers pay for growth, then you would need to work with Kainga Ora to increase their price cap for the first home grant. Currently it is \$525k and there are no new properties on the market in Rotorua at this price. Most of first home buyers reliant on this grant and higher price just excluding them to buy new property.



Hamiora Werahiko

Q1. **He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu?What is your preferred option for the Development Contribution Policy?** Option 1 - Developer pays for growth

Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

Development and expansion is needed but council debt it to high and shouldn't be increased to fund all development.



Georgia Bell

Q1. **He aha tāu e pirangi ai mo Kaupapa Here** Option 2 - Ratepayer pays for growth

Whakamato Tupu?What is your preferred option for the Development Contribution Policy?

Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

We already pay some of the highest rates in the country. The council needs to focus its spending on the core purpose of the council and stop the ego projects. Re-establish what your purpose is and do that well, then and only then if there is money left over you should be spending money on fluff. Also with three waters will a lot of this imagined infrastructure cost be worn elsewhere and this is just the councils way of cashing in on already cash strapped home buyers in a crazily overpriced market? As a ratepayer who moved here for work we are seriously considering moving away as this city is going downhill. We pay more than \$60 a week in rates, money that we are really starting to hurt for in this economy, and for what, to live on a street with less than half the needed streetlights, exorbitant dog registration fees in a town that you can't take your dog in down or to the water front or to the city gardens. The parking machines don't work, the homeless problem has stopped us shopping in town, when it rains all the streets flood, what exactly is the council doing with all this money? It's millions of dollars?!? For what? Honestly disgraceful



Patrick Gao

**Q1. He aha tāu e pirangi ai mo Kaupapa Here
Whakamato Tupu?What is your preferred option
for the Development Contribution Policy?**

Option 2 - Ratepayer pays for growth

Q2. Kei i a koe ētahi atu whakaaro?Anything you would like to add?

can it be shared?



Kate Barry-Piceno

- Q1. **He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu?What is your preferred option for the Development Contribution Policy?**
- Option 1 - Developer pays for growth
Option 2 - Ratepayer pays for growth

- Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

That's a really loaded, biased survey question that predetermines the answer to a question put to ratepayers without fully understanding what that means. The issues, and the question and answer, should always be more nuanced than the simplistic two alternative options. Ratepayers should pay for growth where there are wider benefits to the community. If you pile on costs to developers Rotorua risks getting a lower or substandard level of private investment in growth.



Libby Gosling

- Q1. **He aha tāu e pirangi ai mo Kaupapa Here** Option 1 - Developer pays for growth
Whakamato Tupu?What is your preferred option
for the Development Contribution Policy?

- Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

Please find a submission on behalf of Classic Builders Lakes District below. In recognising the significant growth in Rotorua and the pressure that is placing on existing infrastructure, we support the Council recommencing collection of development contributions with the following comment: We believe that the proposed date of 01 September 2022 is too soon. As Developers, we factor in Development Contributions when we assess financial feasibility at the time of buying the land. For projects currently underway, this short timeframe does not allow for existing project budgets to accommodate the proposed Development Contributions. Development Contributions need to be factored into the initial financial decision to proceed with the development. We propose that there be a longer lead-in-time to implement the Development Contributions alongside the Financial Contributions currently collected. To enable development to be funded, we propose the following: • Financial Contributions be paused for the first couple of years of Development Contributions being payable, and then phase back in the Reserves Contributions. We understand that there is an earmarked reserve of money available for Reserves as Rotorua Lakes Council has been collecting Financial Contributions for reserves for some time. This would allow Developers to be able to forecast both the Development and Reserves Contributions into their future developments. We would not like to see potential developments fail to proceed due to the financial burden of both Development and Reserves Contributions being payable at what is a very short notice period for implementation.



Seth Aandewiel

**Q1. He aha tāu e pirangi ai mo Kaupapa Here
Whakamato Tupu?What is your preferred option
for the Development Contribution Policy?**

Option 2 - Ratepayer pays for growth

Q2. Kei i a koe ētahi atu whakaaro?Anything you would like to add?

Ultimately the rate payer (property owners) will benefit from the growth as this will increase the capital value of their property. For example as Tauranga has grown, the more centrally located houses have increased in value at a greater rate. The big concern is that the council will allow growth beyond what the infrastructure is capable of. Please do not let our small city become a congested large city.



Kayla

Q1. **He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu?What is your preferred option for the Development Contribution Policy?** Option 1 - Developer pays for growth

Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

n/a



Amanda Hoffman

**Q1. He aha tāu e pirangi ai mo Kaupapa Here
Whakamato Tupu?What is your preferred option
for the Development Contribution Policy?**

Option 1 - Developer pays for growth

Q2. Kei i a koe ētahi atu whakaaro?Anything you would like to add?

As a ratepayer we are already paying for this cities growth. Enough is enough, we can't afford another rates increase.



Felicity Thomas

Q1. **He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu?What is your preferred option for the Development Contribution Policy?**

Option 1 - Developer pays for growth

Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

not answered



Irene Stoddar

**Q1. He aha tāu e pirangi ai mo Kaupapa Here
Whakamato Tupu?What is your preferred option
for the Development Contribution Policy?**

Option 2 - Ratepayer pays for growth

Q2. Kei i a koe ētahi atu whakaaro?Anything you would like to add?

Surely this is an investment, development will bring more ratepayers into the district and return that investment.



Emma Hardie

Q1. He aha tāu e pirangi ai mo Kaupapa Here
Whakamato Tupu?What is your preferred option
for the Development Contribution Policy?

Option 1 - Developer pays for growth

Q2. Kei i a koe ētahi atu whakaaro?Anything you would like to add?

Not answered



Emma Cooper

Q1. **He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu? What is your preferred option for the Development Contribution Policy?**

Option 1 - Developer pays for growth

Q2. **Kei i a koe ētahi atu whakaaro? Anything you would like to add?**

Rates are ridiculous!!! That is not an option.



Kimberley O'Callaghan

Q1. **He aha tāu e pirangi ai mo Kaupapa Here** Option 1 - Developer pays for growth

Whakamato Tupu?What is your preferred option for the Development Contribution Policy?

Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

People with the power to do so need to realise the problems are being caused by growth, expansion and profitability and this is destroying Rotorua. They need to turn away from materialist matters damaging the economy. Where is the community gardens so whānau can have fresh kai, instead of making more homes that are above affordable costs community gardens would at least relieve some stress. Rangatahi programs to evolve everyone in giving back or up skilling. Incentive programs to get everyone off the benefit and breaking generational cycles of drug, alcohol, mental and physical abuse because they have no self worth since the economy make it impossible to thrive. If only the people with the power to do so actually cared and did right by the people.



Sue Mcguire

Q1. **He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu?What is your preferred option for the Development Contribution Policy?**

Option 1 - Developer pays for growth

Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

not answered



Karen Porteous

Q1. **He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu?What is your preferred option for the Development Contribution Policy?** Option 1 - Developer pays for growth

Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

Agree that the Developer pays for the growth and not the Rate payers like me.



Melissa Evans

**Q1. He aha tāu e pirangi ai mo Kaupapa Here
Whakamato Tupu?What is your preferred option
for the Development Contribution Policy?**

Option 1 - Developer pays for growth

Q2. Kei i a koe ētahi atu whakaaro?Anything you would like to add?

I would like the council to investigate current opex and capex and look where cost savings can be made. Perhaps looking at current wage and salary expenditure should be explored in parallel with the current year rates increase. Additionally with new builds will create new revenue. Maybe more business expertise is required to determine the best opportunities to support growth in our community.



Christina Harkness

Q1. **He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu?What is your preferred option for the Development Contribution Policy?** Option 1 - Developer pays for growth

Q2. **Kei i a koe ētahi atu whakaaro?Anything you would like to add?**

The council need to stop giving themselves pay rises & blaming the rise of rates on other issues



Kay Cole

**Q1. He aha tāu e pirangi ai mo Kaupapa Here
Whakamato Tupu?What is your preferred option
for the Development Contribution Policy?**

Option 1 - Developer pays for growth

Q2. Kei i a koe ētahi atu whakaaro?Anything you would like to add?

I think it is fairer to have a user pay system instead of ratepayers having to pay for growth in this area.



Amelia Hall

Q1. He aha tāu e pirangi ai mo Kaupapa Here Whakamato Tupu?What is your preferred option for the Development Contribution Policy?

Option 1 - Developer pays for growth

Q2. Kei i a koe ētahi atu whakaaro?Anything you would like to add?

not answered



Amy Armer

**Q1. He aha tāu e pirangi ai mo Kaupapa Here
Whakamato Tupu?What is your preferred option
for the Development Contribution Policy?**

Option 2 - Ratepayer pays for growth

Q2. Kei i a koe ētahi atu whakaaro?Anything you would like to add?

not answered



Simon Webbison

**Q1. He aha tāu e pirangi ai mo Kaupapa Here
Whakamato Tupu?What is your preferred option
for the Development Contribution Policy?**

Option 2 - Ratepayer pays for growth

Q2. Kei i a koe ētahi atu whakaaro?Anything you would like to add?

The cost of housing in NZ is principally driven by the marginal cost of new housing. We should endeavor to lower this, including reducing unnecessary reports as part of consenting to help lower developers costs. It is best to recoup costs over the longer term from actual growth in the city via rates. Consider development contributions for brand new land rather than infill housing. We need more density. I am someone who has been passionate about helping Rotorua grow with modern housing. It takes a lot of time and effort, plus cost to do this. A reason we chose to do this in Rotorua was the supportive framework around no development contributions.

16 June 2022

Rotorua District Council
Private Bag 3029
Rotorua Mail Centre
Rotorua 3046

Attention: Geoff Williams
Email: letstalk@rotorualc.nz

Dear Geoff

**Submission to Draft Development Contributions Policy
Stratum Consultants Ltd**

1. Introduction

Stratum Consultants Ltd (Stratum) have reviewed the draft Development Contributions policy and would like to make a submission on the matter.

Stratum wishes to be heard with regard to this submission.

2. Background

- a) Stratum is a long-established firm of surveyors, planners and engineers. We have been active in the Rotorua and Bay of Plenty region for approximately 50 years. Stratum have been providing advice and support to clients carrying out all forms of land development. These include rural, greenfield and infill subdivisions, commercial and industrial developments, and civil engineering projects.

- b) This new draft Development Contributions Policy will have a serious effect on residential, commercial, and industrial development in the Rotorua district. Its introduction should be carefully considered by Council.

3. Submission Points

Stratum have reviewed the draft Development Contributions Policy and provide the following submission points.

- c) Overall, Stratum oppose the Development Contributions Policy in part.
- d) Point of Difference - Many of our clients are investors from out of town. They own rental properties and are often willing to buy and develop land here as they see Rotorua as a good place to invest. One of the main reasons for this is that Rotorua is one of the few districts that does not currently have a Development Contribution policy. This makes development cheaper in a relative sense, when compared to other regions. This is a very real and significant positive point of difference for Rotorua in the eyes of these clients. In the current times we believe it is important for Rotorua to retain this point of difference.
- e) Timing of Introduction - The introduction of the Development Contribution policy is ill-timed. It is well documented that a recession is likely looming, and the introduction of Development Contributions could become a further barrier to already decreasing growth in our district.
- f) Consultation Period - Assuming this policy is put in place and Council start imposing Development Contributions on new developments, we understand that a likely introduction date would be early September 2022. The Council initially announced this policy via the notice of consultation on 16 May 2022. Therefore, this is effectively 4 months between the beginning of consultation through to implementation. In our view this is not enough time for developers and landowners to prepare for, and adjust for this new policy.

In today's environment for an applicant to prepare even a simple subdivision application normally takes 3-4 months. This is because an application normally includes the preliminary survey work and the preparation of plans, undertaking a geotechnical and stormwater assessment, and liaising with service providers. For more complicated applications there may be a need for additional inputs from specialists (e.g. for contamination, noise, traffic, visual assessments, landscaping assessments, etc) and/or pre-consultation discussions with Council staff. All of these things take time to arrange, carry out the necessary field works and prepare the necessary reports / applications. 3-4 months

is not long enough.

In addition, some investors and developers have already made preliminary deals or arrangements in relation to the purchase or development of land. The rushed introduction of a Development Contribution policy will mean that they will not have the opportunity to properly plan or react to this change.

If Council decide to implement this policy we believe a longer lead-in time is required before this policy is introduced. We suggest an introduction date of mid 2023 be a sensible time for the introduction of this policy. This will allow an appropriate amount of time for developers and landowners to properly plan for the introduction of this policy.

- g) Split Contribution between the Subdivision and the Building Consent - Assuming this policy is put in place, for residential situations we believe it is unfair for the whole of the contribution to be imposed at the subdivision stage. A fairer way would be to *split* the contribution between the subdivision and the Building Consent steps of development (i.e. if the contribution was \$10,000 total, Council could charge \$5,000 when the new vacant lot was created, and then charge the remaining \$5,000 when a dwelling actually gets built on the site). This is fairer because the purpose of the Development Contribution is to create a charge for the additional load on Council services (sewer, water and stormwater). The subdivision (which creates the vacant section) does not actually create any additional load on the Council infrastructure – it is the establishment and use of a dwelling on this site that creates the additional load. Therefore, the spreading of the payment of the contribution will create a payment system that better reflects the actual effects on the services.
- h) Calculation of the Development Contributions for Industrial and Commercial Developments - For Industrial and Commercial developments, we have reviewed the methodology of how Council will calculate the Development Contribution. The calculation process seems complicated and subject to interpretation. This means that estimating the amount of Development Contribution to pay is difficult for a developer to do, particularly at the concept stages of a project. Assuming this policy is put in place, we ask that Council make their methodology simple and as clear as possible. Also, there needs to be a way that a developer can request that Council provide a calculated amount of contribution required for a proposed development. This amount should be able to be discussed and then be binding if the proposal proceeds. In summary, the developer needs absolute certainty on this cost at an early stage of a project.
- i) Credits - We question the integrity of the "credit" method proposed for the development of existing sites. The methodology allows for the credit only specific to each Development

Contribution component, not across all of the individual Development Contribution components as a whole. For example, if a proposed redevelopment generates less stormwater than existing, then Council take the extra credit and it is not able to be transferred across to the other sewer or water components. However, if the proposal generates more stormwater, then the developer must pay extra. It seems Council is happy to *take* the credits, but not *give back* any credits when they are present.

4. Relief Sought

- j) If introduced, a longer lead-in time for the introduction of Development Contributions is required. We have suggested mid-2023.
- k) If introduced, we have suggested a split of the Development Contributions payable at Subdivision and Building Consent stages.
- l) If introduced, we ask that Council make their methodology simple and as clear as possible. Also, there needs to be a way that a developer can request that Council provide a calculated amount of contribution required for a proposed development.
- m) If introduced, we ask that the Council methodology for industrial and commercial developments allow for Council to *give back* any credits in the overall calculation of the contribution amount.

5. Closure

Stratum Consultants Ltd wish to retain an active part to this specific submission process. We look forward to speaking to this submission in due course.

Otherwise, should you have any queries regarding this matter, please do not hesitate to contact the undersigned.

Yours faithfully

Stratum Consultants Ltd

SUBMISSION



To: Rotorua Lakes Council
Civic Centre
1061 Haupapa Street, Rotorua
Via email: letstalk@rotorualc.nz

Date: 16th of June 2022

Submission on: **Draft Development Contributions Policy 2022/23**

1. INTRODUCTION

- 1.1 Federated Farmers appreciates this opportunity to submit on the discussion document (**document**) prepared by Rotorua Lakes Council (**RLC** or **Council**) on the draft Development Contributions Policy (**DCP**) 2022/23.
- 1.2 We acknowledge any submissions from individual members of Federated Farmers.
- 1.3 We would like the opportunity to speak to Council about our submission.
- 1.4 Federated Farmers is focused on the transparency of rate setting, rates equity and both the overall and relative cost of local government on rural ratepayers.
- 1.5 We also submit on central government policies that affect local government revenue and spending, with the aim of ensuring that local government has the appropriate resources to carry out their functions.
- 1.6 We base our arguments on the considerable cost of rates to farm businesses, in terms of the value and relative accessibility of farmers to ratepayer funded services, the rates levels on farms compared to other residents and businesses, and the failure of property value to reflect the incomes of farmers and their relative ability to pay.
- 1.7 Federated Farmers is conscious that there may be significant 'consultation fatigue' out in the community, following the LTP consultation process and 18 months' worth of significant central government proposals.
- 1.8 Our members do not want their busy silence to be misconstrued as disinterest in the proposed changes. Given the challenging regulatory and economic environment we are currently in, we acknowledge this may result in a low response rate to the consultation process.

2. GENERAL COMMENTS

- 2.1 Federated Farmers congratulates RLC on producing a transparent draft DCP and associated documentation.
- 2.2 We note that 2022 is an uncertain year for all ratepayers, as well as Council. Inflation is rising, the long-term impacts of the COVID-19 pandemic are unknown, and with Three Waters and Resource Management Act reform the future role of district councils is uncertain.
- 2.3 Further, COVID-19, inflation and rising fuel and food prices are putting families under significant pressure. Our members as farmers also face additional substantial challenges, including labor shortages, increasing compliance costs, supply chain problems and increases in farm input costs. As such, any measures that can be taken to shift rate burdens away from rural rate payers is generally welcome.
- 2.4 We note that RLC plans to incur expenditure of \$60.4 million (before interest costs) during the 10-year term of the LTP on infrastructure partially or wholly needed to meet the increased demand for community facilities necessary to service growth. This includes works undertaken in anticipation of growth, and future planned works. Of this cost, 50 percent (%) will be funded from development contributions, and 50% will be funded from debt and other sources. Including interest costs the total cost of capital expenditure to be funded by development contributions is \$30.5 million.
- 2.5 Federated Farmers notes that a 50% recovery through development contributions is a good start, however Council should consider increasing the percentage of costs recovered over time, if it is appropriate to do so.
- 2.6 Spending restraint remains necessary, and the reintroduction of development contributions is welcome. However, until substantive reductions in both operating and capital expenditure are achieved, it is essentially shuffling the burden of the community's myriad wants, as distinct from the community's needs. We ask Council to continue to work hard to seek alternative funding streams such as grants and subsidies where possible.
- 2.7 Federated Farmers supports user pays principles and therefore actual, fair, and reasonable fees structures. We simply note with concern the ever-increasing upward trend of all Council rates, fees, and charges.

3. PREFERRED PROPOSAL

- 3.1 Federated Farmers supports Proposal 1 – developers pay for growth. We support the general principles behind attempting to recover the capital costs attributable to development from those who are creating a need for greater capital investment, through a development contributions policy, as an alternative to rates solely funding of this expenditure.
- 3.2 Given the growth Rotorua Lakes district is experiencing, Federated Farmers generally supports the principal of user pays for those who cause the need for the new infrastructure and services, rather than ratepayers.
- 3.3 However, this should in no way be seen as an “easy out” for Council’s lack of prudent financial management, nor a justification for further unreasonable expenditure. Further financial restraint is necessary under the current conditions.
- 3.4 We are of the understanding that development contributions will only apply to the areas in the catchment maps outlined in Part 3 of the draft DCP. It is acknowledged that existing communities can also benefit from new infrastructure and services. As such, Federated Farmers supports the proposal to only charge development contributions for the Rotorua urban area.
- 3.5 Federated Farmers notes that the requirement for development contributions should be an alternative to rates revenue, not an additional funding source that simply taxes the ratepayer base in a novel way, through a method that avoids the scrutiny that the setting and distribution of rates is subject to.

- 3.6 We recommend including an allowance for a development to be excluded from a development contributions charge where there is no direct, and logical, connection between the development and a greater demand for the activity funded, in line with legislative requirements and existing case law. Federated Farmers also recommends Council allow provision for, and accurately inform those asked to pay development contributions of their ability to apply for exemptions where the developer feels there is no such connection.
- 3.7 The current mechanism (Proposal 2 – ratepayers pay for growth) is inequitable, particularly for our members as rural rate payers who do not create demand for growth in the urban area. As previously noted, and acknowledged in numerous of our past submissions to Council processes, our members end up paying more as individual ratepayers than any other ratepayer group and any shift away from reliance on general rates is welcomed.
- 3.8 Federated Farmers believes attempting to recover costs by those who create the cost, or make a greater call on Council's services, should be extended through to Council's wider funding policies for the day-to-day costs of Council's activities (not just the capital expenditure). We ask RLC to make greater use of the rating tools to align the amount each ratepayer category pays with the relative benefit received. Until this is achieved, the community can continue to ask for more with rural rate payers (and other ratepayers with relatively high property values) footing the bill.
- 3.9 The sustainability of rates is a concern for our farming community. For the farming sector, affordable rates means a bigger contribution to the district's economy, which is more essential than ever.
- 3.10 We believe that the implementation of development contributions will enable better use of rates. We note that in terms of rating charges, rural people do not generally get to enjoy urban facilities and services to the extent that urban based people do, solely because of the distance and time to access them. Therefore, we believe the proposed change is a good step towards recognising this lack of benefit to rural rate payers.
- 3.11 Federated Farmers would appreciate a response as to how the proposed DCP will reduce the total rates required to be paid by rural rate payers annually.

Federated Farmers thanks Rotorua Lakes Council for considering our submission.

Federated Farmers is a not-for-profit primary sector policy and advocacy organisation that represents the majority of farming businesses in New Zealand. Federated Farmers has a long and proud history of representing the interests of New Zealand's farmers.

The Federation aims to add value to its members' farming businesses. Our key strategic outcomes include the need for New Zealand to provide an economic and social environment within which:

- Our members may operate their business in a fair and flexible commercial environment;
- Our members' families and their staff have access to services essential to the needs of the rural community; and
- Our members adopt responsible management and environmental practices.

This submission is representative of member views and reflect the fact that local government policies impact on our member's daily lives as farmers and members of local communities.



**Rotorua Lakes Council Draft Development
Contributions Policy 2022 - 2031**

**Submission from the Retirement Villages
Association of New Zealand**

16 June 2022

ROTORUA LAKES COUNCIL DRAFT DEVELOPMENT CONTRIBUTIONS POLICY 2022-2031

RETIREMENT VILLAGES ASSOCIATION OF NEW ZEALAND

To: Rotorua Lakes Council (*Council*)

Introduction

- 1 This is a submission on the Council's draft Development Contributions (*DC*) Policy 2022 - 2031 (*Draft Policy*). The Retirement Villages Association of New Zealand Incorporated (*RVA*) welcomes this opportunity to provide feedback on the Draft Policy.
- 2 The RVA understands the Council is seeking feedback as to whether developers or ratepayers should pay for growth, and also welcomes feedback on the content of its Draft Policy.
- 3 The RVA agrees that re-introducing a DC Policy in the district may be a disincentive to development, which is critically needed to address the district's acute housing shortage. Any new DC charges will inevitably impact the feasibility and attractiveness of building new retirement villages in the Rotorua District versus the many other areas of New Zealand where the ageing population is growing rapidly. New charges will also impact housing affordability as increased development costs are passed through to purchasers.
- 4 That said, the RVA also acknowledges the importance of DCs and financial contributions (*FC*) for funding new assets needed for growth and development, and the role its members play in supporting that necessary work. A key consideration to reduce development disincentives will be to ensure that the charges for retirement villages are proportionate relative to other land uses and are based on good evidence. All alternative avenues for funding should be fully explored to reduce the burden of new charges (acknowledging that the Council is taking steps to access central government infrastructure funding and the like). Further, the regime should also account for the many district wide benefits of retirement sector activities in Rotorua – its key roles in providing highly specialised and necessary housing and care for older people, easing demand on the housing market and providing economic benefits, such as construction and ongoing operational expenditure and employment in the area.
- 5 The RVA also strongly encourages the Council to consider using the FC regime under the Resource Management Act 1991 (*RMA*) for housing matters rather than a DC Policy, given the many process benefits. However, if the Council decides to re-introduce DCs, it wishes to ensure that the Council introduces a fair, equitable, and proportionate DC Policy for retirement villages that recognises their unique features and low demands on Council facilities compared to typical housing.
- 6 The RVA and its members have a significant interest in how the DC Policy will impact on, and support, the provision of retirement villages in Rotorua.
- 7 There is currently a severe lack of appropriate housing and care for the ageing population, which is predicted to worsen as this population demographic is expected to grow substantially. The district will also experience increased growth and intensification as a result of the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 (*Enabling Housing Act*) and the National

Policy Statement for Urban Development 2020 (*NPSUD*).¹ As a result, the provision of additional retirement villages in Rotorua is necessary and expected in the short to medium term.

- 8 The RVA welcomes and generally supports the Council's recognition of retirement villages' lower demand profile in its Draft Policy. In particular, the RVA supports the inclusion of:
 - 8.1 A specific residential activity category for "retirement units";
 - 8.2 Specific definitions for "retirement village", "retirement unit" and "serviced age care room"; and
 - 8.3 Lower household unit equivalents (*HUE*) for retirement units compared to standard dwellings.
- 9 The RVA also generally supports the Draft Policy's proposed credit regime. It is common for villages to be developed on sites that have a lawfully established existing or historical use demand. DC Polices must enable all existing use credits from historic use of sites to be offset against DC charges. This principle should account for where a historic use of a site has ceased for some time, given the various reasons for the time lag that occurs before redevelopment.
- 10 However, the RVA considers that aspects of the Council's proposed DC framework for retirement villages are not "fair, equitable and proportionate" relative to other uses. Specifically:
 - 10.1 The proposed HUE rates for retirement units are too high. The current rates reflect lower occupancy rates, but do not reflect the substantially reduced demand placed on three waters infrastructure by residents of retirement villages. In particular, retirement villages have substantially lower demands than typical housing types for water and wastewater capacity due to lower occupancy levels, as well as different living needs and village efficiencies;
 - 10.2 Classifying "serviced age care rooms" as non-residential is inconsistent with the nature of the activity and will create disputes over the appropriate charges. To provide certainty, the DC Policy should remove the current classification for "serviced age care rooms" as non-residential and include an additional residential activity category for "aged care rooms" (noting this approach is accepted elsewhere);
 - 10.3 Charging for other types of 'development' associated with retirement villages, such as "communal facilities", "administration" and "hospital facilities", will create uncertainty, as these terms are not defined in the Draft Policy. The DC charges for retirement units and aged care rooms can better account for the demands from these activities more clearly and efficiently. Otherwise, DC charges will be unfair and disproportionate, as these ancillary activities do not generate material additional demand on Council facilities;
 - 10.4 DC charges for stormwater should be based on impervious surface area (*ISA*) as opposed to the number of retirement units or aged care rooms. This approach creates certainty and it ensures the charges are proportionate to the

¹ The Enabling Housing Act applies to the Council following the Resource Management (Territorial Authorities Required to Prepare and Notify Intensification Planning Instruments) Regulations 2022.

demand created. A 'per unit' charge bears little relationship to actual stormwater demand. It will result in either substantially under or over charging some users, leading to more special assessments and disputes; and

- 10.5 In addition, site-specific stormwater solutions often result in post development hydraulic neutrality or very low use of public stormwater infrastructure, meaning in some cases there should be no DC charge due to there being no additional demand. The DC Policy must provide a clear process to ensure the cost of such infrastructure works can be offset against stormwater DC charges.
- 11 The RVA also has concerns with the Draft Policy more generally, noting that:
- 11.1 The Council's approach to assessing DCs for developments located within the Rotorua Urban Area but outside the identified infrastructure catchments, and vice-versa, is unclear and may lead to unfair outcomes. To provide certainty, the DC Policy needs to be clear that it only applies to sites within the Rotorua Urban Area and, as applicable, also inside the infrastructure catchments.
- 11.2 The Council's assessment of a 'development' for the purposes of assessing whether it generates demand is unclear and may create a risk of levying DCs on developments that do not generate any relevant demand. DCs must only be required for developments that create demand on the relevant services covered by the DC policy.
- 12 Further, it is also important for the DC Policy to accommodate the unique features and needs of retirement villages and their operators as follows:
- 12.1 *Timing of payments* – the timing and certainty of DC payments can have a significant impact on the feasibility of projects. The RVA agrees that DC payments associated with resource consents should be invoiced at the time the consent is granted, but considers that developers should be required to pay DCs at the time the development begins placing a demand on community facilities. Where retirement village construction is staged, this also needs to be accounted for in the timing of DC payments.
- 12.2 *Special assessment process* - without proper recognition of the substantially lower demand profile of retirement units and aged care rooms, operators will need to resort to special assessment or Local Government Act 2002 (LGA) objection processes. The RVA is concerned that the proposed criteria for applying the special assessment process are unclear and subjective, which provides little certainty. It is important that the special assessment process results in a fair and proportionate contribution. As such, there should be no 'minimum threshold' to conduct the assessment process.
- 13 Expressly recognising these and other retirement village features in the Draft Policy will better enable retirement village providers to plan and progress new retirement developments, and encourage more investment in the District. It would also reduce disputes with the Council during special assessment and LGA objection processes.
- 14 More broadly, the RVA wishes to note that, where possible, it is seeking that Councils across New Zealand (particularly in high growth areas) adopt a consistent DC Policy for retirement villages. This approach is important to members to ensure more certain and efficient regulatory processes, recognising that many operators have multiple interests across New Zealand. The comments in this submission are thus closely aligned with the nationwide approach sought.

- 15 Finally, although the Draft Policy only requires DCs for three waters infrastructure (water, wastewater, and stormwater), the RVA understands the Council considers other growth related costs for transport and other activities may be required to be funded by DCs in the future.² In addition, the Council intends to review the continued use of FCs, including whether reserves should be brought into the DC Policy and FCs phased out.³ Acknowledging these reviews are not yet being undertaken, the RVA wishes to note that it is important for funding policies to accommodate the unique features and needs of retirement villages and their operators as follows:
- 15.1 *Community infrastructure and reserves* – due to their age and frailty older people living in retirement villages use council reserves, sports grounds, pools, libraries and the like substantially less than other age groups. Retirement village residents are less mobile. And, the provision of on-site amenities at villages to cater for residents’ specific needs significantly reduces residents’ need to travel to access care, services or entertainment.
- 15.2 *Transport* – for similar reasons, retirement villages are very low traffic generators. Residents use public transport infrequently, and traffic generation is mostly off-peak as residents do not travel for school drop-offs or work. Even with staff and visitors accounted for, traffic generation is much lower than typical housing.
- 16 The RVA also understands the Council intends to review the Policy timeframe as part of the next Long Term Plan process.⁴ The RVA strongly opposes an increase to the Policy timeframe due to the likely severe impacts on some development businesses, the significant impact on housing supply and affordability, and the real risk of over-recovery of costs.
- 17 We set out in this submission further background to the retirement village industry and the main reasons for our requests. Given the limited prior engagement with the Council on DC and FC policy matters, we are very keen to engage with officers further on this proposal. The RVA’s background in DC and FC policies around the country is extensive. We have built up a wide body of experiences and evidence in relation to the matters in this submission, which we are keen to share with you. And, we are keen to better understand Council’s process for preparing the next DC or FC policy. We would also like to invite Council officers to visit some typical villages in the area to assist your understanding of our industry.

SUBMISSION CONTENT

- 18 This submission covers:
- 18.1 An introduction to the RVA;
- 18.2 An overview of the importance of retirement villages in addressing the housing crisis;

² Draft Policy, at [116].

³ Draft Policy, at [126].

⁴ Draft Policy, at [142].

- 18.3 An outline of the RVA's position on the Council's options to seek funding, including an overview of its members' experience with FCs and DCs under the RMA and LGA respectively;
 - 18.4 An outline of the statutory framework governing DC Policies;
 - 18.5 The RVA's main requests for the Policy;
 - 18.6 The RVA's preliminary comments on the Council's planned upcoming reviews of the DC Policy; and
 - 18.7 Conclusions.
- 19 **Appendix 1** provides a summary of the relevant provisions of the LGA.
- 20 **Appendix 2** includes an overview of retirement villages and their residents; and
- 21 **Appendix 3** includes a series of photos of RVA members' villages to provide the Council with a sense of what our villages offer.

THE RVA

- 22 Today, the RVA has 407 member villages throughout New Zealand, with approximately 38,520 units that are home to around 50,000 older New Zealanders. This figure is 96% of the registered retirement village units in New Zealand.⁵
- 23 The RVA's members include all five publicly-listed companies (Ryman Healthcare (*Ryman*), Summerset Group, Arvida Group, Oceania Healthcare, and Radius Residential Care Ltd), other corporate groups (such as Metlifecare and Bupa Healthcare) independent operators, and not-for profit operators (such as community trusts, and religious and welfare organisations).

IMPORTANCE OF RETIREMENT VILLAGES IN ADDRESSING THE HOUSING CRISIS

Summary

- New Zealand and Rotorua are facing a housing crisis, including a retirement living and aged care crisis. As acknowledged by the Council housing is Rotorua's key challenge.
- The ageing population is increasing exponentially. This increase is reflected in Rotorua's demographics.
- Demand for retirement housing and aged care is rapidly increasing and outstripping supply. The currently consented retirement villages in Rotorua will be inadequate to meet the increasing demand.
- The retirement sector plays a key part in housing and caring for older people. The sector also helps ease demand on the housing market and

⁵ There are also almost 6,000 occupation right agreements for care suites as part of the aged care system.

produces broader benefits, such as employment and significant contributions to New Zealand's GDP.

- Deliverability of the retirement village pipeline and affordability is materially impacted by DC charges. It is critical to address regulatory barriers, such as DC charges, that are currently preventing and delaying the necessary supply of retirement villages.

- 24 New Zealand, including Rotorua, is facing a housing crisis, including a retirement living and aged care crisis. There is a severe lack of appropriate housing and care for our growing ageing population. This problem is immediate, and is projected to worsen over the coming decades.
- 25 In 2021, the Government recognised the ageing population as one of the key housing and urban development challenges facing New Zealand in its overarching direction for housing and urban development - the Government Policy Statement on Housing and Urban Development ([GPS-HUD](#)).⁶ The GPS-HUD records that "[s]ecure, functional housing choices for older people will be increasingly fundamental to wellbeing."⁷
- 26 A key connecting government strategy, *Better Later Life – He Oranga Kaumatua 2019 to 2034*, outlines what is required to have the right policies in place for our ageing population, including creating diverse housing choices and options.⁸ The strategy notes that "[m]any people want to age in the communities they already live in, while others wish to move closer to family and whānau, or to move to retirement villages or locations that offer the lifestyle and security they want."⁹
- New Zealand's ageing population**
- 27 The proportion of older people in our communities compared to the rest of the population in New Zealand, and Rotorua, is increasing greatly. Soon, there will be more people aged 65+ than children aged under 14 years.¹⁰ By 2034, it is expected that New Zealand will be home to around 1.2 million people aged 65 and over, just over a fifth of the total population.¹¹
- 28 The growth in the 75+ age bracket is also increasing exponentially (as illustrated by the graph below). It is estimated that 332,000 people in New Zealand were aged over 75 in 2020. By 2048, the population aged 75+ is forecasted to more than double to 833,000 people nationally.¹² This increase is reflected in Rotorua's demographics. The +75 demographic has increased between 2006 and 2018, from about 3,276 to 4,275 in 2018.¹³

⁶ The GPS-HUD was issued in September 2021 ([available online](#)).

⁷ GPS-HUD, page 10.

⁸ *Better Later Life – He Oranga Kaumatua 2019 to 2034* ([available online](#)).

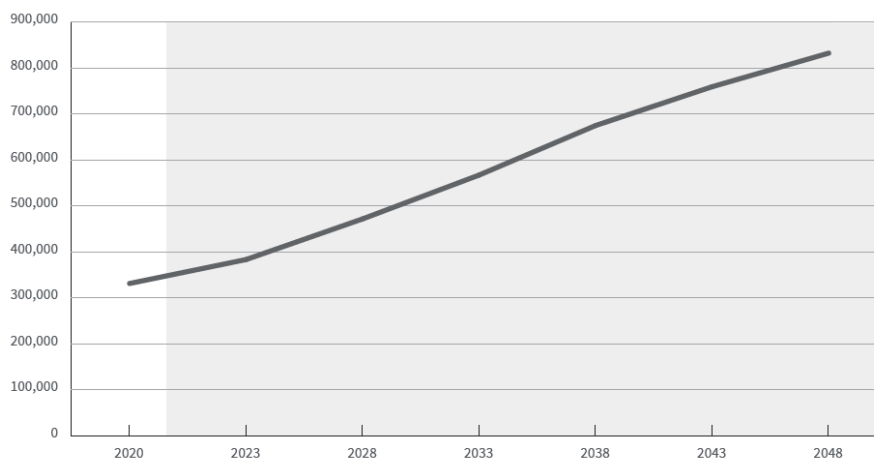
⁹ Ibid, page 32.

¹⁰ *Better Later Life – He Oranga Kaumatua 2019 to 2034*, page 6.

¹¹ Ibid.

¹² Jones Lang LaSalle, *NZ Retirement Villages and Aged Care Whitepaper*, June 2021, page 7.

¹³ Statistics New Zealand, 2006, 2013 and 2018 Censuses.

Figure 1 75+ years population 2020 - 2048

Source: JLL Research and Consultancy; Statistics New Zealand (medium forecast scenario)

- 29 The ageing population of New Zealand reflects the combined impact of:
- 29.1 Lower fertility;
 - 29.2 Increasing longevity (due to advances in medical technology and increased survival rates from life-threatening diseases); and
 - 29.3 The movement of the large number of people born during the 1950s to early 1970s into the older age groups.
- 30 The largest increases in the 65+ age group will occur in the 2020s and 2030s, when the large birth cohorts of the 1950s and 1960s (the "baby boomers") move into this age group.
- The retirement housing and care crisis**
- 31 The under-provision of retirement living and aged care in New Zealand is at crisis point, with the growing ageing population facing a significant shortage in appropriate accommodation and care options. This problem is immediate, and projected to worsen in the coming decades as older age groups continue to grow.
- 32 The demand for quality living options is significantly higher than the current supply. The supply is decreasing due to closures of older style small and poor quality aged care homes, which are usually conversions of old houses. These homes usually do not offer living standards that residents expect and deserve.
- 33 At the same time, demand for retirement housing and care is rapidly increasing. This is due to the ageing population and longer life expectancy, coupled with a trend towards people wishing to live in retirement villages that provide purpose-built accommodation. This trend is creating a severe and growing shortage of retirement villages, as supply cannot match demand. The national penetration rate for retirement villages (i.e. the percentage of the population aged 75+ who choose to live in a village) is 14.3%. This penetration rate has risen from around 9.0% of the 75+ age population at the end of 2012.¹⁴ It is likely that this rate will continue to increase over time.

¹⁴ Jones Lang LaSalle, NZ Retirement Villages and Aged Care Whitepaper, June 2021, page 15.

- 34 The increasing demand for retirement villages is reflected in the development pipeline.¹⁵ In 2020, there was a total of 211 villages in the development pipeline.¹⁶ This development pipeline, if realised, will help ease the short-term anticipated shortfall in supply of quality retirement living and aged care options in New Zealand. However, further development of new villages, beyond the current pipeline, is needed to meet the longer-term predicted shortfall. It is anticipated that at least 10 new large scale villages each year are going to be required across New Zealand, just to keep up with demand over the next 20 years.
- 35 The COVID-19 pandemic has exacerbated the demands for retirement living options. Overall, retirement villages performed remarkably well in protecting the most vulnerable by providing safe communities and companionship during the tough periods of lockdown. This performance has resulted in an even stronger demand to access retirement villages and further limited stock available.¹⁷

Addressing the retirement housing and care crisis

- 36 Retirement villages provide appropriate accommodation and care for the most vulnerable sector of our community. They allow older people to continue living in their established community, while down-sizing to a more manageable property (i.e. without stairs or large gardens). Retirement village living provides security, companionship and peace of mind for residents.¹⁸ Residents will also, in most cases, have easy access to care and other support services.
- 37 Retirement villages already play a significant part in housing and caring for older people in New Zealand.
- 38 Currently, RVA's members have 407 villages across the country, including in Rotorua, providing homes for around 50,000 residents. Over the next 5 to 10 years, that is anticipated to grow significantly with 86 new villages and 130 expansions to existing villages, providing homes for approximately 28,900 additional residents. Retirement villages therefore will play a growing role in addressing the retirement housing and care crisis in New Zealand and in Rotorua.
- 39 The RVA's members have established reputations for building high quality villages to address the needs of residents and employing professional and caring staff. Through this experience, retirement village operators have developed in depth and specialist knowledge and expertise in the development of purpose built retirement villages. Importantly, retirement village operators are not developers, and have a long term interest in their villages and residents.
- 40 Retirement villages also cater to a wide range of residents with differing levels of health and independence, offering a range of housing options and care to meet the specific needs of the residents. These are features that distinguish retirement village operators from typical residential developers who generally do not deliver purpose built environments for the ageing population.

¹⁵ The 'development pipeline' refers to the development of new villages (both actual and planned).

¹⁶ Jones Lang LaSalle, NZ Retirement Villages and Aged Care Whitepaper, June 2021, page 17.

¹⁷ Ibid, pages 5 and 25.

¹⁸ PWC 'Retirement village contribution to housing, employment, and GDP in New Zealand' (March 2018). Brown, N.J., "Does Living Environment Affect Older Adults Physical Activity Levels?". Grant, Bevan C. (2007) 'Retirement Villages', *Activities, Adaptation and Aging*, 31:2, 37-55.

- 41 Retirement villages also help to ease demand on the residential housing market and assist with the housing supply shortage in New Zealand. That is because growth in retirement village units is faster than growth in the general housing stock. And, the majority of new villages are located in major urban centres. The retirement village sector therefore also contributes significantly to the development of New Zealand's urban areas, and the particular challenges urban areas face.
- 42 New build data from Statistics NZ shows that retirement village developments provided between 5% and 8% of all new residential developments between July 2016 and July 2021.
- 43 The retirement village sector also allows older New Zealanders to free up their often large and age-inappropriate family homes and move to comfortable and secure homes in a retirement village. The RVA estimates that around 5,500 family homes are released back into the housing market annually through new retirement village builds. This represents a significant contribution to easing the chronic housing shortage. A large scale village, for example, releases approximately 300 houses back onto the market to be more efficiently used by families desperate for homes. To illustrate, the occupation rate of retirement units is generally 50% of an average residential dwelling ie an average of 1.25 people per unit compared to a Rotorua District average of 2.5 people per dwelling.¹⁹
- 44 Retirement village operators are therefore well placed to help to address the retirement housing and care crisis. To do so, it is critical that regulatory barriers preventing and delaying the supply of retirement villages are appropriately addressed. Such barriers include DC charges.

Rotorua District's intensification challenges

- 45 As acknowledged by the Council, "*there is a major housing shortage in the District*".²⁰ Housing is the district's key challenge due to a shortage of homes, barriers to development, and a mismatch between the existing housing stock and the needs of residents.²¹ The RVA considers this mismatch is particularly concerning in relation to retirement and aged care housing.
- 46 There will also be increased growth and intensification opportunities and pressures in the district as a result of the Enabling Housing Act and the NPSUD.²² As acknowledged by the Council, "*growth is forecast to increase further*".²³ As a result, further retirement village developments in the area are necessary and expected in the short to medium term.
- 47 Rotorua District's planning framework is currently undergoing a significant overhaul to respond to the Enabling Housing Act and NPSUD to enable additional intensification. Changes to the District Plan will be introduced by way of the Act's intensification streamlined planning process throughout 2022-2023.

¹⁹ Draft Policy, at Table 5 and [47].

²⁰ Draft Policy, at [2].

²¹ Draft Policy, at [111].

²² The Enabling Housing Act applies to Council following the Resource Management (Territorial Authorities Required to Prepare and Notify Intensification Planning Instruments) Regulations 2022.

²³ Draft Policy, at [147].

- 48 These changed rules represent an opportunity for retirement and aged care providers to maximise site opportunities and make more effective use of space, but still provide a high level of amenity for residents. Such proposals will help address housing shortfalls. They will make better use of limited land availability. They will enable more efficient use of other resources. They will also allow residents to live within, and feel connected to, the communities they are familiar with.
- 49 However, as previously noted, delivering retirement villages and aged care beds to meet the projected need is contingent on a number of factors, including property market conditions, construction, building materials, and labour costs, timing of resource consent approvals, as well as the feasibility of projects which includes regulatory barriers and costs such as DC charges. DC charges that are predictable and proportionate to the demand of the development on community facilities will help deliver the necessary homes for older people.

Other benefits of retirement villages

- 50 The retirement village sector also produces other broader benefits:
- 50.1 The sector employs approximately 19,000 people to support day-to-day operations. Between 2018 and 2026, approximately 9,500 new jobs will be created from construction of new villages. The sector contributes around \$1.1 billion to New Zealand's GDP from day-to-day operations.²⁴ More recently, and importantly, the sector has generated alternative jobs for industries that have been impacted by COVID-19 (such as hospitality and visitor accommodation).
- 50.2 The contribution of retirement village construction is also substantial. For example, a large scale new village will cost in the order of \$100-\$200 million to construct. Retirement village construction is also expected to employ approximately 5,700 FTEs each year.²⁵
- 50.3 Retirement villages also support district health boards by providing health care support for residents that would otherwise be using the public healthcare system. Villages thereby reduce "bed blocking" in hospitals.
- 50.4 Due to the lower demand for transport (including because of on-site amenities), retirement villages contribute proportionately less to transport emissions than standard residential developments. Operators also invest in a range of other methods to reduce carbon emissions from the construction and operation of villages.

RVA'S POSITION ON THE COUNCIL'S OPTIONS TO SEEK FUNDING

Summary

- The RVA agrees that reintroducing DCs will inevitably be a disincentive to growth and investment in Rotorua. New charges may also impact housing affordability. These disincentives and impacts should be reduced as much as possible to ensure development can meet rapidly growing demand.

²⁴ PWC 'Retirement village contribution to housing, employment, and GDP in New Zealand' (March 2018) page 4.

²⁵ Ibid.

That said, the RVA acknowledges the important role of DCs in funding growth related assets and that the industry has a part to play.

- The RVA's strong preference is for the Council to levy contributions using the FC regime under the RMA as DC Policy processes often lack transparency and there are no comparable rights of appeal as those provided under the RMA for FCs. There is also a risk that Council's use of the parallel regimes will result in double dipping.
- If the Council decides to reintroduce DCs, the RVA wishes to ensure that the DC Policy is "fair, equitable and proportionate" as well as 'evidence-based' in its approach for retirement villages.

- 51 The RVA understands that the Council had a previous DC Policy in place, which was removed following the global financial crisis to enable growth and investment in Rotorua.²⁶ The Council is proposing to reintroduce a DC Policy as the district has experienced growth over the last few years that has created a need for infrastructure.
- 52 The RVA understands the Council has considered two possible options to fund the required infrastructure, namely requiring developers to pay or requiring ratepayers to pay. The Council's preferred option is that developers should pay for growth but is currently seeking feedback from the community as to who should pay for growth.
- 53 The Council removed its previous DC Policy because DCs were perceived as a disincentive to growth investments in Rotorua. The DC charges did not contribute towards a more enabling regulatory investment environment.²⁷ The RVA agrees that the re-introduction of a DC Policy will again inevitably be seen to some degree as a disincentive for growth and may impact on delivering much needed housing developments in the region. The retirement industry is currently seeking to address significant and growing demand for specialist aged care and accommodation across New Zealand. Developing new comprehensive retirement villages involves substantial time and capital outlay (development of most new villages is around a 10 year project and costs in the order of \$100-\$200m). Local land and construction costs, regulation and other market factors will always be accounted for when determining the most attractive locations for future investments.
- 54 It is also unclear whether the Council has exhausted consideration of alternative mechanisms for gathering the necessary funding, such as such as targeted rates, and looking into alternative funding tools.²⁸ The RVA seeks that the Council considers such alternative mechanisms and shares such considerations with the community via an open and transparent process.
- 55 That said, the RVA acknowledges the importance of DCs for funding new assets needed for growth and development, and the role its members play in supporting that necessary work. However, the RVA wishes to ensure the DC Policy adopts a

²⁶ Statement of Proposal, page 2.

²⁷ Statement of Proposal, page 2.

²⁸ Under the LGA, the Council must seek to identify all reasonably practicable options to achieve its objective and assess the options in terms of their advantages and disadvantages (LGA, s77).

fair, equitable and proportionate approach for retirement accommodation relative to other uses. This in turn will support the necessary supply and choice of housing.

- 56 Further, the RVA understands that the Council is currently reviewing its FC regime, and may decide to phase out FCs.²⁹ The RVA therefore wishes to note its strong preference for the Council to levy contributions using the FC regime, as opposed to DCs. This matter is addressed in more detail below.

The RVA's preference for a Financial Contribution Policy

- 57 The RVA understands the Council's proposal at this stage is to use both DCs and FCs as sources to fund new assets needed for growth and development in the district. The Council is proposing to use DCs for water, wastewater and stormwater assets, and FCs for reserves and for specific infrastructure needs associated with resource consent applications.³⁰ However, as noted above, the RVA also understands the Council is reviewing its rules and uses of FCs for reserves as part of a plan change process, including consideration of whether FCs should be phased out.³¹
- 58 Given the nature of the RVA members' activities, they have substantial experience with FC and DC processes. The lack of transparency in DC policies, as well as the effort and uncertainty involved in challenging inappropriate DCs under the LGA, has been a central problem for RVA members during the development phase.
- 59 DCs have been growing rapidly across the country, and are often excessive for retirement villages relative to actual demand and the demands of other users. Given the impact on the feasibility of many projects, it is critical for RV operators to be able to understand how these charges are "*fair, equitable and proportionate*".
- 60 However, the RVA members' experience is that the process of consultation often lacks transparency. Councils apply formulas, models, assumptions and assessments to calculate DCs, which generally require expert input to properly verify. Councils can sometimes provide insufficient time for engagement, limited access to relevant information, and/or present documents in an inappropriate format. As an example in this process, the Council has not provided the public with Excel spreadsheets with all relevant data to properly assess the proposed DCs and their impact. As a result, affected parties have limited ability to properly assess council processes and assumptions. Further, key information on the significant impacts of proposals may not be disclosed or council officers may misinterpret information, which leads to unreasonable conclusions.
- 61 In addition, whereas FCs are subject to the RMA's appeal provisions (both at planning and consenting stage), there are no comparable appeal rights for DCs, meaning the evidence supporting DC Policies and assessments is often not properly tested. The more robust processes that apply to FCs allow for independent decision-making and testing of evidence, such as competing economic evidence. In addition, the FC process is more closely aligned with the planning and consenting processes allowing a more efficient and holistic approach to considering the demand that development will generate and therefore the appropriate FC charges to be levied. This alignment also allows councils to consider in a more efficient and proportionate manner any offsetting of FCs based on works undertaken by developers.

²⁹ Draft Policy, at [125]-[126].

³⁰ Draft Policy, at [3].

³¹ Draft Policy, at [125]-[126].

- 62 It is also important that parallel regimes do not result in double dipping. For certainty, the RVA considers contributions should be levied under one regime only (and preferably the FC regime as noted).
- 63 The RVA's strong preference is therefore for the Council to levy contributions using the FC regime under the RMA.
- 64 If the Council is not minded to rely on the FC regime only, it is critical that the Council ensures that its DC Policy is "*fair, equitable and proportionate*". Although DC policies have been slowly improving as a result of strong engagement by the RVA in these processes, the RVA members are still involved in lengthy discussions with councils to ensure fair DCs are imposed on them. Such discussions result in delay, uncertainty and cost.

STATUTORY FRAMEWORK

Summary

The DC Policy and the process to develop it must strictly comply with the relevant provisions of the LGA. Key requirements include:

- Fairness, equity and proportionality when setting DCs.
- DCs should only be required where there is a causal connection between the development demand and the need for new assets or assets of increased capacity, which Council will need to fund.
- DCs levied should reflect the need generated and the benefit received by the user.
- Developments can be grouped where this is fair and equitable, while being administratively efficient.
- The DC regime should be clear, transparent and predictable.

Fairness, equity and proportionality

- 65 The LGA empowers councils to require DCs in certain circumstances. The purpose of the DC scheme is:³²

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

- 66 A territorial authority can only require a DC if:³³

the effect of the developments is to require new or additional assets or assets of increased capacity and, as a consequence, the territorial authority incurs capital expenditure to provide appropriately for - (a) reserves, (b) network infrastructure, (c) community infrastructure.

³² LGA, s197AA.

³³ LGA, s199.

- 67 This provision essentially imposes a threshold test. If there is no new or additional demand for infrastructure from a development, there can be no DC charge. This threshold test reinforces several themes in the DC principles noted above, including the need for a 'causal connection'.
- 68 In *NEIL Construction Ltd v North Shore City Council*³⁴ the High Court emphasised the strict legal requirements relating to DCs. It said:

[47] ... whether viewed as a tax or a charge or a hybrid, a development contribution involves: *A compulsory exaction of money by a public authority for public purposes, enforceable by law ... not a payment for services rendered...* Accordingly, as counsel for both parties accepted, a development contribution can only be imposed pursuant to clear and express words contained in a statute, and in accordance with the statutory powers and requirements...

[48] The Act provides expressly for local authorities to require and impose development contributions. But a development contributions policy and the processes in relation to it, must comply strictly with the relevant provisions of the Act which are the sole source of a council's power to exact development contributions...

Causal connection

- 69 DCs should only be required where there is a causal connection between the development demand and the need for new assets or assets of increased capacity which Council will need to fund. That means, there needs to be some "link" between a development and the community facilities to be funded by DCs.

Need generated

- 70 A DC regime is to recover the costs of specific growth projects. The causal connection principle reflects the theme that DCs levied should reflect the benefit received by the user. The regime is not to be used for making profit or as a general pool of public money.
- 71 Developers should only pay for the infrastructure that is required by a development. Communities should pay for infrastructure that will benefit the whole community. DCs do not provide an opportunity for councils to ask developers to subsidise ratepayers as a whole or pay for costs unrelated to growth.

Grouping

- 72 Section 197AB(1)(g) of the LGA allows for the grouping of certain developments by categories of land use. The need for administrative efficiency in calculating and requiring DCs is acknowledged in allowing grouping. But, the grouping approach still needs to be fair and equitable, while being administratively efficient.
- 73 Further legal context relied on to support this submission is outlined in **Appendix 1**.

THE RVA'S COMMENTS ON THE POLICY

Summary

The RVA's key concerns with the Draft Policy relate to:

³⁴ *NEIL Construction Ltd v North Shore City Council* [2008] NZRMA 275.

- **Lack of appropriate provision for retirement villages:** The draft activity classifications do not reflect the significantly lower demand retirement units and aged care rooms place on three waters infrastructure relative to other uses. Further, the proposed DC assessment for retirement villages is inappropriate and provides no certainty to retirement village operators.

Changes sought:

- Retain the specific category for "retirement units", remove the non-residential category of "serviced age care rooms" and include a specific residential activity category for "aged care rooms";
 - Clarify that Council has no ability to assess and charge DCs for "communal facilities", "administration" and "hospital facilities" within retirement villages, which are part of or ancillary to the main residential use. Any demand created by these activities will be captured by the unit charge;
 - Apply HUE rates for retirement units and aged care rooms which are proportionate to demand relative to other uses;
 - Assess stormwater DC charges based on ISA, not the number of retirement units or aged care rooms; and
 - Amend the definitions for "retirement unit" and "serviced age care room" to be more accurate and align with the RVA's general position across the country.
- **Assessment of a 'development':** the Council's approach to assessing a 'development' for the purpose of determining whether it generates demand is unclear and could lead to DCs being charged on developments that do not create any relevant demand. It is important that DCs are only required for developments that generate relevant demand.
 - **Payment timing:** early DC payments should not be required (ie on issue of resource consent). DC payments associated with resource consents should be due at the time the development begins placing a demand on community facilities.
 - **A fair credits system that recognises existing demand:** the RVA generally supports the Draft Policy's proposed credit regime. However, it is important that the DC Policy enables all existing use demand from the historic use of sites to be offset against DC charges, including where a historic use (residential or non-residential) has ceased for some time (which is often the case with brownfield sites).
 - **Special assessment process is not fit for purpose:** without appropriate recognition of retirement village demand, retirement village operators will need to resort to the special assessment process. It is important that the special assessment process results in fair and proportionate contributions, including by ensuring there is no 'minimum threshold' for the special assessment process.

Specific provision for retirement villages

- 74 The Draft Policy generally acknowledges that retirement villages place lower demand on council infrastructure.³⁵ Specifically, the Draft Policy includes definitions for “retirement unit” and “serviced aged care room” (as well as “retirement village”), and includes a specific activity classification for “retirement units”.³⁶
- 75 The Draft Policy also acknowledges that the demand on infrastructure from hospital and serviced age care rooms of retirement villages is less than ordinary retirement units.³⁷ To accommodate this lower demand, the Policy provides that in determining the final number of HUEs that apply to a retirement village, the Council may apply a combination of development types to recognise the specific composition of the development, such as communal facilities, administration, serviced aged care rooms and hospital facilities. These other activities are proposed to be assessed as ‘non-residential’ developments based on GFA and ISA.³⁸ The HUE rates for non-residential developments would apply unless the Council seeks or accepts a special assessment process.³⁹
- 76 The RVA welcomes and generally supports the Draft Policy’s specific recognition of the lower impact and demand generated by retirement villages on Council services. However, the RVA considers that the Council’s proposed framework for assessing retirement villages is not sufficiently fair, equitable and proportionate. Specifically, the RVA considers that:
- 76.1 The proposed HUE rates for “retirement units” are too high and not proportionate to the actual demand generated by this type of development for three waters infrastructure relative to other residential uses;
- 76.2 The proposal to assess “serviced age care rooms” as non-residential activities does not reflect the residential nature of the activity. The proposed charges are also not proportionate to the actual demand generated by this type of residence for three waters infrastructure relative to other uses;
- 76.3 The proposal to charge DCs for “communal facilities”, “administration” and “hospital facilities” provides no certainty to retirement village operators as these terms are not defined. Further, any such activities within a retirement village are ancillary to the main residential uses and do not generate material additional demand on council services.
- 77 Further, where possible the RVA is seeking consistency across the country as a way to ensure more certain and efficient regulatory processes are in place. At present, the RVA is preparing to engage with councils to seek a consistent and fair DC regime for retirement villages across New Zealand. The comments in this submission are closely aligned with the nationwide approach sought. The approach includes specific definitions that the RVA seeks all councils use in their DC policies. Therefore, while the RVA welcomes the Draft Policy’s inclusion of specific definitions for “retirement village”, “retirement unit” and “serviced age care room”, it seeks these definitions

³⁵ Draft Policy, at [54] and [60].

³⁶ Draft Policy, Table 5, at [52].

³⁷ Draft Policy, at [60].

³⁸ Draft Policy, at [53].

³⁹ Draft Policy, at [58].

are amended/replaced to be more accurate and align with the proposed definitions as set out in this submission. The RVA's position and relief sought on these matters are further addressed below.

HUE rates for retirement villages

- 78 While the RVA welcomes the Council's inclusion of lower HUE rates for retirement units compared to standard dwellings, it considers that the proposed HUE rates do not reflect the need generated and the benefit received by the user. Although the rates reflect the lower occupancy rates of retirement units, they do not reflect the actual need or demand.

Water and wastewater

- 79 RVA member data indicates that retirement village units and aged care rooms use much less water and produce much less wastewater per person than a standard household unit. This fact is in part due to the lower occupancy rates. It is also because some resident services (cooking, cleaning and the like) are centralised within the village and water is therefore used more efficiently. Garden spaces are also centralised. The RVA's research also shows that older people use less water in their homes as they shower less frequently, drink less and go to the toilet less, given they are generally much less active than younger people.
- 80 Domestic water requirements are approximately 200 litres / resident / day based on data collected for water demand for retirement villages across New Zealand. Retirement villages also have a more even demand graph than that of typical residential demands, with peak demand periods later in the morning and earlier in the evening.
- 81 Domestic sewer flows are on average 160 litres / resident / day at a comprehensive retirement village.
- 82 These figures are based on information collected by RVA members for operational retirement villages across New Zealand, which have been accepted by other councils in New Zealand. They include allowance for all core functions such as kitchens, common rooms and communal areas, hospital facilities, staff usage and plant watering.
- 83 Based on the assumed demand per HUE⁴⁰, the RVA considers the HUE for retirement village units and aged care rooms should be as follows:

83.1 Retirement village units: 0.43 HUE for water and 0.38 for wastewater.

83.2 Aged care rooms: 0.33 HUE for water and 0.29 for wastewater.

(These numbers could be rounded to the nearest zero for ease of administration).

- 84 No DC should be charged in relation to "communal facilities", "administration" and "hospital facilities". Any such demand would be captured in the above retirement village unit and aged care room figures.

Stormwater infrastructure

- 85 The RVA considers stormwater DC charges should be based on the ISA of a development, not the number of retirement units or aged care rooms. A policy

⁴⁰ Draft Policy, Table 4.

based on ISA is certain for all parties and proportionate to the demand created for stormwater infrastructure. A unit based assessment will create significant anomalies and lead to multiple special assessments, as some developers will consider they have been overcharged. Occupancy and unit types bear little to no relationship to stormwater demand.

- 86 The RVA therefore considers the stormwater HUE for retirement village units and aged care rooms should be 1 HUE per 360m² of ISA.⁴¹
- 87 Further, as part of their proposals, some retirement village operators construct public infrastructure, such as stormwater infrastructure. Further, due to the scale of new villages, onsite solutions for stormwater can often result in post development hydraulic neutrality or very low use of public stormwater infrastructure.
- 88 Where such works substantially reduce a village's demand on community facilities or in fact add capacity to the network for wider public benefit, this should be recognised in the calculation of DCs. This outcome should apply regardless of whether the relevant works are listed in the Council's long term plan. Ultimately, DC policies must provide a clear process for the cost of public infrastructure works undertaken to be offset against DC charges for a new village.
- 89 A clear special assessment process needs to be set out to determine the credit applicable where such works are undertaken. The RVA therefore considers paragraph 62 should be amended to require a special assessment to be evaluated where a developer undertakes infrastructure works that substantially reduce or potentially benefit demands on public infrastructure.

Specific provision for "retirement units" and "aged care rooms"

- 90 The RVA supports the recognition of "retirement units" as a separate activity class.
- 91 For accuracy and to provide certainty, the DC Policy should remove the current category of "serviced age care room" as a non-residential activity, and include an additional residential activity classification for "aged care rooms", which recognises the lower demand of this unit type compared to residential dwellings as well as retirement units. This distinction is also important from a fairness and equity perspective. Retirement villages vary greatly in terms of the ratio of retirement units and aged care rooms provided. Some providers specialise in aged care facilities. Their particular demand on council facilities would accordingly be very low even compared to a retirement village.
- 92 By way of example, Auckland Council's DC Policy 2022 has specific categories for aged care rooms⁴² and retirement units.⁴³ The units of demand for these two categories of development are set at appropriate fractions of HUEs for different classes of activity. The RVA considers this more specific categorisation is working well in practice and fits well with the variable retirement and aged care offerings in the market.

⁴¹ Draft Policy, Table 4.

⁴² Being any dwelling unit in a "rest home" or "hospital care institution" as defined in section 58(4) of the Health and Disability Services (Safety) Act 2001.

⁴³ Being any dwelling unit in a "retirement village" registered under section 10 of the Retirement Villages Act 2003.

- 93 Further, the Council's DC assessment should not include other types of 'development' within retirement villages, such as hospital facilities, communal facilities and administration. As explained above, any demand associated with ancillary services is captured within the demand created by retirement units and aged care rooms.

Relief sought

- 94 The RVA seeks that the Council:

- 94.1 Retains the category of "retirement units", removes the non-residential category of "serviced age care rooms" and includes a new residential category of "aged care rooms";
- 94.2 Removes the ability for the Council to assess DCs for other types of 'development' associated with a retirement village, including administration, communal facilities and hospital facilities;
- 94.3 Assess stormwater DC charges based on ISA, as opposed to the number of retirement units or aged care rooms;
- 94.4 Amends the HUE rates as follows:

Activity	HUE Charged Per Retirement Unit	HUE Charged Per Aged Care Room
Water	0.5 0.43	0.4 0.33
Wastewater	0.5 0.38	0.4-0.29
Stormwater	0.5 1 HUE per 360m ² of ISA	0.28 1 HUE per 360m ² of ISA

- 94.5 Amends the definitions as follows:

- (a) **Retirement unit** means any dwelling unit in a retirement village, whether standalone, duplex, terraced or apartment, but does not include communal facilities, hospital or nursing facility, or serviced aged care rooms
- (b) **Serviced aged care room** means ~~a fully serviced unit within a retirement village~~ any dwelling unit in a "rest home" or "hospital care institution" as defined in section 58(4) of the Health and Disability Services (Safety) Act 2001.

- 95 The RVA considers adopting the amendments set out above would enable the Council to meet its requirements under the LGA.

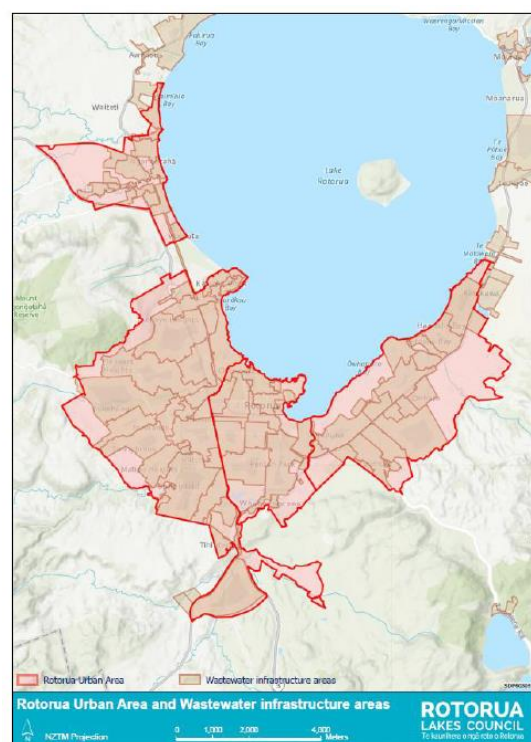
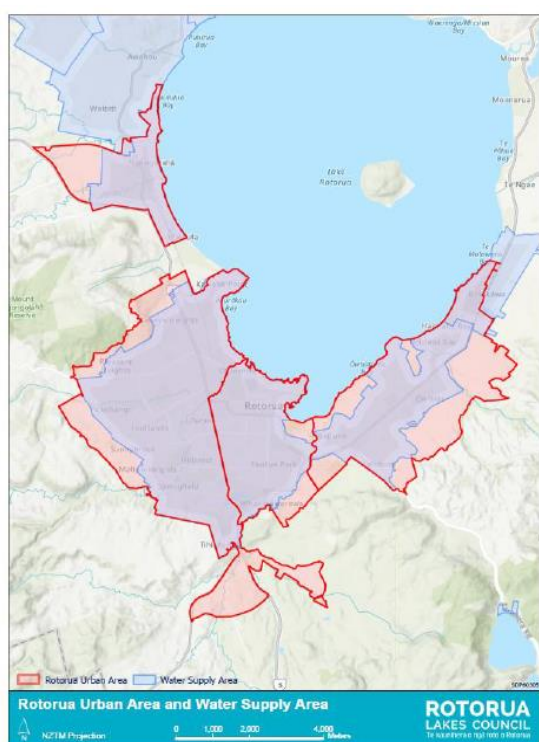
Policy application

- 96 The Draft Policy provides that DCs are required only for developments located within the Rotorua Urban Area.⁴⁴ The Draft Policy also includes infrastructure catchment

⁴⁴ Draft Policy, at [16].

areas, noting that the “*Water and Wastewater catchments covered by this Policy includes all of the Rotorua Urban Area, while the Stormwater area excludes Ngongotahā*”.⁴⁵ The infrastructure catchments where DCs are intended to apply for each activity are included in the maps in Part 3 of the Draft Policy.

- 97 The RVA considers that there is currently a mismatch between the Draft Policy’s text addressing the application of DCs and the catchment maps in Part 3. As shown in the Council’s maps below, there are areas that are located within the Rotorua Urban Area that are not within the water and wastewater catchments. There are also areas within the water and wastewater catchments that are not located within the Rotorua Urban Area. It is unclear how the DCs would be assessed (if at all) within such areas. This uncertainty could lead to unfair outcomes and lengthy debates about DC charges.



Relief sought

- 98 The RVA seeks that the Policy is amended to clarify that DCs will only be charged for development located within the Rotorua Urban Area and, as applicable, also within a relevant catchment area.

Assessment of a ‘development’

- 99 The Draft Policy states that the Council’s initial DC assessment involves looking at whether “*the development...generates a demand for reserves, community infrastructure or network infrastructure*” and “*the effect of that development (together with other developments) is to require new or additional assets or assets of increased capacity in terms of reserves, community infrastructure or network infrastructure*” – and if answered in the positive it is likely that DCs will be required.⁴⁶

⁴⁵ Draft Policy, at [16].

⁴⁶ Draft Policy, at [33]-[34].

100 However, if DCs are only required for three waters infrastructure, it is unclear why the Council needs to assess whether the development will have an impact on reserves and community infrastructure. The RVA considers this approach creates a risk of DCs being levied on developments that do not create any relevant demand. It is important that DCs are only required for developments that generate relevant demand.

Timing of payments

101 The timing of DC payments can have a significant impact on the feasibility of projects, given the sequencing of finance, and funding and release of capital through sales. It is therefore important for the timing of payments to align with when operators can realise the returns from their villages and when a new village unit places actual demand on council infrastructure.

102 To ensure DC payments do not become a material impediment to housing supply, the RVA welcomes and supports the Council's intention to assess DC charges at the earliest possible point, e.g. at the time of granting of the resource consent for new developments. This approach will ensure that obligations are known and certain.

103 In relation to resource consents, the Draft Policy proposes to require payment by the 20th of the month following the issue of the invoice.⁴⁷ The RVA considers that adopting this approach, and therefore requiring early payment, will require operators to increase their capital requirements, which will have a material impact on the pace and scale of village developments. Across the housing industry, this is likely to result in significant impacts on housing supply and affordability. Many projects may be delayed, paused, or fail due to the lack of finance (noting this is not just an issue for retirement village operators – typical house builders are also affected).

104 Last year (2021), Auckland Council proposed bringing forward the timing of payments as part of its 2021 DC Policy review. Following consultation and feedback from banks,⁴⁸ the Council agreed to retain the current payment timing at the building consent stage instead of bringing it forward.⁴⁹ The Council concluded that *"[w]hile the council is faced with some financial challenges at present, the proposed change would require developers to have more capital than they presently do to successfully secure financing. This may be disruptive in the market for the kind of multi-unit developments the council is seeking to support greater intensification."*⁵⁰

Relief sought

105 For the reasons outlined above, the RVA seeks that the timing of payment be as late in the construction process as possible (ideally at the issue of a code compliance certificate). Payment for DCs associated with resource consents should be required at the time the development begins to place demand on community facilities. For a

⁴⁷ Draft Policy, Table 3, at [43].

⁴⁸ The RVA understands that the Council sought independent feedback from banks. The advice received confirmed that banks will generally not provide developers with the finance required at the construction phase of development unless they have the appropriate consents to enable the development to proceed. The banks' concerns about requiring earlier payments included the potential *"unintended consequence of inhibiting the ability for some developers to proceed with a transaction due to availability of funding"* (Auckland Council, Minutes of Finance and Performance Committee, 9 December 2021, paragraphs 92-95).

⁴⁹ Auckland Council, Minutes of Finance and Performance Committee, 9 December 2021.

⁵⁰ Auckland Council, Minutes of Finance and Performance Committee, 9 December 2021, paragraph 95.

residential development this would be as close to the point of a resident moving into a unit (i.e. occupation).

- 106 Further, given the comprehensive nature of many retirement villages, it is common for the construction of villages to be staged. It is therefore important for the timing of DC payments to be able to reflect this staging.

A fair credits system – existing demand

- 107 The RVA generally supports the proposed credit regime.
- 108 The RVA members generally seek to locate their villages in established, good quality residential areas. These locations are most suited for residents to 'age in place'. Many new villages are therefore developed on brownfield sites, where the sites have had a historical use that has used council services. DC policies may not properly provide credits for the existing demand arising from the previous use of the site for another type of housing (as opposed to building on greenfields land for example). It is therefore important that DC policies enable all existing use demand from historic use of sites to be offset against DC charges for a new village, including where a historic use has ceased for some time (which is often the case with brownfield sites where there can be no demand for a number of years while the site is sold and new development designed, consented and constructed).

Special assessment processes

- 109 As the current Policy does not properly provide for retirement units and aged care rooms, RVA members will need to rely on the special assessment process. However, the criteria for special assessment are unclear and subjective, leaving significant discretion in the hands of Council officers.⁵¹
- 110 The experience of RVA members is that a significant amount of time and effort can be spent discussing special assessments with councils, without any certainty as to the outcome.

Relief sought

- 111 It is important that the special assessment process results in a fair and proportionate contribution. There should be no 'minimum threshold' for the special assessment process. Where an operator can prove substantially lower demand⁵² on council services than the demand assumed by the policy, they should only be required to be pay for their actual use of services.
- 112 That said, as addressed above, the RVA seeks that the Policy appropriately reflects the lower demand of retirement units and aged care rooms. To do so, the RVA considers that the framework detailed in paragraph 94 would enable the Council to meet its requirements under the LGA and largely avoid the need to use special assessment processes for retirement village developments.

⁵¹ The Draft Policy provides that "[i]n general, Council will evaluate the need for a special assessment for one or more activities where it considers that...the development is likely to have less than half or more than twice the demand for an activity listed in Table 7 for that development type" (Draft Policy, at [62]). Table 7 relates to non-residential development types, which includes serviced age care rooms.

⁵² LGA, s199D(a).

RVA'S PRELIMINARY COMMENTS ON UPCOMING REVIEWS

Summary

The RVA's preliminary comments on the Council's planned upcoming reviews on the DC Policy are as follows:

- **Retirement villages have a lower and different demand profile:** any future potential inclusion of other growth related activities to the DC Policy, such as reserves, community infrastructure and transport, must properly recognise the substantially lower and different demand profile of retirement units and aged care rooms in comparison to typical housing.
- **Including capital projects beyond 10 years is unfair, disproportionate and inequitable:** the RVA has major concerns with the Council's intention to review the Policy timeframe. It opposes a proposal to increase the timeframe due to the likely severe impacts on some development businesses and housing supply and affordability, as well as the risk of over-recovery of costs.

113 The RVA understands that if the Council decides to introduce the DC Policy, it will be conducting further reviews to determine whether to include DCs for transport and other activities,⁵³ and will look into whether reserves should be brought into the DC regime.⁵⁴ The RVA also understands that the Council will review the Policy timeframe as part of the next Long Term Plan process.⁵⁵

114 Acknowledging that the above stated reviews are not yet being undertaken, the RVA has some key preliminary comments it wishes to highlight in light of the upcoming reviews.

Retirement villages have a lower and different demand profile Community infrastructure and reserves

115 As the Council acknowledges in its Draft Policy, retirement villages have a substantially lower demand profile than standard residential developments. This lower demand profile is due to:

115.1 low occupancy levels (1.25 residents per retirement unit and 1 resident per aged care room care unit);

115.2 reduced activity levels of the residents due to their age and frailty. Residents are less mobile and are not travelling to work; and

115.3 specialist on-site amenities provided to cater for residents' specific needs. Retirement villages are largely self-sufficient. The provision of on-site amenities reduces residents' need to travel to access care, services or entertainment.

116 More information in relation to these factors is set out in **Appendix 2**.

⁵³ Draft Policy, at [116], and FAQ Sheet, page 1.

⁵⁴ Draft Policy, at [125]-[126].

⁵⁵ Draft Policy, at [142].

- 117 Due to these factors, the residents of retirement units and aged care rooms may not benefit from community infrastructure and reserves at all, or have a much lower use of them.
- 118 Specifically in relation to community reserves, there are clear barriers that prevent older adults from undertaking physical activity in the New Zealand context – mainly cost, and the lack of purpose built facilities and programmes. Research shows that residents choose to engage in activities within a friendly and purpose built environment, which is often not provided by the local authority or others in the wider community. The research further identifies that there is often so much to do within a retirement village that there is very little time for other activities.⁵⁶
- 119 Sport New Zealand research similarly confirms that activity levels taper off as people age.⁵⁷ In particular:⁵⁸
- 119.1 people aged 75+ participate in active recreation less often than people in all other age groups;
- 119.2 people aged 75+ participate in fewer types of active recreation than people in all other age groups; and
- 119.3 the main barriers that prevent people aged 75+ from participating in active recreation more often or trying a new type of active recreation are poor health/disability/injury, lack of motivation, cost, lack of time, and lack of confidence.
- 120 Surveys of retirement village residents at several Ryman villages in Auckland in 2017 provide an example of this lower demand, showing that the residents made very little use to no use of community infrastructure and reserves.
- 121 The survey data was ultimately relied on to support a successful objection by Ryman under the LGA objection process that its proposal created substantially reduced demand on council facilities. This work also led to Auckland Council reviewing its DC Policy to substantially reduce the HUE rates for retirement units and aged care rooms (as reflected in its 2019 and 2022 DC policies).

Transport

- 122 Older residents living in retirement villages do not generate the same traffic and transportation effects as other activities.
- 123 Although many retirement villages are located on large sites, they generate significantly lower “per person” traffic volumes compared to standard residential activities, commercial activities (offices), educational facilities, and large-scale healthcare facilities for example. The lower impact on traffic movements and the transport network is due to a number of reasons, as already mentioned. Further:
- 123.1 City-wide transport projects usually have very low to no benefit for retirement village residents. As previously mentioned, this is because the residents may

⁵⁶ Brown, N.J., “Does Living Environment Affect Older Adults Physical Activity Levels?” Grant, Bevan C. (2007) ‘Retirement Villages’, *Activities, Adaptation and Aging*, 31:2, 37-55.

⁵⁷ *Sport and Active Recreation in the Lives of Auckland Adults: Results from the 2013/14 Active New Zealand Survey*, pages 22-23, 30-31, 50-53.

⁵⁸ Ibid.

have mobility constraints and most of their day to day needs are met on site;
and

123.2 Retirement village operators already have operational measures in place that reduce transportation effects. For example, using vans to transport residents to shared activities and organising staff shift hours to be outside peak commuting periods.

124 Overall, retirement units generate around 30% of the trips of a standard dwelling and aged care rooms generate around 20% of the trips of a standard dwelling.

125 These figures are based on information collected by RVA members for operational retirement villages across New Zealand and have been accepted by other councils in New Zealand. They include allowance for staff and visitor transport.

Including capital projects beyond 10 years

126 The RVA understands that the Council has used a 10-year timeframe as the basis for forecasting growth and the need for growth-related assets.⁵⁹ However, the Draft Policy notes that the Infrastructure Strategy includes a 30-year timeframe, further noting that “a number of projects carry on past the 10 years into the 30 year timeframe”.⁶⁰ The Council is therefore proposing to review the Policy timeframe.⁶¹

127 The RVA strongly opposes a proposal to increase the timeframe to include infrastructure required to support growth beyond a 10 year period. This is a material change from the current approach taken by councils elsewhere.

128 The RVA notes that last year Auckland Council proposed to amend its DC Policy to include capital projects beyond 10 years. The RVA, the Property Council, and several developers, strongly opposed this approach. The RVA and the Property Council provided evidence prepared by Market Economics to support their position. Following the hearing late last year, the Council decided to postpone its decision on adopting a 30-year timeframe.

129 The RVA’s submission on Auckland Council’s draft DC Policy proposal pointed out that increasing the 10-year timeframe would have major impacts on development business, housing supply and housing affordability. In particular, the RVA was concerned that evidential issues in modelling costs and benefits over a 30-year period were fraught, given inevitable uncertainty regarding:

129.1 inflation on the delivery of projects over time;

129.2 benefits of paying upfront versus delivery risks;

129.3 fair attribution of benefits for those that pay well before the infrastructure is delivered (lower benefit) and those that pay closer to the time of delivery (higher benefit); and

129.4 collecting DCs does not necessarily mean building will occur.

⁵⁹ Draft Policy, at [142].

⁶⁰ Ibid.

⁶¹ Ibid.

- 130 The RVA therefore submitted that it was inappropriate to alter the DCs regime in the manner proposed.
- 131 The RVA submits that the same issues apply here. A decision to increase the timeframe for the Rotorua DC Policy would be unfair, inequitable, and disproportionate and therefore should not be adopted.
- 132 Further details in relation to the RVA's concerns with including capital projects beyond 10 years into the DC Policy are outlined below.

Severe impacts on some developers

- 133 Increasing the timeframe could have dire consequences on some developers, given the potential for substantially increased DC charges. Auckland Council's consultation material acknowledged its proposal "*may lead to a pause in development in some areas and for some developers*"⁶², and that "*most developers operate with small margins and those who purchased land recently, or have more heavily leveraged their historic land purchases, may be affected*".⁶³
- 134 The position set out in the Auckland Council's Finance and Performance Committee Agenda dated 16 September 2021 went further in stating that "*[s]ome developers may fail*",⁶⁴ and that "*[s]ome developers may struggle, exacerbating the delay, however, if any fail their developments will eventually be taken over by replacements*".⁶⁵
- 135 Given these serious fairness and equity concerns – which could apply similarly in Rotorua - the RVA considers such outcomes should be avoided. The RVA considers that Rotorua Lakes Council needs to avoid any approach, which could put people out of business or substantially impact development feasibility.
- 136 In doing so, the Council should acknowledge the significant contribution of developers, and retirement village operators, in addressing the country's housing and retirement crisis. This contribution in enabling necessary housing supply has been recently acknowledged by central government in the GPS-HUD.⁶⁶ Changes to the planning horizon will be a significant barrier to delivering the government's vision of ensuring that "*[e]veryone in Aotearoa New Zealand lives in a home and within a community that meets their needs and aspirations*".
- 137 It is also important to acknowledge that the development sector is also suffering the impacts of the COVID-19 pandemic, plus factors such as increasing construction and labour costs, as well as increasing infrastructure growth charges and consenting costs. Increasing DCs, by increasing the planning horizon, will clearly aggravate the position by requiring development to be delayed or abandoned.

⁶² Auckland Council, Consultation Document, page 14.

⁶³ Ibid.

⁶⁴ Auckland Council, Finance and Performance Committee, agenda for Thursday, 16 September 2021, paragraph 8 ([available online](#)).

⁶⁵ Ibid, paragraph 50.

⁶⁶ The GPS-HUD was issued on September 2021. The GPS acknowledges that the private sector is "overwhelmingly the largest provider of accommodation in New Zealand" (page 19).

Significant impact on housing supply and affordability

- 138 Including a 30-year timeframe will also have a significant impact on housing supply, including the provision of retirement villages, which will in turn have an impact on housing affordability.
- 139 Market Economics' view, in the context of the Auckland Council draft DC policy process, was that large jumps in DC charges will impact housing affordability. In their view, developers who have already purchased land to develop will try to pass the costs on to buyers, thereby raising the price of new dwellings. This will also influence the price of existing dwellings. Consequently, housing prices will continue to increase.
- 140 In addition, given that higher DCs will impact the feasibility of projects, developers may wait or not develop land at all. This outcome will lead to a lower level of supply at any given time, causing upward pressure on house prices and delayed purchasing.
- 141 Further, Rotorua has been identified as a district with an "*acute housing need*".⁶⁷ By virtue of an Order in Council, the Council has a responsibility to ensure more homes can be built in response to demand, as required by the NPSUD and Enabling Housing Act. The NPSUD framework is effectively designed to encourage development of land for business and housing, not to close off opportunity. A proposal to update the DC Policy to include infrastructure required to support growth over the next 30 years, and the resulting significant increases to DC prices, will be a significant barrier to enabling more homes to be built. This approach is inconsistent with the directions set out in the NPSUD.
- 142 Overall, the RVA considers that there is a real risk that an increased timeframe will result in increased DCs, which will inevitably be passed onto home buyers. This approach goes against the government's goal of delivering more supply and more affordable homes, as set out in its GPS-HUD.

Risk of over-recovery of costs

- 143 Including infrastructure required to support growth over the next 30 years also introduces scope for a significant margin of error and uncertainty in Council's calculations when setting DCs. Therefore, there is a real risk that the Council will not comply with its LGA obligation to avoid the over-recovery of actual costs.⁶⁸

CONCLUSION

- 144 The RVA looks forward to engaging constructively with the Council in relation to the Policy and future reviews to ensure a fair, equitable and proportionate outcome and a DC regime that is fit for purpose for all retirement village types.
- 145 We would welcome the opportunity to show you around some villages so you can better understand the matters discussed in this submission.

⁶⁷ Regulatory Impact Assessment: Order in Council for Rotorua District Council under the Resource Management (Enabling Housing Supply and Other Measures) Amendment Act, dated 3 March 2022, page 2.

⁶⁸ LGA, s 197AB.

146 The RVA also wishes to be heard in support of this submission. If others make a similar submission, the RVA will consider presenting a joint case with them at a hearing.

APPENDIX 1 – SUMMARY OF RELEVANT LGA PROVISIONS

Purpose and principles

1 The purpose of the LGA's DC scheme is:⁶⁹

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

2 The LGA sets out seven DC principles to support the purpose.⁷⁰ They are:

- (a) development contributions should only be required if the effects or cumulative effects of developments will create or have created a requirement for the territorial authority to provide or to have provided new or additional assets or assets of increased capacity:
- (b) development contributions should be determined in a manner that is generally consistent with the capacity life of the assets for which they are intended to be used and in a way that avoids over-recovery of costs allocated to development contribution funding:
- (c) cost allocations used to establish development contributions should be determined according to, and be proportional to, the persons who will benefit from the assets to be provided (including the community as a whole) as well as those who create the need for those assets:
- (d) development contributions must be used—
 - (i) for or towards the purpose of the activity or the group of activities for which the contributions were required; and
 - (ii) for the benefit of the district or the part of the district that is identified in the development contributions policy in which the development contributions were required:
- (e) territorial authorities should make sufficient information available to demonstrate what development contributions are being used for and why they are being used:
- (f) development contributions should be predictable and be consistent with the methodology and schedules of the territorial authority's development contributions policy under sections 106, 201, and 202:
- (g) when calculating and requiring development contributions, territorial authorities may group together certain developments by geographic area or categories of land use, provided that—
 - (i) the grouping is done in a manner that balances practical and administrative efficiencies with considerations of fairness and equity; and

⁶⁹ LGA, s197AA.

⁷⁰ LGA, s197AB.

- (ii) grouping by geographic area avoids grouping across an entire district wherever practical.

- 3 These principles reflect and expand on the LGA purpose. Key themes emanating from these principles include:
 - 3.1 Fairness, equity and proportionality are key considerations when setting DCs;
 - 3.2 DCs should only be required where there is a causal connection between the development demand (including cumulative effects) and the need for new assets or assets of increased capacity which Council will need to fund;
 - 3.3 A DC regime is to recover the costs of specific growth projects. It is not to be used for making profit or as a general pool of public money;
 - 3.4 DCs levied should reflect the need generated and the benefit received by the user; and
 - 3.5 The policy regime, Council charging and expenditure should be clear, transparent and predictable.
- 4 The DC purpose and principles are relevant to the interpretation of all of the LGA provisions relating to DCs.⁷¹

When DCs can be required

- 5 A territorial authority can only require a DC if:⁷²

the effect of the developments is to require new or additional assets or assets of increased capacity and, as a consequence, the territorial authority incurs capital expenditure to provide appropriately for - (a) reserves, (b) network infrastructure, (c) community infrastructure.

- 6 This provision essentially imposes a threshold test. If there is no new demand for infrastructure from a development, there can be no DC charge. The provision also makes clear that it is not enough to simply say that a development creates 'some' demand. The demand (including its cumulative effect) must be linked to the need for new or additional assets or assets of increased capacity which a council will need to fund. This threshold test reinforces several themes in the DC principles noted above.

- 7 This threshold test concept is reinforced by *Beaumont Trading Company Ltd v Auckland Council*⁷³ where the Court of Appeal recorded that:⁷⁴

The Council's power to require a development contribution is relevantly triggered when a resource consent is granted "for a development". As we have noted, "development" means a subdivision "that generates a demand for reserves". We agree with the appellant that this means the unit title subdivision must generate a demand for reserves. That is the plain meaning of development as defined in the Act. In this case, it is accepted that the

⁷¹ Interpretation Act 1999, section 5. *Commerce Commission v Fonterra Co-operative Group Ltd* [2007] 3 NZLR 767 (SC), at paragraph 22.

⁷² LGA, s199.

⁷³ [2016] NZCA 223.

⁷⁴ *Ibid*, paragraph 24.

subdivision itself did not generate an additional demand for reserves. On this approach, the appeal must be allowed.

- 8 Further, a territorial authority cannot require a DC if:⁷⁵
- (a) it has, under section 108(2)(a) of the Resource Management Act 1991, imposed a condition on a resource consent in relation to the same development for the same purpose; or
 - (b) the developer will fund or otherwise provide for the same reserve, network infrastructure, or community infrastructure; or
 - (ba) the territorial authority has already required a development contribution for the same purpose in respect of the same building work, whether on the granting of a building consent or a certificate of acceptance; or
 - (c) a third party has funded or provided, or undertaken to fund or provide, the same reserve, network infrastructure, or community infrastructure.
- 9 This provision addresses the issue of 'double dipping'. In essence, it is not "*fair, equitable and proportionate*" to require a developer to pay twice for the demand generated by its development. This provision again picks up on the themes noted above.
- 10 Lastly, the LGA provides that a territorial authority may only require a DC "*as provided for in a policy adopted under section 102(1) that is consistent with section 201*".⁷⁶ The final DC Policy is required to include a schedule that lists each new asset, additional asset, asset of increased capacity, or programme of works for which the DC requirements are intended to be used or have already been used.⁷⁷ DCs can only be used for the assets listed in that schedule, unless other assets are for the same general function and purpose or the schedule has been or will be updated.⁷⁸
- 11 The schedule requirement in the LGA is an important safeguard to prevent councils from:
- 11.1 collecting DCs without having specific projects to allocate the funds towards (ie 'pooling' or 'taxing'); and
 - 11.2 avoiding over-recovery of actual costs.
- 12 The need for a schedule also reflects the important theme of transparency in the LGA's DC principles. Further, the schedule ultimately enables the DC payer to understand the benefit they will receive from the new assets and the developer's role in generating the need.

⁷⁵ LGA, s200.

⁷⁶ LGA, s198(2).

⁷⁷ LGA, s201A(1).

⁷⁸ LGA, s201A(7).

Process for developing a DC Policy

- 13 The process for developing a DC Policy is also governed by the LGA. The legislative requirements are comprehensive and cannot be circumvented. In summary:
- 13.1 The Council must seek to identify all reasonably practicable options to achieve its objective and assess the options in terms of their advantages and disadvantages (LGA, s 77);
 - 13.2 The Council must consider the views and preferences of those likely to be affected by, or to have an interest in, the matter (LGA, 78). It must also consult on a DC Policy before adopting it (LGA, s 102(4)). The consultation process must give effect to the LGA principles of consultation (LGA, s 82);
 - 13.3 The Council must consider a range of matters when making a decision on a DC Policy including "*the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals*" and "*the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity*" (LGA, ss 103(3) and 101(3));
 - 13.4 A DC Policy must state the total cost of capital expenditure the Council expects to incur to meet the increased demand for community facilities resulting from growth, state the proportion of that total cost of capital expenditure that will be funded by, inter alia, DCs, explain why DCs are required to meet the total cost of capital expenditure, with reference to the s 101(3) factors, and identify separately each activity or group of activities for which a DC is required, and specify total amount of funding to be sought by DCs (LGA, s 106);
 - 13.5 The Council must include in a DC Policy an explanation of, and justification for, the way each DC is calculated, the significant assumptions underlying the calculation of the schedule of DCs, including an estimate of the potential effects, if there is a significant level of uncertainty as to the scope and nature of the effects, and the conditions and criteria (if any) that will apply in relation to the remission, postponement, or refund of DCs, or the return of land (LGA, s 201);
 - 13.6 The Council must include in any DC Policy, a schedule that lists each new asset, additional asset, asset of increased capacity, or programme of works for which the DCs are intended to be or have been used, the estimated capital cost of those, the proportion of the capital cost to be recovered through DCs and other sources. There are limited exceptions to the requirement to use DCs towards assets set out in that schedule (LGA, s 201A); and
 - 13.7 DCs must not exceed a maximum amount determined using the methodology in Schedule 13 of the LGA. In particular, "*a territorial authority must demonstrate in its methodology that it has attributed units of demand to particular developments or types of development on a consistent and equitable basis*" (LGA, Schedule 13, clause 2).
- 14 In summary, the LGA requires a robust and evidence-based approach to be adopted when compulsorily exacting money for public purposes.

APPENDIX 2 - RETIREMENT VILLAGES AND THEIR RESIDENTS

- 147 'Retirement village' is defined in section 6 of the Retirement Villages Act 2003 (*RV Act*) as:
- ... the part of any property, building, or other premises that contains 2 or more residential units that provide, or are intended to provide, residential accommodation together with services or facilities, or both, predominantly for persons in their retirement, or persons in their retirement and their spouses or partners, or both, and for which the residents pay, or agree to pay, a capital sum as consideration and regardless of [various factors relating to the type of right of occupation, consideration, etc]...
- 148 'Retirement village' is an umbrella term given to all types of retirement living. There are two main types of retirement villages, having different offerings in the market based on how much aged residential care they provide:
- 148.1 Retirement villages providing a comprehensive range of living and care options to residents from independent living, through to serviced care, rest home, hospital and in some cases dementia level care (often referred to as a 'comprehensive care' or a 'continuum of care' village).
- 148.2 Villages focussing mostly on independent living units, sometimes with a small amount of serviced care on a largely temporary basis. If a resident in such a village is assessed as needing residential care, s/he will need to move to a specialist care provider (often referred to as a 'lifestyle' village).
- 149 Different retirement village operators provide more or less independent units compared to aged care units. But, approximately 65% of registered retirement villages (across New Zealand) have some level of aged residential care within the village.⁷⁹
- 150 Each village type attracts different resident demographic. Residents choose to live in the retirement villages with greater levels of care if they do not require care immediately but expect that they will need some degree of care soon. As a result, residents in these villages are older (early to mid-80s) than residents in a lifestyle villages (mid to late 70s) – and they are generally more frail and vulnerable and far less independent.
- 151 When residents move into a village, particularly ones designed for great levels of care (such as many of the RVA members' 'comprehensive care' approach), they are often older, many have on-going chronic conditions, and they are beginning to experience reduced mobility and age-related memory impairment. People in specialised care beds are generally confined to the retirement village, except for short trips out. Most hospital residents are not independently mobile. Dementia residents are in a secure environment and need to be accompanied when outside.
- 152 But, because of the general demographic characteristics, residents in all retirement villages including lifestyle villages use council facilities infrequently. There is good evidence of declining activity levels as people age, particularly after the age of 75.

⁷⁹ Jones Lang LaSalle, NZ Retirement Villages and Aged Care Whitepaper, June 2021, page 23.

Onsite care and amenities

- 153 Given age and mobility constraints, residents can find it difficult and/or are not motivated to leave a village and are limited in the activities they can undertake.
- 154 The layout and environment of retirement villages is therefore primarily designed to meet the specific physical and social needs of older people. Residents have different levels of need, ranging from those who are independent to those requiring a high level of 24 hour specialist care, such as is provided in dementia units.
- 155 Larger retirement villages generally offer extensive on-site amenities, such as pools, gyms, theatres, libraries, bars and restaurants, communal sitting areas, activity rooms, bowling greens, and landscaped grounds. These amenities are provided to meet the specific needs of retirement village residents, and are generally preferred to council facilities designed for younger people. These amenities lead to significant positive benefits for residents.
- 156 Villages also often have many onsite programmes and activities managers responsible for organising daily activities for the residents. The types of activities that are provided on-site include a gardening club, knitting clubs, arts and crafts, bingo, and performances from local school groups.
- 157 We also attach a series of photos of RVA members' villages in **Appendix 3** so that Council officers can get a sense of what our members' villages offer.

APPENDIX 3 – PHOTOS OF RVA MEMBERS' VILLAGES



Riccarton Park, Christchurch



Riccarton Park, Christchurch



Hobsonville, Auckland



Lincoln Road, Auckland - Miriam Corban Village



Lincoln Road, Auckland - Miriam Corban Village



Aberfeldie, Melbourne



Ocean Grove, Bellarine Peninsula



Ocean Grove, Bellarine Peninsula



Burwood East, Melbourne - John Flynn Village

VILLAGE EXTERIORS



Independent Apartment Living



Independent Apartment Living



Independent Apartment Bedroom



Independent Townhouse Living



Typical Independent Bathroom



Typical Independent Kitchen



Serviced Apartment Living



Serviced Apartment Living & Kitchenette



Serviced Apartment Bedroom

VILLAGE INTERIORS



Beauty Salon



Cinema



Games Room



Gym



Spa & Pool



Cafe



Bar & Lounge

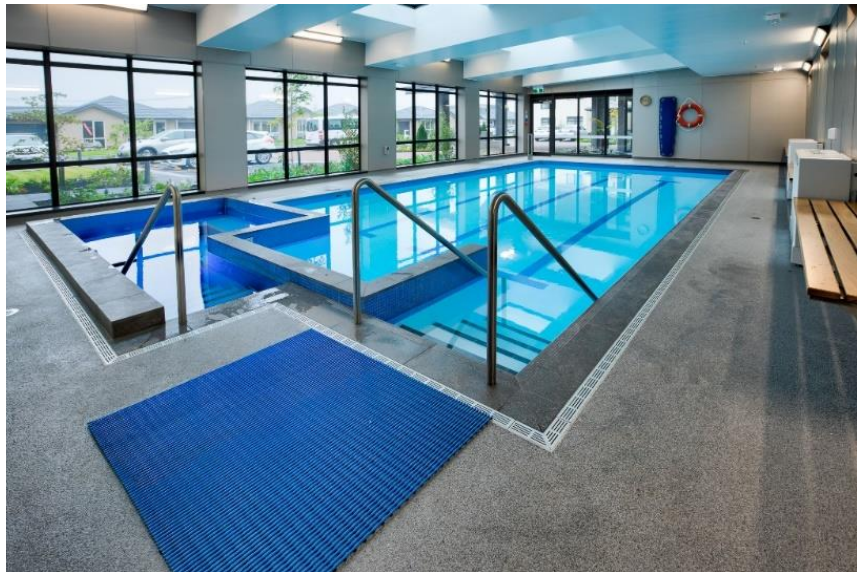


Bowling Green

VILLAGE AMENITIES









**SUBMISSION ON ROTORUA LAKES COUNCIL'S DRAFT
DEVELOPMENT CONTRIBUTIONS POLICY 2022-2031 BY RYMAN
HEALTHCARE LIMITED**

To: Rotorua Lakes Council (*Council*)

Introduction

- 1 This is a submission on the Council's Draft Development Contributions (*DC*) Policy 2022-2031 (*Draft Policy*) on behalf of Ryman Healthcare Limited (*Ryman*).
- 2 Ryman supports in full the Retirement Villages Association of New Zealand Incorporated (*RVA*) submission on the Draft Policy. This submission provides additional context to Ryman's villages and its interest in the proposal.
- 3 The submission covers:
 - 3.1 An introduction to Ryman, its villages and its residents; and
 - 3.2 Ryman's position on the Draft Policy.

Ryman's approach

- 4 Ryman is considered to be a pioneer in many aspects of the healthcare industry – including retirement village design, standards of care, and staff education. It believes that a quality site, living environment, amenities and the best care maximises the quality of life for its residents. Ryman is passionately committed to providing the best environment and care for our residents. Ryman is not a developer. It is a resident-focused operator of retirement villages. Ryman has a long term interest in its villages and its residents.

The ageing demographic

- 5 The growing ageing population in New Zealand, including in Rotorua, and the increasing demand for retirement villages is addressed in the *RVA's* submission on the Draft Policy, and that is adopted by Ryman.
- 6 Ryman's own research confirms that good quality housing and sophisticated care for the older population is significantly undersupplied in many parts of the country, including Rotorua. The ageing population is facing a significant shortage in appropriate accommodation and care options, which allow them to "age in place" as their health and lifestyle requirements change over time. This is because appropriate sites in good locations are incredibly scarce.

Ryman, its villages, and its residents

- 7 Ryman currently has 38 operational retirement villages throughout New Zealand providing homes for more than 12,000 elderly residents. In recent times, Ryman has built approximately half of all new retirement units and the majority of all new aged care beds in New Zealand. It has one retirement village currently operating in the Bay of Plenty region – located in Tauranga and accommodating approximately 500 residents. It expects to continue developing new villages into the future, including in Rotorua, to meet increasing demand.

Ryman's residents

- 8 All of Ryman's residents – both retirement unit and aged care room residents – are much less active and mobile than the 65+ population generally as well as the wider population. Ryman's retirement unit residents are early 80s on move-in and its aged care residents are mid-late 80s on move-in. Across all of Ryman's villages, the average age of retirement unit residents is 82.1 years and the average age of aged care residents is 86.7 years.

Ryman's position on the Draft Policy

- 9 Ryman adopts the RVA's submission on the Draft Policy. In addition, Ryman wishes to note that it has closely engaged with other councils during their DC Policy processes, including Auckland Council and Wellington City Council, to ensure DC Policies and charges fairly reflect the significantly reduced demand retirement villages have on council services. As well as successful engagement through DC Policy processes, Ryman has successfully objected to a development contributions assessment for a village site in Auckland via the Local Government Act objection process in 2018-2019 (*Ryman v Auckland Council*¹).
- 10 Ryman is committed to continue collaborating and engaging with councils, including Rotorua Lakes Council. The Council's DC Policy will have a significant impact on the provision of housing and care for Rotorua's growing ageing population. If the Council re-introduces its DC Policy, Ryman wishes to ensure that it is fair, equitable and proportionate for retirement villages.

Relief sought

- 11 Ryman seeks the relief sought by the RVA in its submission on the Draft Policy.
- 12 Ryman wishes to be heard in support of this submission. If others make a similar submission, Ryman will consider presenting a joint case with them at a hearing.

Rotorua Lakes Council Development Contributions Policy / Future Development Strategy – Medium Density Housing Plan Change Points for Consideration

Submission: Ngāti Rangiwewehi

Te Tari Taiao on behalf of Te Maru o Ngāti Rangiwewehi

Kupu Arataki: Introduction

Ngāti Rangiwewehi trace our origins to Ohomairangi, a tupuna of Hawaiiki from whom all of the Te Arawa confederation descend. Ngāti Rangiwewehi closely identify with those Iwi/hapū that descend from the eight children of Rangitihi known as Ngā Pūmanawa e Waru, the eight beating hearts of Rangitihi. Ngāti Rangiwewehi whakapapa traditions record that Tūhourangi, one of the children of Rangitihi, had a son named Uenukukōpako, who in turn had a son called Whakaue-Kaipapa. Whakaue Kaipāpā joined in union with Rangiuuru, a woman of rank from Tapuika and their eldest son was Tawakeheimoa. In time, Tawakeheimoa joined in union with Te Aongahoro, and from their unification, the hapū, whānau and united tribe of Ngāti Rangiwewehi was established.

Ngāti Rangiwewehi has a special relationship in particular with two of their taniwha (beings that hold the mauri of our waterways), Pekehāua and Hinerua. For Ngāti Rangiwewehi the roles of Pekehāua, and his offspring to Hinerua, are integral to their psyche, culture, health and wellbeing of the people. The concept and responsibilities of kaitiakitanga as hunga tiaki is fundamental to the way Ngāti Rangiwewehi expresses Tino Rangatiratanga over their taonga so that the mauri and mana of our waterways is never compromised. All these factors contribute to what makes us an Iwi and are important and essential elements to the physical and spiritual wellbeing of Ngāti Rangiwewehi.

Ngāti Rangiwewehi remains connected to our ancestral lands, waters, wāhi tapu sites and other taonga, and maintains our rights, interests and responsibility in them, even in the case where these may now be in the hands of others. The relationship of Ngāti Rangiwewehi with our ancestral land and water has been recognised by the Crown through the Ngāti Rangiwewehi Settlement Act 2014 and in statutory acknowledgments in the Resource Management Act 1991.

Te Puna o Pekehāua - Te Waro Uri has great spiritual and cultural significance for Ngāti Rangiwewehi. Pekehāua made his lair in the main spring, Te Waro-Uri ('the dark chasm') and stories of the taniwha are central to Ngāti Rangiwewehi traditions and identity as an Iwi. Commonly known as Te Waro Uri, the puna is linked by deep underground channels to other waterways and Pekehāua used these channels to visit Hinerua, the benevolent female taniwha of Kaikaitāhuna (Hamurana) Springs, a site also sacred to Ngāti Rangiwewehi. The Iwi knew of these connected underground pathways prior to science confirmation.

Pekehāua Puna Reserve Trust is one of the significant Ngāti Rangiwewehi Ahu Whenua Trusts responsible for managing Mangorewa Kaharoa. Pt. 6E3 No. 2 Block, situated on Central Road Awahou on behalf of its owners commonly known as Taniwha Springs / Pekehāua Puna. Te Waro Uri / Ngongotahā Municipal Water Supply is situated on this block. The Pekehāua Puna Reserve Trust is the joint consent holder alongside Rotorua Lakes Council (RLC).

Development Contributions Policy / Future Development Strategy – Medium Density Housing Plan Change Points for Consideration:

This submission expands the ‘Development Contributions Policy’ and Future Development Strategy Iwi consultation and enclosed submission. Our holistic approach to this is looking at the required planning and policy that is appropriate for our whenua our landscapes, our water and our people. Inclusive of our matauranga, our approaches and our vision for future generations. How we plan today will affect tomorrow. What materials we use, what resources we extract, what impacts are created, what management and mitigations and monitoring are in place, will affect tangata whenua hungatiaki and the wider community. There are parts that are reasonably thought out, and other parts that are not clear. We are providing early submissions here, and seek that responses also be provided to these items in due course. If the items do not fit in this submission / policy scope – advise where they do fit, because they are interconnected with the overall National Policy Statement for Urban Development 2020 and need to be considered in the big picture and not fall off the submission register for policy consideration, deliberation and operation relevance. **The Policy and wider planning for operative functions should be such that they ensure that there are no consequential adverse effects to the environment, as well as upholding Part 2 s.5,6,7,8, of RMA 1991.**

1. “The Policy recognises that land is a taonga tuku iho of special significance and the importance of retaining that land and facilitating its occupation, development and use for the benefit of its Maori owners, their whanau and hapu. **To this end it specifically excludes from the requirement for development contributions any applications made by iwi for resource or building consents, service connections authorisations or certificates of acceptances that apply to Marae development.**”
2. While this part acknowledges Maori association to whenua and resources, and excludes marae development from contributions, **this does not go far enough. Papakainga** areas have been under resourced in facilities and utilities for far too long and now as we are in better positions to develop. We propose that Development Contributions exclusions also extend **within an agreed footprint of the marae, i.e. Kohanga Reo, kaumatua housing, offices, and village developments that will** likely boost the cultural, social, environmental and economic well-being to this community. Our marae have a long history of servicing Iwi and community and have very much been under-resourced as they often fall out of the zoning for urban or residential upgrades and developments. These Development

Contributions should be reviewed and adjusted and not continue to penalize those living on whenua Maori within an agreed footprint of a marae.

3. Examples of where **additional development contributions may apply** after a subsequent trigger criterion is tested - should be size and magnitude dependant. Small scale development contributions should not be offsetting larger scale developments. They need to pay their share and the impact may be more intensive so additional mitigations may be required as they will be having more impact on the land. **Tools that help public and developers** to estimate and calculate development contributions and or credits if you are subdividing land, planning to build a new home or marae footprint developments.
4. **Water extraction** should be well planned with appropriate mana whenua, and ensuring of quality environmental and cultural **land use management standards** observed. This may also require archaeologist reports, Cultural Impact Assessments. Not cutting corners. Planning for increased numbers of household impacts on water and land should be examined (i.e. water table, leaching etc). Water consents that are 'banking water' should first be freed up by council / consultant negotiations and or conservation orders to release the consents prior to new suite of additional consenting for water extraction. I.e. **manage and minimize current consents in the catchment to be better caretakers of our taonga water sources**. Grey water systems should be prioritised so that we are not flushing clean drinking water. Water monitoring via metering system should be promoted, noting water is not an endless supply. Promoting future proofing practices that can act as environmental credits for best practice land and water systems could offset the contributions as well as add to Rotorua as a sustainable city.
5. **Access to municipal supply** is not reflected as a corridor in the RLC catchment maps to the Ngongotaha urban intensification zone. It is apparent that any **developments that will take place in Ngongotaha will require municipal supply from Taniwha Springs water supply (Ngati Rangiwewehi)**. The map visually implies that the development starts in Ngongotaha when it is likely it will start in Awahou – to access water supply? There has been no clear advice or depiction of this.
6. Water, stormwater, run-off, rain gardens including drainage attenuation, bioretention, design and management solutions should also be evaluated for sustainable planning and preparation of downstream catchment services. This to ensure that the impact of new development on flood risks for existing properties is minimised and run-off into the stormwater network, carrying urban contaminants to our rivers and waterways is avoided along with mitigating potable water waste. Native plants Eco-sourced (locally) for biodiversity, wetlands and bioretention should be the preferred option. **RLC could provide free advice on sustainable options for both individuals and developers to have QUALITY locally sourced and developed sustainable options, plans.**

7. Why are there **“Exemptions for development contributions cover application for a resource or building consent, authorisation, or certificate of acceptance is made by the Crown or Council... This exemption does not apply to Council Organisations, Council-Controlled Organisations or Council-Controlled Trading Organisations”**.
 There are no **definitions** for what these *other Council affiliated organisations* are..?
 It does not seem appropriate that Council should not pay for development contributions. There is no guarantee that this means increase in rates, and if this is an expense that Council need to budget for- other corporate or administrative budgeting may need to occur. Not simply offload costs for new buildings that public have not determined are needed.

8. **Promoting future proofing practices that can act as environmental credits for best practice land and water systems could offset the contributions as well as add to Rotorua as a sustainable city.** Considering design, materials, greenspaces, grey water systems, draining systems, native biodiversity, an appealing and identifiable ‘Rotorua’ feel to amenity integration into landscape could be contribution credits. We should be building a City that has greenspace corridors, and functions for thriving humans and environments. More thought out public transport links not just land, but water based. Using materials that are more locally. **RLC’s goals to position Rotorua in a low carbon economy and establish Rotorua as a resilient community that can adapt to the changes in climate should be reflected in sustainable and circular resources and economies.**

9. **Development Plans for the district should be standardized for future proofing accuracy** in infrastructure development and planning. GIS Point codes, standard draughting symbols, amenity, and code standards met. Planning for trees and tree policy – right tree, right place, right purpose. Shading in areas of development should be a human right and a facility provision enabled by Council. Where Iwi have determined cultural sites of significance this too can be protected within the site mapping as appropriately determined options with Iwi. Other key site for protection and non-development areas should also be mapped and reserved. Areas such as natural of man-made wetlands and areas of significant biodiversity should also be mapped.

10. While Development Contribution costs will be directed to those developing and benefiting from the development. It is not clear if this will also be built into new rates for residents. There are various other regional and local costs that rate payers are covering. Will there become a new Development Contributions for all locals? Tourism? Hotels now acting as permanent residence... This should be clearly outlined as rates are increasing annually and residents who want to live and make Rotorua home, are being squeezed out by the planning costs that have not been evenly planned for over the years. **Central government contributions** for infrastructure should also be advocated so that other core infrastructure could be developed in city centres using better sustainable practices and functions.

- 11. Emergency housing,** we support specific Council plans be developed with Te Arawa representation / agencies to assist whanau living in motels into homes. Better data sharing to understand the situation and supports required are likely best delivered by Te Arawa services. RLC, should be updating and involving these tenants and local residents about community cohesiveness and progression of housing opportunities. Notice of 5year consenting options for emergency housing is not an appropriate form of communicating how temporary emergency housing is now permanent into foreseeable future. There seems no plan. Are these new duplexes the answer? See below:
- 12. New housing developments also need to have levels or ranges of affordability.** Or this will still see those in emergency housing and any other whanau, individuals and elders, priced out of the market. What price gouging mitigations will be employed to minimise the exploitation by developers capitalising of homelessness and low-income whanau. **How will RLC mitigate the issue unaffordable housing being perpetuated by investors?**
- 13.** While future housing planning for Rotorua is rapidly changing since growth in population, emergency housing crisis and Rotorua upgrade as a Tier 1 City (under the recent amendments to the RMA intended to streamline intensification via the NP-UD) Iwi have been notified of the identified areas for medium density and urban intensification. While this will provide for new housing, **it will allow for the establishment of duplex buildings,** some that will not require consenting and others that are planned both residential and commercial at 3-8 story's. While in some places this may be appropriate, it is important to **ensure that there are rights afforded to people, and their property not being shaded out from the sun.** There should be appropriate angles of sun exposure that prevents these larger buildings fully obstructing sunlight, warmth and health benefits from affected neighbours. Extra consideration and cultural and environmental impacts should be considered if any high-rise (more than one story) was to take place on the footprint of the marae complex, there should be a cultural impact assessment required.
- 14. Other:** There should be privacy afforded for comfort and security purposes and avoiding of full wall frontage. There should be entry and windows on frontage and variable sizes in fencing so as not to block off communities from the wider cohesiveness of the landscape. Trees should be considered for height and shade, and appropriate species and maintenance considered. Visual cohesiveness with the location and eco-visually appealing homes should be established. Parking should be adequate for minimising on-road parking situations. Green space gardens and even green roof / balcony gardens should be encouraged / provided for (eco-credit system for developers).
- 15.** We need **green spaces and reserves in walking distance to medium density duplexes.** These duplex homes should ideally have green space for whanau / kids to safely play and or, be within a short walking distance to access appropriate, council cared for recreational and wellbeing spaces for whanau. The ¼ acre dream has gone for many, but we can still

provide areas that can ensure our tamariki, mokopuna, pakeke and kaumatua have green space areas to enjoy.

16. Given the **climate crisis and climate goals for NZ** we should be examining the carbon loss that may be created during developments and be **replacing it with carbon sequestering materials such as local, regional, national products such as wood, or wood by-products**. Many of our Iwi are connected to forestry as land owners and or forest / carbon owners i.e. circular bio-economy.
17. Again, highlighting eco-system mitigations in particular for biodiversity and water use and incorporating Iwi / matauranga Maori, Te Ao Maori approaches should be implemented. Both tikanga and technical opportunities to **address climate and environmentally future focused housing innovations as well as social and economically balanced pathways for cultural resilience into an adapting climate can benefit the whole community**, it is becoming more accepted that indigenous knowledge is advanced in this way of thinking and planning.
18. Relevant and innovative research that can be undertaken by our mana whenua groups alongside both Councils and / or also reaching into various research institutions and universities to find ongoing solutions to urban planning and sustainable futures, that are grounded in our uniquely Aotearoa landscapes and matauranga-a-Iwi, and hungatiaki approaches. **We have local research, science and industry focused Crown Research Institutions in our region that we should be harnessing urban development / climate knowledge and partnership with our Iwi as key research partners.**
19. As Ngati Rangiwewehi and Te Arawa uri, we have our unique Iwi Treaty Settlement, Treaty Acknowledgements, Environment Court decisions, Iwi Management Plans, Te Arawa Strategies, and other key documents that outline our position to water – Mana o Te Wai, whenua and we also signed the Fenton Agreement. **We want to remain visible in our own rohe with decision-making abilities in our back yard around the future development of Rotorua.**
20. If we must intensify housing, and require Development Contributions (which is understood), we must plan for sustainable futures. Eco-environmental, sustainable options now – not later. This should be the core value. Eco-contribution credits should be explored. Other councils and countries are doing this. We need to think long term. Taiao Ora, Tangata Ora.

Subject: Objection to the Draft Development Contribution Policy 2022 - 2031

Kia ora Gina

Thank you for the hui on Thursday.

The following are key points on our submission to the Draft Development Contributions Policy:

- Te Arawa Group Holdings Ltd oppose the Development Contributions Policy –
 - DCP will contribute to the additional cost of undertaking a development – either green or brown fields.
 - The cost to develop much needed residential property will be a massive deterrent due to another cost – the economics to undertake any development is proving difficult.
 - DC should be negated by the Rotorua Lakes Council concentrating on economic growth –not another form of taxation.
 - Another cost to development will encourage property owners to land bank – as developers will struggle to justify developing in Rotorua.
 - The absorption of an additional cost to the purchaser/developer will only form another hurdle for all parties – instead of making building houses etc. easier and attractive it is proving difficult.
 - Any development on papakainga land should not attract a DC. Papakainga land that isn't developed for profit, developed for social purposes and will not be sold!

SUBMISSION**DRAFT DEVELOPMENT CONTRIBUTION POLICY****ROTORUA LAKES COUNCIL**

15 JUNE 2022

Submission**by:** Ryan Holmes**Position:** I oppose the Draft Development Contributions Policy in its current draft form.**Reasons:**

- I believe we are in the wrong economic climate (nationally and globally) to introduce the policy as written. History has already shown a DC policy (per the DC policy introduced in 2006) will not work in Rotorua, and disincentivises development as it did between 2006 and 2013.
- This draft DC policy proposes development contributions be payable in addition to reserve contributions and network infrastructure upgrade costs. This makes it economically unviable to purchase land and develop residential subdivisions in Rotorua.
- A lack of due process and economic feasibility study undertaken prior to drafting the policy with no input from those affected by the draft policy (developers, construction companies, landowners etc). This process results in only one option to consider. Effectively, what this policy does is make our business in this town unviable.
- Short notice of the intent to introduce the DC policy.
- Crown entities such as Kainga Ora being exempt from the development contribution charges.
- HUE credits not being transferrable between different end uses of the land.

Background:

Holmes Group predominately focuses on the development of residential subdivisions across New Zealand. Whilst we undertake some commercial and industrial construction, we are less involved in this form of development. In Rotorua we have developed Eastgate Business Park, Lake Vista Estate, Parklands Estate, and Lynmore Junction.

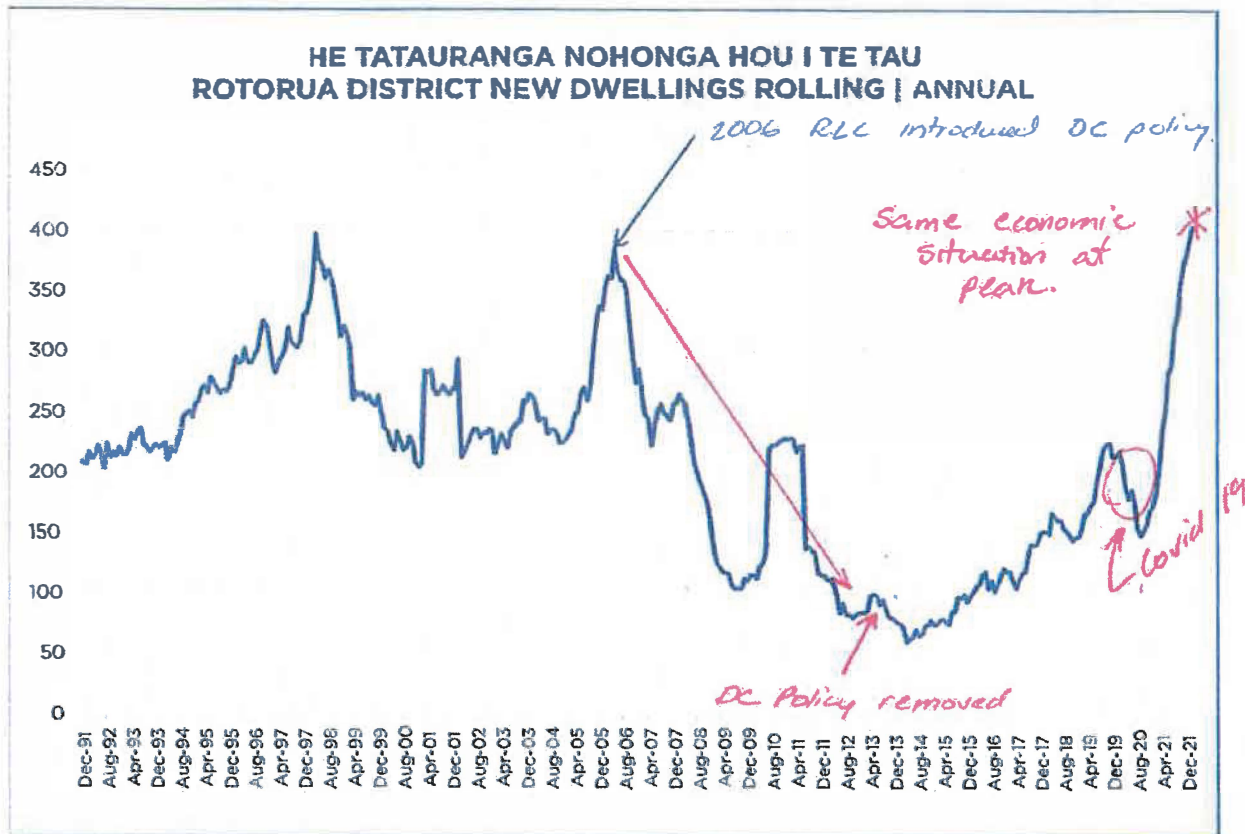
Therefore, this submission focuses on residential subdivisional development and not commercial or industrial development.

2006 RDC Development Contribution policy:

In 2006, against significant opposition, Rotorua District Council implemented a development contributions policy.

As per the below graph (Figure 1), the 2006 DC policy was introduced at the peak of a relatively high period of economic prosperity, which correlated with high numbers of new dwelling consents being issued by RLC.

Figure 1



Our company submitted against the 2006 DC policy. We argued Rotorua was not like most other regional centres. We argued, “get the development to Rotorua and then figure out a way to tax it afterwards. Tax it beforehand and it will not come”. According to Figure 1, our argument and Mayor Chadwick’s 2013 comments below were proved correct:

Mayor Chadwick is on record saying “development contributions (DC’s) had **clearly** become a disincentive to investment and a barrier to growth.”

“...they represent a failed framework that hasn’t achieved the revenue streams anticipated but has instead served only to drive new development away. It’s time for development contributions to be dumped....”

“Rotorua District Council is of the view that foregoing some revenue by ending development contributions will be more than compensated by the additional economic growth.... It’s a simple formula really. If we increase the number of businesses and residents in our district, then we have

more people paying rates, and the cost of providing services to our community is shared over a larger population”

Mayor Steve Chadwick. Council News Release: 10th December 2013

At the time the 2006 DC Policy was introduced, our company was a significant way through planning to build a three-story retail, office and accommodation complex on Fenton Street between Pukaki Street and Arawa Street. Once the DC Policy was introduced the network infrastructure and development contributions would have equated to paying RDC \$1,500,000 in fees. Suffice to say we pulled the development. A significant portion of those buildings still remain empty to this day. Rotorua missed out on a \$15m development and associated job creation. This is just one example.

2022 Draft Development Contribution Policy:

Referring back to the graph in Figure 1, Rotorua Lakes Council is now looking at reintroducing the DC Policy under very similar market conditions as 2006. That is, rising interest rates, extremely high inflation, scarcity of building/construction materials and a looming global recession. Additional to this is the high cost of land, fuel, and construction materials.

As communicated by RLC management, the Government have imposed the introduction of a DC Policy as a condition of RLC receiving infrastructure acceleration funding. If a DC policy is introduced and again results in significant decline of consent applications (growth) (see statistical curve in Figure 1 post 2006), there will potentially be a greater net loss to Rotorua over the next ten years, than there will be benefit from receiving the funds from Government. It appears RLC will likely trade our prosperity in favour of a short-term infrastructure gain. You have a responsibility to determine the cost benefit of this potential outcome before any decisions are made.

RLC's methodology introducing this policy is very counterproductive. I, like many other developers, construction companies, housing companies, and landowners have for the past six months been a part of a forum to provide feedback and help guide RLC decision making and policy around residential, commercial, and industrial growth. Discussing development contributions was on the agenda to work through, however behind the scenes RLC had spent at least \$136,000 creating a DC policy in order to rush it through the process for approval and implementation.

RLC did not bother to engage the considerable depth of knowledge and experience sitting at the Developers Forum meetings. Rather RLC management came up with a DC policy very much identical to the DC policy that previously failed. Had the Developers Forum been included in this process (as it was led to believe), we could have come up with multiple options and recommendations from the start. Personally, I will be hesitant (under this leadership, both Management and Council) to be involved in engaging in any future council forum process. I now distrust the processes council engages in with respect to consultation.

In order for the councillors to understand how the proposed DC policy will impact the feasibility of a residential subdivision, I have provided two real profitability examples. Refer to Figure 2 and Figure 3 below.

Figure 2

REAL EXAMPLE 1 2006		
(GST exclusive)		
61 Sections		
	Total	Per Section
Land	\$980,000	\$16,000
Development Costs	\$2,699,000	\$44,246
SW Upgrade	\$290,000	\$4,754
Reserve Contribution @ 5%	<u>\$326,000</u>	<u>\$5,344</u>
	\$4,295,000	\$70,344
Sales	\$6,527,000	\$107,000 <small>see note 1</small>
less development costs	<u>-\$4,295,000</u>	<u>-\$70,410</u>
	\$2,232,000	\$36,590
less Tax	-\$870,480	-\$14,270
less Bank Interest	<u>-\$365,075</u>	<u>-\$5,985</u>
NET PROFIT	\$996,445	\$16,335
RETURN ON INVESTMENT	23.20%	
NET Profit if Development Contributions were applicable:		
NET Profit from above	\$996,445	\$16,335
Development Contribution	-\$575,840	-\$9,440
Interest on DC's @ 8% over 6 months	-\$23,034	-\$378
NET PROFIT with Development Contribution	\$397,571	\$6,518
RETURN ON INVESTMENT	9.26%	
Current Development Contributions Proposal (Payable to RLC)		
	Total	Per Lot
Reserve Contribution	\$326,000	\$5,344
Stormwater Upgrade	\$290,000	\$4,754
Development Contribution	<u>\$575,840</u>	<u>\$9,440</u>
	\$1,191,840	\$19,538

Note 1.

The section sales price noted excludes GST as the GST would be payable by the developer - The sections were sold at the GST inclusive price of \$123,050 (average).

Figure 3

REAL EXAMPLE 2 FALL BACK POSITION 2019			
(GST exclusive)			
50 Sections			
	Total	Per Section	
Land	\$4,560,000	\$91,200	
Development Costs	\$3,535,000	\$70,700	
Stormwater Upgrade	\$200,000	\$4,000	
Reserve Contribution	\$543,300	\$10,866	
	\$8,838,300	\$176,766	
Sales	\$10,870,000	\$217,400	see note 1
less development costs	-\$8,838,300	-\$176,766	
	\$2,031,700	\$40,634	
less Tax	-\$753,480	-\$15,070	
less Bank Interest	-\$536,280	-\$10,726	
NET PROFIT	\$741,940	\$14,839	
RETURN ON INVESTMENT	8.39%	see note 2	
NET Profit if Development Contributions were applicable:			
NET Profit from above	\$741,940	\$14,839	
Development Contribution	-\$472,000	-\$9,440	
Interest on DC's @ 8% over 6 months	-\$18,880	-\$378	
NET PROFIT with Development Contribution	\$251,060	\$5,021	
RETURN ON INVESTMENT	2.84%		
Current Development Contributions Proposal (Payable to RLC)			
	Total	Per Lot	
Reserve Contribution	\$543,300	\$10,866	
Stormwater Upgrade	\$300,000	\$6,000	
Development Contribution	\$472,000	\$9,440	
	\$1,315,300	\$26,306	
Note 1.			
The section sales price noted excludes GST as the GST would be payable by the developer - In order to achieve sales of \$217,400 the sections would have been sold at the GST inclusive price of \$250,000 (per registered valuation of section values).			
Note 2.			
This feasibility is based on a fall back scenario (which was to develop 50 sections) and was not the option we intended to pursue.			

Council currently charges reserve contributions (at 5% of the retail value of the section) and network upgrade contributions. As shown in Figure 2, if a Development Contribution was also payable at the time, we simply would not have carried out this subdivision. All of these sites were auctioned. The sales price we achieved were at the top of the market at the time. By charging a Development Contribution on top of the reserve contribution plus a network upgrade contribution (total \$1,191,840) the project would have simply been uneconomic. Due to the very high-risk profile of property development, developers seek a minimum of 20% ROR. When factoring in the proposed payable DC's, this example has a reduced ROR of 9.26% deeming it too risky. This scenario uses actual figures.

The scenario in Figure 3 is a fall-back position i.e., a position we could rely on if our preferred development proposal failed. The fallback position was marginally palatable whilst only paying the reserve contribution and the network upgrade contribution. If a Development Contribution (\$472,000) was also payable, this fall-back position would have been rendered economically unviable. We simply could not have taken the risk to pass this cost on to the purchaser as a registered valuation undertaken on the end section values showed there was no evidence the market could absorb another \$10,856.00 (GST inclusive) per section. When factoring in the proposed payable DC's this example has a reduced ROR of merely 2.84% deeming it uneconomic and too risky as a fall-back position. This scenario is based on the budgeted Quantity Surveyed feasibility costs prepared during the planning stages of this development and a registered property valuation of the end value of sections.

Rotorua is not like Tauranga or Hamilton, as some Councillors have recently compared us to with regards to charging development contributions. Rotorua has had very little historic residential construction or development growth which specifically leads to job creation. Cities like Hamilton and Tauranga have attracted significant manufacturing and commerce over the past 10 years. Their populations are engaged in creating value. Rotorua has attracted very little residential, commercial and industrial growth. Te Rapa in Hamilton, and Tauriko in Tauranga have attracted more new big businesses and industry in one year than Rotorua does in ten years. As seen in 2006, this proposed development contribution policy will only further hinder Rotorua's ability to prosper, especially now given how much Rotorua is in the news for all the wrong reasons. Also, our tourism industry will take many years to recover from the impact of covid 19.

Developers do not end up paying the development contributions directly. These costs are passed on to the end user and if the market (end user) cannot absorb these increases, then the development does not economically stack up and would not proceed.

Paragraph 132 in the draft DC policy says:

"These costs are a relatively small portion for most developments and will have a minor impact on overall costs. The Council considers that the level of development and financial contributions are affordable and do not consider it likely that there will be an undue or unreasonable impact on the social, economic, and cultural wellbeing of this section of the community".

These proposed costs are not small, especially when in addition to reserve contributions and network upgrade contributions. On a standard section (700m² in a general locality) these could

add up to be between \$25,000-\$30,000 per section. As per Figure 3, the three total contributions payable to RLC equal \$1,315,300. The development contributions alone on a 50 section development is \$472,000 which RLC is expecting up-front at s224 stage, therefore adding significant financial risk to any development.

The above policy statement, without providing an up-to-date market feasibility of a residential subdivisional development, is unsubstantiated and Councillor's do not have adequate information to prove DC's are "affordable". This statement does not factor in the fact DC's are a set 'per section cost' and therefore the proportion of DC costs on the total costs would be higher on a lower priced section, thus making first home buyer developments less attractive for developers to develop.

Relief sought as it relates to residential subdivisional development:

- Reserve Contribution of 5% of the GST exclusive retail price of sales (per existing policy) payable upon each title settling with purchaser (bank bond in place in favour of RLC) instead of payable on the issue of s224 certificate.
- No network upgrade contributions. These contribution estimations have proved impossible for RLC to provide within a reasonable timeframe, especially during short feasibility/due diligence timeframes. There is never quantified proof of actual capacity figures or costs. Development Contributions cannot be collected as well as network upgrade contributions. It is double dipping.
- Development Contribution. 50% payable by developer upon each title settling (bank bond in place in favour of RLC). 50% payable via targeted rates over 20 years attributed to the sections created. This would be an approximate targeted rate per section of \$19.67 + GST per month excluding interest and escalation ($\$9,440 \times 50\% = \$4,720$, divided by 20 years = \$236, divided by 12 months = \$19.67).

This is an appropriate mechanism as the developer pays for all of the new infrastructure within the subdivision and then gifts this to RLC. The infrastructure within the new development will have significantly less maintenance costs associated with it for the first twenty years, and RLC receives new rates. The proportion of general rates received off newly created sections will not predominately go to maintaining the infrastructure delivered to that section, (as opposed to a comparable existing house in an established neighbourhood where general rates attributed to that site require a larger portion of these rates to maintain the older three water networks and roads that service these neighbourhoods).

Clarifications:

1. Paragraph 84 of the draft DC policy states:

"In addition, Council will not require a development contribution in any of the following cases where: ...the application for a resource or building consent, authorisation, or certificate of acceptance is made by the Crown or Council".

Does this include Kaianga Ora residential development. I do not support this exclusion if it includes a Crown entity (such as Kaianga Ora) developing residential lots. Policy wording is ambiguous.

2. Three Waters: In relation to any income received through any development contribution, how will that be treated under the Three Waters proposal? Will money received by RLC be retained by RLC and spent on Rotorua infrastructure? If any DC's collected are given to any Three Waters Conglomerate, then I completely oppose this happening.

3. Paragraph 67 of the draft DC policy states:

"Credits will be awarded in terms of HUEs calculated under the current policy and determined accordance with the following... Development on a lot for which a contribution has already been paid: The number of HUEs associated with developments for which a contribution has already been paid, provided that the development for which the contributions were previously sought remains the intended use of the site".

Does this mean if a motel / hotel (as an example only) is removed from a site, and residential houses built in its place, the residential development would not be able to utilise the credits available? If this is the case, I do not support this clause in the policy. Policy wording is ambiguous.

Subject: Submission Feedback - Draft Development Contribution Discussion

Kia ora

Thanks for the hui today and the explanation regarding the Draft DCP
These are my own whakaaro and not those of Ngati Rangiwewehi.
NR have a connection of all things water, I can say that my conversations with our Tari
Taiao Unit we have spoken about a number of these bullet points
I have cc'd our Iwi Chair as he may want to add to this korero from an overall iwi
perspective.

I do believe that developers could receive credits depending on their what the final design
plans look like and an open conversation with developers and or property owners.
Encourage developers/designers to take on an environmentally friendly approach in their
designs.

- New residential Dwellings and Commercial Properties must include stormwater catchment and grey water systems
- Commercial development to include raingardens
- Developments in close proximity to water would require additional riparian planting and natural filtering plantings
- Municipal water supply for potable water only
- Marae Exemption Agreed
- Papa Kainga Housing - Must be on maori owned land - Reduced contribution fee
- Sewage - not sure on this one. Knowing that Gina Mohi has been part of the planning
- Review 3-5years

Encourage existing home and business owners to install stormwater catchment and grey water systems - possible discount in rates, offer a programme similar to home insulation RLC purchase units and charge ratepayers. Interest free.

How do we find the right balance to grow our city, provide housing, provide employment, look after our taiao....

Sorry some of this is my brain explosion and trying to get it all down...and its stupid o'clock

Na mihi ano Junette

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--

Junette Putaranui

Ngati Rangiwewehi Iwi Office on behalf of:
Te Maru o Ngati Rangiwewehi Iwi Authority
Rangiwewehi Charitable Trust
Tarimano Marae Trust
Te Tahuhu o Tawakeheimoa Trust
Te Kaikaitahuna Management Company Ltd



The Proprietors of
Ngāti Whakaue Tribal Lands



Attention: Jean Paul Gatson, Simon Bell, Jason Ward

16 June 2022

Tēnā koe Jean Paul,

Re: Development Contributions Policy

Thank you for the opportunity to comment on the Development Contributions Policy.

Ngāti Whakaue Tribal Lands (NWTL) was formed in July 1960 and owns 3,000 hectares of land surrounding the Rotorua township. Substantial portions of this land are zoned residential with others being identified for future residential and commercial development. NWTL seeks to safeguard and improve our land holdings and increase the wellbeing of the people of Ngāti Whakaue.

NWTL would like to emphasize and reconfirm their desire to work closely with Rotorua Lakes Council (RLC) as part of the land development process with regard to Development Contributions and how they may apply in association with the future development of the Wharenui Development Area and our other urban development land.

In this regard, NWTL supports the inclusion of Development Agreements within the policy, and that these will override any Development Contributions.

Should you have any questions please contact me directly.

Nga mihi

A handwritten signature in black ink, appearing to read 'Ray Morrison', enclosed in a thin black rectangular border.

Ray Morrison
General Manager

16 June 2022

To: Rotorua Lakes Council
By email

Submission on Rotorua Lakes Council's Draft Development Contributions Policy 2022-2031 on behalf of Summerset Group Holdings Limited

1. Summerset is New Zealand's second largest developer and operator of retirement villages, which makes it one of New Zealand's largest home-builders. Summerset has 35 villages completed or in development across New Zealand and provides a range of living options for more than 6,600 residents.
2. New Zealand is facing a housing crisis, including a retirement living and aged care crisis. It is vital that the regulatory environment recognises and provides for the development that is required to meet this growing demand, and funding for associated infrastructure, but does so on a fair and proportionate basis that reflects, for comprehensive care retirement villages like Summerset's:
 - 2.1. the reduced occupancy per unit when compared to a typical household unit - Summerset's average occupancy for its independent units is 1.3 residents per unit and for its care units is 1 resident per unit; and
 - 2.2. the typically low pattern of demand on community infrastructure, amenities and facilities when compared against the demand assumptions for a typical household unit - residents entering Summerset's villages average 81 years, have specialist physical and social needs, and access Summerset's extensive range of on-site amenities.
3. Summerset is grateful for the opportunity to provide feedback to the Council on its Draft Development Contributions Policy 2022-2031. Summerset wishes to express its support for the submission of the Retirement Villages Association of New Zealand in its entirety. Summerset requests the Council engages constructively with the Retirement Villages Association in relation to the Draft Policy.

Summerset Group Holdings Limited

SUBMISSION TO ROTORUA LAKES COUNCIL
RE DRAFT DEVELOPMENT CONTRIBUTIONS POLICY 2022 - 2031
BY ROTORUA DISTRICT RESIDENTS AND RATEPAYERS

Submitted Thursday 16 June

EXECUTIVE SUMMARY

RDRR's members, associates and friends are ambivalent about the Development Contributions Policy (DCP) for several reasons. The forced choice offered by Council between either developers or ratepayers paying for Three Waters infrastructure is simplistic. It is needlessly divisive. It shrouds (a) Council's objective of embedding a revenue-raising mechanism to assist Three Waters implementation, and (b) the costs of its current contributions policy and structures.

RDRR's members reject the claim that reintroducing Development Contributions (DCs) in Rotorua to fund Three Waters infrastructure is justified by an 'exponential growth in needs' generated by population and economic growth. It is shown to be far more likely that national and international monetary policy is impacting the economics of Rotorua and house building. The DCP is interpreted as a policy narrative intended to justify the collection of DCs to fund a historical and current deficit in Three Waters infrastructure in Rotorua created by successive councils' investment policies.

RDRR members support reasonable DCs being collected by Council specific to each development project and its unique and actual infrastructure costs. At the same time, they insist that neither public nor private sector providers should be given concessions. Council should aim to eliminate all subsidies by ratepayers and be seen to provide a 'level playing field' to all potential investors.

To achieve such ends, RDRR recommends that Council take expert advice on the impact of RLC's financial management strategy on ratepayers and developers since 2013, and update its vision, priorities, and practices - to improve prudence and transparency in a turbulent environment. This process will need to cohere with major organisational rationalisation that should be anticipated with the implementation of the Minister's Three Waters legislation.

In the interim, RDRR members argue that the current Council must not undermine the viability of private sector development projects with DCs adding unreasonably to the burden of increasing Financial Contributions under the RMA. Council must avoid creating the impression of favouring public sector developers with secret sales of Council land at 'agreed prices' and transferring wealth from ratepayers at a pace indicated by the 50% increase in the rates take by Council since 2013.

The proposed implementation plans appear to follow logically from the strategy proposed in the DCP, although why the Producer Price Index Outputs Construction index should be used is not clear.

INTRODUCTION

This submission to the Rotorua Lakes Council (Council) is on behalf of the 1,093 members, associates and friends of the Rotorua District Residents and Ratepayers (RDRR). It was initiated by an email offering advocacy through RDRR regarding the RLC's [Draft Development Contributions Policy 2022 - 2031](#).

While it was noted that individual submissions had a deadline of 16 June, those who wished to have their views aggregated into a RDRR submission were invited to provide feedback by 10 June.

A second draft summary was emailed to all members, associates, and friends on 12 June for a final round of feedback and editing prior to final submission.

THE PROPOSED DEVELOPMENT CONTRIBUTION POLICY

The proposed DCP is prefaced by a [Statement of Proposal](#) (Statement). This Statement provides the basic reason for the reintroduction of DCs:

Over the last 5 years or so, due to a wide range of factors, Rotorua has become a destination city. Many people have decided to move out of major centres and raise families in a smaller community or choose a better work/ life balance.

Rotorua has been one of those smaller destinations of choice. This has led to exponential growth needs across our city as referenced in the graph below. With this demand for growth, the infrastructure that caters for this growth needs to be created. This infrastructure needs to be timely and comes at a cost. (p.2)

All respondents regard this statement as fiction. With the mass and managed influx of homeless and associated crime, and middle-class flight, RDRR members see Rotorua as having a ruined reputation.

It is most unfortunate that the graph referred to in the Statement does not show 'exponential growth needs across the city'. It shows that the number of new dwellings every four months peaked at about 300 in December 1997, again in December 2007, and again in December 2021, suggesting a need to develop a more sophisticated understanding of the dynamics and causal context of Rotorua's housing market.

The graph shows that the number of new dwellings oscillated between just over 200 in December 1991 to 300 by December 1991 and then fell below 200 about December 2009. It recovered for four months to about 225 in December 2009 and then fell dramatically to 60 new dwellings in December 2013, but then climbed steadily to just over 300 in December 2021.

It would be a mistake to conclude or even imply that the building of new dwellings since December 1991 in Rotorua is substantially a reflection of local and/ or central government housing policies in New Zealand or the financial strategy of the RLC since the October 2013 local elections.

A more convincing causal explanation by [FRED/WALCL](#) of the oscillations since 2007 suggests the impact of three factors

1. the Federal Reserve’s response to the Global Financial Crisis (GFC) with ‘Quantitative Easing (QE)’,
2. its adoption of Modern Monetary Theory (MMT) early in 2020, and
3. the broadly matching monetary policies of the New Zealand Government over the same period that responded to the GFC with QEs and MMT, and then to the Covid pandemic.

The other foundational and increasingly questionable assumption in the proposed DCP is Rotorua’s ‘exponential growth’ in population and economic terms. Census data from [StasNZ](#) summarised in Table 1 indicates modest annual average population growth overall with slightly higher growth in the Asian ethnic group (the 10.7% count in 2006 is a typo, probably 1.7%).

Table 1: Population Growth in Rotorua District, 2006–18 Censuses

Population Category	2006 (count)	2013 (count)	2018 (count)	Average Annual Growth (count)
All	65,901	65,280	71,877	498
Māori	22,734	22,410	28,839	509
Population Ethnicity	(%)	(%)	(%)	(%)
• European	60.9	67.5	63.3	0.2
• Māori	36.4	37.5	40.1	0.3
• Pacific peoples	4.5	5.0	5.4	0.075
• Asian	4.4	6.3	9.5	0.425
• Middle Eastern/Latin American/African	0.4	0.6	0.5	0.008
• Other ethnicity	10.7	1.7	1.0	N/A

Table 2 from [Infometrics](#) overleaf confirms that economic growth over the last year to March 2022 has also been modest, compared to the Bay of Plenty and New Zealand, despite a dramatic surge in residential consents caused by Council’s encouragement of a new homeless industry.

Table 2: Economic Growth Indicators to Year End March 2022

Indicator	Rotorua District	Bay of Plenty Region	New Zealand
Annual Average % change			
Gross domestic product (provisional)	5.0 %	6.6 %	5.2 %
Traffic flow	2.7 %	4.6 %	1.8 %
Consumer spending	3.8 %	8.3 %	6.1 %
Employment (place of residence)	2.7 %	4.0 %	2.7 %
Jobseeker Support recipients	-2.7 %	-5.7 %	-7.3 %
Tourism expenditure	-1.7 %	6.5 %	7.1 %
Health enrolments	0.7 %	1.6 %	0.7 %
Residential consents	101.0 %	12.2 %	24.0 %
Non-residential consents	11.7 %	-9.8 %	13.6 %
House values *	15.0 %	25.2 %	17.7 %
House sales	-13.9 %	-12.0 %	-9.3 %
Car registrations	17.1 %	13.0 %	24.7 %
Commercial vehicle registrations	32.1 %	25.2 %	35.3 %
Level			
Unemployment rate	5.6 %	4.2 %	3.4 %

* Annual percentage change (latest quarter compared to a year earlier)

It appears that the primary reason for reintroducing DCs in Rotorua is more likely to be a consequence of how national and international monetary policy has been impacting the economics of Rotorua rather than being caused by local population or economic growth. This also means that Council's DCP should be interpreted as a policy narrative intended to justify the collection of DCs to fund a historical and current deficit in Three Waters infrastructure prior to, and to enable, the implementation of the Minister's Three waters policy.

There is one exception: marae development. Consistent with Section 102(3A)(a) of the Local Government Act 2002, Council's DCP had to comply the principles set out in the Preamble to the the [Ture Whenua Maori Act 1993](#), and was cited and applied as follows (p. 5):

Whereas the Treaty of Waitangi established the special relationship between the Maori people and the Crown: And whereas it is desirable that the spirit of the exchange of kawanatanga for the protection of rangatiratanga embodied in the Treaty of Waitangi be reaffirmed: And whereas it is desirable to recognise that land is a taonga tuku iho of special significance to Maori people and, for that reason, to promote the retention of that land in

the hands of its owners, their whanau, and their hapu, and to protect wahi tapu: and to facilitate the occupation, development, and utilisation of that land for the benefit of its owners, their whanau, and their hapu: And whereas it is desirable to maintain a court and to establish mechanisms to assist the Maori people to achieve the implementation of these principles.

The Policy recognises that land is a taonga tuku iho of special significance and the importance of retaining that land and facilitating its occupation, development and use for the benefit of its Maori owners, their whanau and hapu. To this end it specifically excludes from the requirement for development contributions any applications made by iwi for resource or building consents, service connections authorisations or certificates of acceptances that apply to Marae development.

This exception aside, the Council's proposed DCP is to apply to all developers in the private and public sectors.

QUESTIONING THE COUNCIL'S DCP

Many developers and residents consulted or who responded believe that Council cancelled DCs in 2014 in the naïve belief that this would help attract more investment to Rotorua. They regard the proposed reintroduction of DCs as based on another mistaken assumption - that Rotorua's population and economy are growing exponentially – and that the proposal is about clearing the pathway for revenue raising prior to the Three Waters functions being transferred to a new supra-regional entity.

This impression was reinforced by what appeared to be a [policy 'kite-flying' discussion](#) at the Strategy, Policy and Finance Committee meeting on Thursday 9 June 2022. Council's Deputy Chief Executive, Organisational Enablement (actually the CFO) said emergency housing providers were the "exacerbators" of "an escalation of costs" in the Council due to emergency housing "challenges." However, he added, a targeted rate would require an amendment to the Long-Term Plan and to the Council's funding and revenue policies. RDRR members were quick to point out that such costs levied on emergency housing providers would soon become institutionalised and eventually fall on residents and ratepayers as maintenance and capacity shortfalls.

Rotorua Mayor Steve Chadwick said that a targeted rate may be worthwhile, but it will be "something for the next Council to consider". This was an unusual stance by the mayor, given all the other policies she has been trying to ram through before the end of her term prior to the coming election on 8 October 2022. In effect, the absence of a targeted rate would constitute an unfair subsidy to emergency housing providers by ratepayers.

Hence, RDRR respondents interpret the situation assumed by the DCP very differently. After nearly nine years of what they see as inflexible and unresponsive financial management - that has paid

little heed to the affordability of rates to ratepayers - they reject the basic premise of the DCP; that it is 'exponential growth' alone that has created significantly additional demands on our water, sewerage, and storm water services.

Many developers and residents also reject the simplistic generalisation that the costs of such additional services should be contributed to mainly by those that in large part 'create the demand' without considering Council's own contributions and costs. They consider it knowingly deceptive for Council's consultation with the community to aim solely at identifying who else should pay for this 'growth-related' infrastructure, when its own system policies and practices are significant contributors to Three Waters costs and to infrastructural development.

Council claims that the cost of Three Waters infrastructure is currently borne primarily by the ratepayers of our district. Under their proposal a DC would levy developers seeking support and consents from Council to fund the expansion of water, sewerage, and storm water networks. In the absence of this policy, it is argued, Council will have to borrow to invest in the additional growth needed, unless ratepayers or developers meet the cost of Three Waters infrastructure.

RDRR's consultations suggest the need for a very different and much more complex housing policy. The forced choice offered by Council, to have either developers or ratepayers pay for new Three Waters infrastructure, or have Council borrow more, is considered simplistic and divisive. It pits two parties living in our community, developers and ratepayers, against each other while distracting attention from the Council's revenue raising objectives and its role, responsibilities and cost structures as system managers.

To introduce the need for a more sophisticated policy narrative, an RDRR member with over three decades of service as an elected member on a district council argued as follows:

I totally support the collection of DCs in the same way that I support some recreational organisations, such as Golf Clubs, requiring a 'Joining Fee' and an annual subscription from its members.

The reason is that ratepayers have contributed over time to the capital cost of current assets and maintenance, just as past members of recreational organisations have. Like club members, developers should contribute a reasonable amount in the form of DCs.

DCs are needed to pay for essential services that must be extended to cater for additional infrastructure and many other forms of residential and commercial support, such as footpaths, playgrounds, mowing verges, passive areas, sports facilities, cemeteries, public services and libraries, etc.

However, his support for DCs was not unconditional. He went on to argue that

Realistically, developers, and that includes all developers such as Kainga Ora and other social housing providers, should not be given concessions by Council. Private sector

developers have a primary aspiration - to make a profit. Public sector developers have a primary aspiration - to provide forms of social housing to the needy. Both capitalise on existing facilities in the locality of their investment.

Both purposes are legitimate and essential for communities living in a mixed economy to survive and thrive. However, any concessions to either sector will distort the market signals and conditions needed to sustain development and rising productivity in all parts of the housing continuum, including the residential and accommodation sectors, housing-for-rent and AirBnBs. Council needs to provide a 'level playing field'.

This means that consenting costs should be applied uniformly to be fair and cover the real costs of compliance, such as inspections. It also means that ratepayers should not be expected to fund costs resulting from a developer's business investments or from Central Government investments in social housing.

His conclusion was that

RDRR should recommend a complete review and overhaul of RLC expenditure priorities, its borrowing history and massively increased debt, the impact of its rating charges since 2013 on ratepayers and developers and their affordability.

This review may result in stopping or delaying some planned works, particularly those projects with massive costs where budgets have blown out, with no obvious consequences to RLC management. There must be strict controls applied to expenditure and the Covid excuse cannot continue to be accepted.

John Citizen could not operate with such flexibility. Councils must cut their coat according to the cloth they have. There is no such thing as 'champagne living on a beer income'. The reality is that people, businesses, and governments must continue to 'break eggs to bake a cake' in the current very difficult circumstances.

Council should therefore strive for financial prudence and transparency in its collection and expenditure of DCs from private and public sector developers and avoid the temptation to play favourites with the public sector in the belief that it will achieve greater equity in housing outcomes.

APPRECIATING THE REAL SITUATION

Instead of exponential growth, developers and residents consulted reported a significant slowdown in economic activity in recent years and an upsurge in emigration caused by many causes; Covid, damage to Rotorua's reputation (due to law and order and public safety issues related to the new homeless industry), supply chain problems, staff shortages, and growing inflation in the cost of

living. They also consider Council's under investment in water, sewerage and storm water services as due in part to wasteful spending on vanity, legacy and iwi partnership projects since 2013.

One member spoke for many when she wrote:

I find it very worrying that giving favourable terms to Kainga Ora to develop and build will simply encourage more 'homeless,' who are not necessarily from the town, to arrive and stay here. Rotorua is already suffering greatly from actions and problems of some of this group. I think local people feel that the Ministry of Social Development need to look again at its policy for dealing with this group. People are fearful that 'infill' sites in already established areas will create problems, with their policy of 'no eviction', no matter what persistent ill-effects are being inflicted on local residents.

In this context, many consulted consider the assumptions reiterated in the DCP as obsolete and implausible. For example, they flatly reject the statement in the DCP:

Created in 2013, Vision 2030 created an enduring pathway for Council. A key goal is to build 6,000 new homes by 2030. This goal is part of the assumptions that underpin the LTP and this Policy. (p. 27)

Many residents and ratepayers are also of the opinion that the mayor and her majority on Council were wrong to support Minister Mahuta's Three Waters proposals and to empower a local co-governance 'joint committee' and two senior officials to negotiate with Central Government, without any local consultations or debate at Council. Nevertheless, they recognize the political reality that the legislation just introduced to Parliament will probably move the management of investment for Three Waters from Council to a new supra-regional 'co-governed' entity.

This is not to say that the Three Waters proposals are accepted. The converse is more likely to be the case, as one respondent clarified:

The Government's plan to nationalise the nation's water infrastructure in the face of ratepayer opposition is far more than "co-governance", it is feudal and amounts to theft. The many layers of bureaucracy to be introduced, people put in power because they have the right ancestors, the loss of local power over water infrastructure has been vehemently opposed throughout the country. Convening an anonymous "co-governance" joint committee and two unknown senior officials to negotiate with central Government with NO input from the people of Rotorua was typical behaviour of Rotorua Mayor and Council and is WRONG!

Members also recognize that Council's proposed reintroduction of DCs will be overtaken by the policies and practices of a new entity, and that Council will presumably be down scaled when Three Waters functions, services and income and expenditure depart, with water rates remaining and increasing with even less transparency and public accountability in the new entity.

In the interim, developers consulted by RDRR report that Council has steadily increased charges for a range of consents and related services since 2013, so much so that they are undermining the viability of possible private sector developments. At the same time Council has been boosting the homeless industry and now proposes to sell Kainga Ora reserves or part reserves secretly at 'agreed prices' to build social housing. Conversely, residents and ratepayers note the 50% increase in rates paid to Council since 2013. The point here is that Council has been 'playing favourites'.

This common view was summarised by one respondent:

Council should ALWAYS provide a level playing field - certainly not favouring public-sector development with secret sales of Council land at 'agreed prices' that have not been discussed with ratepayers, and which remain unknown until the 'deed is done!' Private/Business Developers and those buying land for public housing should ALL be treated equally. The current situation is definitely a case of transferring wealth from Ratepayers, which has been happening for some time in Rotorua, and cannot be supported.

Another respondent insisted:

I think a complete review and overhaul of ALL Rotorua Lakes Council spending priorities and borrowing history, massively increased debt and the impact of its rating charges since 2013 is desperately needed. Surely it is the job of the Council CEO to review and rein in Council proposals that have not been properly costed nor thought through.

In sum, instead of additional DCs being paid solely by private and public sector developers, most consulted wanted a complete overhaul of Council's spending priorities, rates and charges related to development to eliminate subsidies and to provide equitable and reasonable conditions for developers operating at all parts of the housing continuum and at all levels of the housing market.

Currently, however, there is a crisis of confidence in Council's financial and development strategies. As one respondent put it,

In today's Post, even Bryce Heard, who I have thought of as one of the Mayor's 'team', says 'In my view our local body elections in October give us the chance to start with new brooms, new philosophies and a new spirit of togetherness.' SO BE IT!

PROPOSED IMPLEMENTATION

The following summary, derived from the [Council's Factsheet](#), outlines the practical detail of how the DCP will be implemented.

As indicated in the Long-Term Plan 2021-2031, if approved, the DCP will be applied from 1 September 2022 for the rest of the 2022/23 year. Initially, DCs will only be collected for additional Three Waters network infrastructure activities in the Rotorua Urban Area, with the wastewater

levy excluded in Ngongotaha. The scope of the DCP could be expanded in next Long-Term Plan review process and include investments for Transport, Community Facilities and Reserves.

It is claimed that residential development in the Rotorua Urban Area is creating significant demand for Council infrastructure. “While the extra housing is needed, as costs rise it has placed considerable pressure on rates affordability. Council has increased debt and rates, and sourced grants from central government, but is facing the need to invest further in expensive infrastructure.” (p. 1) The absence of any sense of responsibility for having diverted tens of millions into legacy, vanity and iwi partnership projects is bizarre.

It is stated that “The key purpose of DCs is to ensure the person/business doing the development pays a fair share of the capital cost for new or expanded infrastructure. DCs will not be used to fund the maintenance or improvement of infrastructure for existing users. This cost will be met from other sources such as rates and debt.” (p. 1) This is an entirely self-serving declaration of purpose.

It is conceded that “house prices are determined by the market balance of supply and demand” and that “DCs will add to the cost of development and developers may seek to recover the DCs with increased prices” (p. 1) although Council expects that DCs will not have a major effect on house prices. This rare concession suggests that officials intent on intervention normally disregard the dynamics of the market.

Another rarer admission is that “Central government is responsible for affordable and social housing. The council supports affordable and social housing through the investments it makes in infrastructure. Affordable and social housing are charged DCs as they place the same demand on the need for the council to invest in infrastructure as other developments.” (p. 1) RDRR members are of the view that Council has chosen to be subordinate to central government Ministers and their departments.

In addition to DCs, Financial Contributions are also being charged for reserves/community purposes under the RMA. Under the provisions in the District Plan, Council may also charge Financial Contributions for other infrastructure on a case-by-case basis. “Developments that require a subdivision consent, land use consent, building consent or service connection will be assessed for DCs. These include:

- new subdivisions (which may be fee simple, cross lease, or unit title);
- new house builds;
- minor dwellings (granny flats and small units);
- new retail and commercial space;
- new tourist accommodation;

- extensions to commercial buildings;
- change the use of a property that causes additional demand on services.” (p. 2)

The Factsheet goes on to state that additions or alterations to an existing house, such as a new deck, living area, or garage, will not attract DCs, unless it adds a kitchen and creates an additional residential unit.

“DCs are calculated by dividing the council’s capital expenditure for growth by the estimated number of new growth units (both residential and non-residential) over the next nine years to 2031. The calculation is based on the number of Household Unit Equivalents or HUEs (one HUE = the average demand of a residential household unit). Each development is assessed based on the impact on infrastructure services in the location (catchment) where the development is located.” (p. 2)

Small dwellings (less than 73 m²) will be levied at 50% HUE. The proposed (2022/23) schedule of charges per HUE are listed in Table 3 below.

The full details of how to calculate the charges for residential and non-residential activities and the catchments are in the DCP.

Table 3: Proposed Charges per HUE (p. 3)

Activity	Rotorua Urban Area Development Contribution	
	Eastern, Western and Central	Ngongotaha
Water Supply	\$2,050	\$2,050
Wastewater	\$1,604	\$1,604
Stormwater	\$7,202	\$nil
Transportation	\$nil	\$nil
Public Amenities	\$nil	\$nil
Total DCs (including GST)	\$10,856	\$3,654

The Factsheet points out that different types of development will require different DCs. DC charges will be set at different levels for the same size of development depending on the demand they place on the need for the Council to invest in infrastructure. Most of the differences will relate to non-residential developments and will allegedly be kept to a minimum. Developers openly doubt this likelihood.

It is also stated that credits may be given as a way of acknowledging that the lot or activity may already be lawfully established, or a development contribution has been paid previously. No further DCs will normally be payable when a single house is built on a vacant section because either

a contribution will have already been paid at subdivision or a credit will be applied for lots existing prior to this policy.

Past practices will continue. DCs will be “assessed in association with the following applications, normally at the first opportunity:

- Subdivision Consent
- Land Use Consent
- Building Consent
- Service connection.

Advice of the DC charge payable will be included in the decision letter you receive as a result of lodging the application.” (p. 4)

DCs will normally be “collected:

- Those assessed with subdivision consents: before issue of 224(c) Certificate.
- Those assessed with land use consent: on issuing of the consent and prior to commencement of the activity.
- Those assessed with building consents:
 - within 180 days of issuance of Building Consent; or
 - prior to issuance of Code of Compliance certificate (whichever is the earlier).
- Those assessed with service connections: before issue of authority to make service connection.” (p. 4)

If payment of the DC is not received, “Council will use the powers outlined in Section 208 in the Local Government Act 2002 (LGA) that allow a territorial authority to:

- Withhold a certificate under Section 224(c) of the RMA 1991 – land use consent.
- Prevent the commencement of a resource consent under the RMA 1991 – land use consent.
- Withhold a code compliance certificate under Section 95 of the Building Act 2004 – building consent.
- Withhold a service connection to the development, and
- Register the development contribution under the Statutory Land Charges Registration Act 1928, as a charge on the title of the land in respect of which the development contribution was required.

The Factsheet seeks to assure developers that they will have the right to appeal Council assessments and to seek external reviews if they do not agree with the final assessment of charges. A DC can be refunded in a few circumstances. There was skepticism expressed by some developers.

Finally, the Factsheet claims that “The Council will annually review the DC charges and can adjust them in line with the Producer Price Index Outputs Construction index. The Policy itself will be fully reviewed at least every three years as part of the Long-Term Plan process.” (p. 5) The use of this index was not justified.

CONCLUDING NOTE

RDRR’s members, associates and friends are ambivalent about the DCP because they recognise that the forced choice offered by Council between either developers or ratepayers paying for Three Waters infrastructure is simplistic, crudely divisive and cloaks Council’s revenue raising objectives that will facilitate Three Waters implementation and its role, responsibilities, and cost structures as system managers.

Respondents take the view that the primary reason for reintroducing DCs in Rotorua is more likely to be driven by how national and international monetary policy is impacting the economics of Rotorua than by local population or economic growth. Council’s DCP should therefore be interpreted as a policy narrative intended to justify the collection of DCs to fund a historical and current deficit in Three Waters infrastructure.

While RDRR members support reasonable DCs being collected by Council specific to each development project and its unique and actual infrastructure costs, they insist that neither public nor private sector providers should be given concessions. Council needs to be seen to provide a ‘level playing field’ to investors and eliminate all subsidies by ratepayers.

To achieve such ends, RDRR recommends that Council take expert advice on the impact of RLC’s financial management strategy on ratepayers and developers since 2013, and update its broader vision, priorities, and practices - to improve prudence, transparency, and legitimacy in a turbulent environment. This process will need to cohere with major organisational rationalisation anticipated given the application of the Minister’s Three Waters legislation.


In the interim, the current Council must not undermine the viability of private sector development projects with DCs adding unreasonably to the burden of Financial Contributions under the RMA. Conversely, Council must avoid creating the impression of favouring public sector developers with secret sales of Council land at ‘agreed prices’ and transferring wealth from ratepayers at a pace indicated by the 50% increase in rates paid to Council since 2013.

The proposed implementation plans appear to follow logically from the strategy proposed in the DCP, although why the Producer Price Index Outputs Construction index should be used was not clear.

Thank you for considering our views. Please advise when a spokesperson from RDRR will be heard.
Kia ora tatau.

16th June 2022

Received

 16 JUN 2022
12:25pm
Rotorua Lakes Council
Customer Centre

SUBMISSION TO THE COUNCIL'S DRAFT DEVELOPMENT CONTRIBUTIONS POLICY.

I hereby wish to make a submission against the proposal to re- introduce Development Contributions by the Rotorua Lakes Council.

My reasons are as follows:

1. TIMING.

Whilst there is time and place for Development Contributions, I would contend that at this point of time it is not appropriate for Rotorua.

Firstly the economic climate for NZ, and indeed the world, is looking fragile at this point of time. If not an International recession, then NZ is most certainly facing a significant downturn. One must also take into account of the perception with which Rotorua is tarred with at the moment.

My suggestion is therefore to advocate that this decision must be deferred until next year.

2. Rotorua Economic Development

Whilst the Council has presented a prosperous picture for future growth in Rotorua, this cannot, and will not be the case.

The principal reason for this is not only the negative perception of Rotorua, but factors such as the current supply driven issues faced by the building industry.

Add to this the fact that the overall cost structure of building today has reached a point where the larger industrial developments will no longer be financially sustainable until the price structure changes.

Another factor that contributes towards any future development in Rotorua is the ongoing shortage of industrial land as a result of Maori policy of not selling their land.

3. Residential Development.

Whilst Rotorua has recorded a substantial growth in Residential developments in recent years, this will not continue at a similar rate in future years - other than social housing for which the Government is responsible.

NZ and Rotorua are already recording a drop in residential sales. Given the issues related to both the shortage of both labour and materials the inevitable outcome will be a further drop.

Add to this the rapidly increasing emigration from NZ and the optimistic forecast of Council will be proved to be far too high.

The council has endeavoured to help grow the Rotorua CBD for obvious reasons. If DC's are implemented then this will act as a dis- incentive for any future development.

Social Housing

Similarly with Social Housing as DC's will only add to the cost of any new builds.

Greenfield/ Brownfield Developments

The issue of Greenfield/ Brownfield Developments should be quite explicit.

Both Residential and Commercial Greenfield Developments should incur DC charges and pay for their share of any costs.

On the other hand Brownfield Developments should not have to pay for any existing infrastructure.

Given the above issues I strongly believe that any decision to implement Development Contributions must be deferred until next year.

Mike Mcvicker

Rotorua

I wish to speak to my submission.

**Submission to Rotorua Lakes Council
Re: Draft Development Contributions Policy 2022-2031**

By EVERARD DEVELOPMENTS LTD. NGONGOTAHA

SHARE HOLDERS: Robert William Martin and Alec Robert Martin

To be submitted Thursday 16 June 2022

Received
16 JUN 2022
Rotorua Lakes Council
Customer Centre
11:10:2022

We the above wish to speak to our Submission to the Rotorua Lakes Council, Mayor and Councillors.

Everard Developments Ltd. first did a subdivision in 1983, of four cross leased sections. In 1984 we proceeded to do a large sub division on land that the Family had owned, since 1903, situated between Hall Road and Western Road Ngongotaha. The programme was for a total of 32 Sections. At this particular time New Zealand was in a prosperous mood, by 1986 the Crash had hit all property and business ventures, and interest rates ranged from 20-28% per annum.

Everard was locked into the contracts and if it wasn't for an understanding bank Manager and Board at the Bay of Plenty Savings Bank at that time, the whole business, including our other properties in Ngongotaha Valley, would have been put into receivership.

We had budgeted and had the finance to complete three quarters of the subdivision, but we failed at that time to understand what the ramifications of a 224C Document would cause.

As lay people, who perhaps do not understand what a 224C is, it is a sign off by Council to proceed to receive Titles for all sections. We did not realise at that time, that we had to front up with the Developers Contribution of approximately \$8,000 per section, which also included infrastructure. Because we could not raise the money to pay Council, Council would not sign off, we could not get Titles to our sections and we could not put them on the market. Stalemate. Thanks for nothing Council.

If it wasn't for my mother and father, who sold their retirement bach at Mt Maunganui, we would have lost all of our Assets in Ngongotaha.

I wish to make the following recommendations to Council.

1. Those properties Zoned Residential One should pay a lesser Contribution, because their Rateable value is higher. Those that are not in that Residential One Zone, should pay a Higher Contribution because they are in a different Rateable Zone. Hence the Rates are less.
2. I do believe we require a Contribution Policy for the Terms of future Rotorua Development.
3. I don't agree with the dollar amount per section. The suggested, approximate \$11,000 per section D C's, is too large and will prevent growth exponentially, resulting in hesitancy to develop land for housing, by the owners of both Zoned areas.

My first concerns, why did the Rotorua District Council which is your Registered name Vote for the Three Waters Policy which the present Government is considering?

It is plain to see in my opinion that this Council and its Leaders do not understand it, because it has not been signed off as yet by the Government. Is this putting the Cart before the Horse?

4. One Contribution that I do agree with is the Waste Water requirement. Rotorua's first Waste Water Policy was set to accommodate for, 50,000 people.

Just recently the Council has had to do a second requirement for the City, to disperse its clean water back onto Maaori Land, this is to accommodate approximately 70,000 people. What happens when we get to 100,000 people, are we going to do the same again 'drown some more Maaori Land?' Why hasn't this Council approached other neighbouring Councils, to form a Consortium and a collective to dispose of our clean waste water directly to the sea?

5. I do not support the Developers Contribution of water supply, we have an abundance of fresh water in our area and the mechanism of transporting water by way of modern pipes, is totally different to the old galvanised steel piping. Surely the price must be cheaper per metre.

6. Storm water Contribution: I see that Ngongotaha does not require a Developers Contribution Programme and **should not**, because (*it has already been paid*) the likes of Johnny Lepper's Sub-Division in Ranginui Street, Everard's Sub-division in Hall & Western Roads and the Khan's Sub-Division off Ngongotaha Road, were major contributors and many other smaller sub division developers have financially contributed to the Infrastructure in the past and have left an asset to be used.

7. Why is it that the Rotorua area has to pay \$7,000 per contribution? This is rain water that we are talking about, not polluted toilet water. Rotorua has its natural areas to be able to drain into, there's Waiteti, Hamurana, the Ngongotaha, the Mangakakahi, Utuhina, Purenga and smaller tributaries on the Eastern side of the Lake, which are all draining into the Kaituna. But if the Kaituna is gated the Lake can't flush or drain. It is becoming stagnant.

8. Regarding the recent floods that we have had in Rotorua, in my lifetime it has been the worst I have ever seen. I believe that this recent flooding, is due to the fact that Lake Rotorua is controlled by a Weir at the Ohau Channel and Lake Rotoiti is controlled by Gates at the Kaituna Entrance. I know this is a Regional Council requirement, but it is causing flooding to many parts of the Rotorua City area. I have witnessed and have photographs, of the Ngongotaha Flooding and the water 'running back up the culverts', hence the major flooding that took place to the houses along Western Road. This was similar to the flooding on Pukuatua Street, Kuirau Park. In my opinion, this was all caused by Lake Rotorua's normal water level, being too high before the storm. The year before, we had a similar amount of rainfall, but the Met Office had given warning that NZ would have a Severe Storm and possible flooding. The water level of Lake Rotorua was lowered to accommodate such an event, thus preventing flooding on that occasion.

9. I can also show you that the Airport suffered a similar catastrophe and I have the documents for you, that shows that the Lake Level rose during the construction of our Jet Apron, thus causing more expense to the Ratepayer.

10. The Moral of the story is that Lake Rotorua is continually full and we are pushing water back up the culverts during a storm. Also what the Regional Council is doing at the A&P Show grounds is not the problem, the problem is the Lake level is too high. This is costing the Ratepayer twice; once by Regional Council and once by Lakes Council.

11. The Development Contribution Fees 224 C

As I have mentioned previously in my submission I am concerned about the Financial Constraints faced by many Developers at a time when housing needs are at their greatest. Regarding the sign off by the Council of the 224C and the requirement of a financial contribution prior to any sales.

Is there some way that Council can work with the Developer to allow the section to have a Title granted, but the Council would still retain first priority to the finance paid by the purchaser, by way of a lean over the section/s Title.

The purchaser would have a reduction in the purchase price, which would be arranged between the Developer and the Purchaser for the amount required to settle the 224C.

This would allow security for the Council, an input of money from the purchaser and the Developer is then able to have a clean Title for the purchaser, as the lean will be removed to allow the transaction to be completed between the purchaser and the Developer.

If the three parties can come to an agreement, this allows the sub division developer to proceed, Council is settled, the Purchaser has its Title and there is no requirement for the Developer to apply for a second mortgage, which will be turned down. Stalemate.

The Developer of the sub division on the Conditions of the 224C then gives all of the Infrastructure of the Development (roading, culverts, footpaths, street lighting, all underground services eg water piping, waste water piping, flood controls, signage) to the Council. Which becomes a Council Asset. An Asset that Council can borrow against should it wish, to the 'tune of 70%' because this is all given FREE to the Local Authority and it then increases the 'Rate Take Income' for the Council. At the time of writing, I cannot give you the exact figures, but in 1984 to do 32 sections cost in the vicinity of \$1.5 million. Today that Asset would be close to \$6 million or more. This is a conservative figure.

Houses on this sub-division now sell for \$800,000 to \$1.5 million.

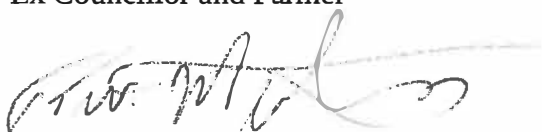
This is one of the main reasons why so much Residential 1 land, is not being developed at a time when it is critical for housing.

Everard Developments Ltd. and The Hunts Subdivisions are the only sub dividers left in Rotorua from the 1984 era. Most of the Big ones have moved on ie Beazleys, PTY, Sunline Homes, etc.

12. I for one, as a Developer will not do any large developments; three or four at the max. Once caught, twice shy! Dont be greedy Council, you have too many 'balls' up in the air and are sending your Ratepayers into Hardship. I don't want to write about the Fenton Street situation, but you can't blame the Moteliers for the 'down turn' in quality in that area.

Thank you for your attention.

Yours sincerely
Ex Councillor and Farmer



Bob Martin

9th June 2022

Rotorua District Council
Private Bag 3029
Rotorua Mail Centre
Rotorua 3046

Attention: Geoff Williams
Email: letstalk@rotorualc.nz

Dear Geoff

**Submission to Draft Development Contributions Policy
R & B Property Group**

1. Introduction

Stratum Consultants Ltd has been engaged to act on behalf of the R & B Property Group (R & B). R & B wish to submit on the Rotorua District Council (Council) draft Development Contributions policy proposed to be introduced in the Councils 2021-2031 Long-Term Plan.

R & B wishes to be heard with regard to this submission.

1.1. Address for Service:

R & B Property Group
C/- Stratum Consultants Ltd
PO Box 878
ROTORUA

Attention: Brett Farquhar

2. Background

- a) R & B is a long established and active Commercial and Industrial property developer who specialises in design, build and lease back of commercial and industrial property in Rotorua to National and Government Tenants. They primarily redevelop existing "brownfield" sites.
- b) This new Draft Development Contribution Policy will have a serious effect to future Commercial and Industrial Property developments in Rotorua.
- c) Developers already contribute a significant financial contribution to Council by way of:
 - Resource Consent Fees.
 - Building Consent Fees.
 - Financial Contributions.
 - Upgrading of Infrastructure connections, i.e. Water, Stormwater, Wastewater, Power, Telecommunications connections to new developments.

- Once new developments are completed, Council then re-value the property so the rateable value results in a rates increase.
- d) As you all would be aware, the construction and development sector across the country is facing very tough times ahead.
 - Building material cost escalation of over 15% in last 12 months and still rising by the day.
 - Labour shortages in Rotorua.
 - A shortage of developable industrial land in Rotorua for large businesses to relocate/establish.
 - The cost of Covid to business in the last 2 years.
 - Bank interest rates are rising.
 - Fuel cost increases.
 - Global financial insecurity.
- e) Developers are not able to pass on this cost to their tenants as current rents are already maxed out.

3. Submission Points

R & B has reviewed the Rotorua District Council Development Contributions Policy and provide the following submission points.

- f) Overall, R & B oppose the Development Contributions Policy in part.
- g) The policy is supported for residential development and where "greenfield" development occurs on city centre, commercial or industrial land. However, it does not support the policy as it relates to the development or redevelopment of "brownfield" city centre, commercial or industrial land. This includes extensions to existing commercial/industrial business premises.
- h) The redevelopment of "brownfield" land should be encouraged by Council. This type of development greatly improves the visual appearance of city centre, commercial or industrial areas with modern design of buildings and materials introduced. The introduction of Development Contributions could be the difference financially between a site being redeveloped or remaining undeveloped/dilapidated. It could potentially become a disincentive to growth. Brownfield development should be encouraged and incentivised, especially along our "city gateway" roads (Industrial 1E zones), to greatly improve the visual appearance of industrial buildings along these major gateway roads into Rotorua city.
- i) "Brownfield" land, by virtue of its name, has already been developed. Therefore, the requirement for Development Contributions on existing developed land is essentially double-dipping.
- j) We question the integrity of the "credit" method proposed for the development of existing sites. The methodology allows for the credit only specific to each Development Contribution component, not across all of the individual Development Contribution components as a whole. For example, if a proposed redevelopment generates less stormwater than existing, then Council take the extra credit and it is not able to be transferred across to the other wastewater or water components. However, if the proposal generates more stormwater, then the developer must pay extra. It seems Council is happy to take the credits, but not give any credits.

- k) Furthermore, if a Development Contribution is levied on residential development, and then levied again against commercial or industrial development (employment land), then this also could also be seen to be double-dipping. The new residential section that a person lives in and the new employment premise they work in would both be charged a Development Contribution.
- l) R & B would like to know how Council have derived the Development Contributions levies. Do Council know how much revenue they would actually generate through this policy? Are the levies proposed even appropriate? As highlighted by Council on page 4 of their discussion document on Development Contributions, they state a disadvantage of developers paying for growth is that:

"As growth is difficult to predict, the cost passed onto the developer may not accurately reflect the draw that the development has on Council services".

- m) For example, R & B are currently developing a 2,500m² and a 1,800m² buildings at Eastgate Business Park. Eastgate Business Park is already serviced, and the new buildings being constructed is zoned for the proposed use – i.e. they did not need resource consent. Why should a development like this then be levied a Development Contribution when the sites (6 sites converted into 2 sites) are already serviced and ready for development? They have already been consented for development.
- n) Furthermore, the development of the two Eastgate buildings are required to have stormwater storage/detention devices as part of their build. These devices will hold back any stormwater generated from the subject site post development so that less stormwater is released into the catchment than the pre-development flows. This comes at a cost to the developer to actually improve the stormwater flows from the site. It is considered unfair that Council would then require a stormwater Development Contribution levy in addition to that.
- o) Other examples R & B have developed recently include the Countdown on Fairy Springs Road which amalgamated 6 titles into 1 for a 3,800m² building. Also, the currently being constructed Ebbetts development on Te Ngae Road which amalgamated 7 titles into 1 for a 1,600m² building. Both site redevelopments should not incur a Development Contribution.
- p) The short notice of the intent to introduce Development Contributions is also concerning. Many developments soon to go through a building consent process will incur a Development Contribution. Yet, negotiations on lease/rental rates have likely already been agreed with prospective tenants with Development Contributions factored in. Developers will not be able to re-coup these agreed costs, so Development Contributions will come straight out of their back pocket. A longer lead-in time for the introduction of Development Contributions is required.
- q) The introduction of the Development Contribution policy is ill-timed. It is well documented that a recession is likely looming, and the introduction of Development Contributions could become a further barrier to already decreasing growth in our district.
- r) We also refer back to the comments made by newly elected Mayor Chadwick back in 2013 with regard to Development Contributions. We enclose the Council news release with this submission. The news release states that:

"Mayor Chadwick said development contributions (DC's) had clearly become a disincentive to

investment and a barrier to growth."

"... they represent a failed framework that hasn't achieved the revenue streams anticipated but has instead served only to drive new development away."

"Rotorua District Council is of the view that foregoing some revenue by ending development contributions will be more than compensated by the additional economic growth... It's a simple formula really. If we increase the number of businesses and residents in our district, then we have more people paying rates, and the cost of providing services to our community is shared over a larger population."

- s) We question how the rationale for the removal of Development Contributions in 2013 has since changed that the above comments are now not valid.
- t) If introduced, the Development Contribution policy should be simplified for industrial and commercial development. At the moment it is too confusing for a developer to derive a Development Contribution as it relates to Household Unit Equivalents (HUE). This is appropriate for residential development, but not for industrial and commercial development. A "per square metre" basis would be a simpler formula to work through. Developers need certainty if they are to develop and having an understanding of the actual development costs is critical to whether a development proceeds or not.

4. Relief Sought

- u) The Development Contributions policy is supported for all residential development and where "greenfield" development occurs on city centre, commercial or industrial land.
- v) However, the Development Contributions is not supported as it relates to the development or redevelopment of "brownfield" city centre, commercial or industrial land.
- w) R & B urge Council to seriously consider this submission and ask Council to be like all other businesses who are at present cutting costs and overheads to survive.
- x) If Council is unable to do that, then rates should be increased across the region, as the development sector should not be penalised for the lack of forward infrastructure planning by the present Council. And a simpler methodology should also be introduced so that developers can understand the likely levy incurred.
- y) If introduced, a longer lead-in time for the introduction of Development Contributions is required.

5. Closure

The R & B Property Group wish to retain an active part to this specific submission process. We look forward to speaking to this submission in due course.

Otherwise, should you have any queries regarding this matter, please do not hesitate to contact the undersigned.

Yours faithfully

Stratum Consultants Ltd

A handwritten signature in blue ink, appearing to read "Brett Farquhar", with a large, sweeping flourish underneath.



Brett Farquhar
Director, Planner

COVID-19 update:

Rotorua is in the Orange traffic light setting. For information on Council operations in the Orange traffic light setting, visit our [Traffic Light page](#) >

[← Our Council](#) ▾[News and Updates](#)[News](#)

Rotorua takes lead to scrap development contributions

 10 Dec 2013, 12:00 am  News

10 December 2013

Rotorua District Council has become the first local authority in the country to scrap development contributions in their current form.

The decision is an initiative aimed at boosting economic growth and aligns with legislation signalled by the government changing how development contributions can be applied in the future.

At a Rotorua Chamber of Commerce BA5 (Business After 5) function at the council Civic Centre this evening [Tuesday 10 December 2013], new Rotorua Mayor Steve Chadwick announced that the Rotorua District Council would immediately stop collecting most development contributions and was proposing to formally scrap the existing policy as part of its 2014/15 annual plan process.

In the meantime, with the exception of water and sewerage charges which would continue, Rotorua district development contributions would be remitted with immediate effect until the policy was officially revoked after public consultation in the New Year.

The move will mean reduced costs for new investment projects across the board, with the impact varying depending on the type of development. A typical new residential dwelling for example could expect development contribution related charges to reduce by an average of around 46%, or around nearly \$8,000.

Mayor Chadwick said development contributions (DCs) had clearly become a disincentive to investment and a barrier to growth.

In their current form they represent a failed framework that hasn't achieved the revenue streams anticipated but has instead served only to drive new development away. It's time for DCs to be dumped and replaced by something more transparent that doesn't discourage investment.

So I'm announcing that Rotorua District Council is dropping development contribution charges with immediate effect, with the exception of water and sewerage charges. This means development levies for transport, stormwater, land drainage and all public amenities are now history. And we'll formalise that through the next annual plan process, assuming we get community support for this decisive action.

The new arrangement will apply to building, resource and subdivision consent applications approved from 5 December. Earlier development contributions invoiced prior to that date could be eligible for remission application under the current policy.

Mrs Chadwick said that in the last four years the council had only achieved around half of the estimated revenue forecast in annual plan budgets.

For the balance of the current year the impact on revenue estimates would be approximately \$250,000.

Rotorua District Council is of the view that foregoing some revenue by ending development contributions will be more than compensated by the additional economic growth we would expect by creating a substantially more investment-friendly environment for our district.

It's a simple formula really. If we increase the number of businesses and residents in our district, then we have more people paying rates, and the cost of providing services to our community is shared over a larger population. That's the goal we're signalling in our draft Rotorua 2030 vision, and this is just one of a number of creative measures that will help get our local economy moving again, said Mrs Chadwick.

During the recent election campaign, we've been endlessly told how the existing development contributions policy was strangling potential investment and development opportunities. We heard that message loud and clear. And today, just 60 days since the election, we've acted decisively.

16 June 2022

Rotorua District Council
Private Bag 3029
Rotorua Mail Centre
Rotorua 3046

Attention: Geoff Williams
Email: letstalk@rotorualc.nz

Dear Geoff

**Submission to Draft Development Contributions Policy
Pukeroa Oruawhata Group**

1. Introduction

Stratum Consultants Ltd has been engaged to act on behalf of the Pukeroa Oruawhata Group (Pukeroa). Pukeroa wish to submit on the Rotorua District Council (Council) draft Development Contributions policy proposed to be introduced in the Councils 2021-2031 Long-Term Plan.

Pukeroa wishes to be heard with regard to this submission.

2. Background

- a) By way of an overview, Pukeroa Oruawhata Trust (now Pukeroa Oruawhata Group) was established in 1981 for the purpose of administering the "township sections" on behalf of the beneficial owners of Ngati Whakaue. For example, Pukeroa Lakefront Holdings Ltd has been set up under the umbrella of the Pukeroa Oruawhata Group for the specific purpose of developing and managing specific land.
- b) Pukeroa and its associated companies manage large areas of ancestral land within the Rotorua township on behalf of more than 4,500 beneficial owners and their descendants. Much of this land is currently underdeveloped or under long term lease, thus providing opportunities for development in the future.
- c) The Pukeroa parent company, the Pukeroa Oruawhata Group is an inaugural foundation member of and is proud to be part of the Rotorua Partnership Programme to help assist many important projects for the Rotorua community.

3. Submission Points

Pukeroa has reviewed the Rotorua District Council Development Contributions Policy and provide the following submission points.

- d) Ngāti Whakaue (Te Arawa), through Pukeroa, have requested that they be exempt from paying any Development Contribution levies as recognition of the many contributions Te Arawa (Ngāti Whakaue) have already made to the establishment and growth of Rotorua. Ngāti Whakaue have gifted significant amounts of land for the establishment of Rotorua city and many of its reserves.
- e) However, if there is no exemption, then Pukeroa oppose the Development Contributions Policy in part.
- f) Pukeroa does not support the policy as it relates to the development or redevelopment of existing commercial, industrial and city centre land. This includes extensions to existing commercial, industrial and city centre business premises.
- g) The redevelopment of existing land should be encouraged by Council. This is the type of development that greatly improves the visual appearance of city centre, commercial or industrial areas with modern design of buildings and materials introduced. The introduction of Development Contributions could be the difference financially between a site being redeveloped or remaining in its current undeveloped/underinvested state. This policy could therefore potentially become a disincentive to growth.
- h) Furthermore, the requirement for Development Contributions on already existing developed land is essentially double-dipping.
- a) We question the integrity of the "credit" method proposed for the development of existing sites. The methodology allows for the credit only specific to each Development Contribution component, not across all of the individual Development Contribution components as a whole. For example, if a proposed redevelopment generates less stormwater than existing, then Council take the extra credit and it is not able to be transferred across to the other wastewater or water components. However, if the proposal generates more stormwater, then the developer must pay extra. It seems Council is happy to take the credits, but not give any credits.
- b) Pukeroa would like to know how Council have derived the Development Contributions levies. Do Council know how much revenue they would actually generate through this policy? Are the levies proposed even appropriate? As highlighted by Council on page 4 of their discussion document on Development Contributions, they state a disadvantage of developers paying for growth is that:

"as growth is difficult to predict, the cost passed onto the developer may not accurately reflect the draw that the development has on Council services".

- c) The short notice of the intent to introduce Development Contributions is also concerning. For a developer to prepare even a simple development normally takes 3-4 months. This is because an application normally includes the preliminary survey work and the preparation of plans, geotechnical assessment, stormwater assessment, liaising with service providers, etc. For more complicated applications there may be a need for resource consent and/or additional inputs from specialists (e.g. for contamination, noise, traffic, visual assessments, landscaping assessments, etc) and/or pre-consultation

discussions with Council staff. All these things take time to arrange, carry out the necessary field works and prepare the necessary reports / applications. In addition, some investors and developers have already made preliminary deals or arrangements in relation to the purchase or development of land. The rushed introduction of a Development Contribution will mean that they will not have the opportunity to properly plan or react to this change.

- d) The introduction of the Development Contribution policy is ill-timed. It is well documented that a recession is likely looming, and the introduction of Development Contributions could become a further barrier to already decreasing growth in our district. It therefore may not even generate the income forecast.
- e) If introduced for Industrial and Commercial developments, we have reviewed the methodology of how Council will calculate the Development contribution. The calculation process seems complicated and subject to interpretation. This means that estimating the amount of Development Contribution to pay is difficult for a developer to do, particularly at the concept stages of a project. Assuming this policy is put in place, we ask that council make their methodology simple and as clear as possible. Also, there needs to be a way that a developer can request that Council provide a calculated amount of contribution required for a proposed development. This amount should be able to be discussed and then be binding if the proposal proceeds. The developer needs certainty on this cost at an early stage of a project.

4. Relief Sought

- f) Ngati Whakaue have asked that they should be exempt from paying any development levies as recognition of the many contributions Te Arawa (Ngāti Whakaue) have already made to the establishment and growth of Rotorua.
- g) If introduced, a longer lead-in time for the introduction of Development Contributions is required.
- h) If Ngati Whakaue is not exempt, then Pukeroa support the Development Contributions policy for all residential development and where "greenfield" development occurs on city centre, commercial or industrial land.
- i) However, the Development Contributions is not supported by Pukeroa as it relates to the development or redevelopment of already established "brownfield" city centre, commercial or industrial land.


5. Closure

Pukeroa wish to retain an active part to this specific submission process. We look forward to speaking to this submission in due course.

Otherwise, should you have any queries regarding this matter, please do not hesitate to contact the undersigned.

Yours faithfully

Stratum Consultants Ltd

A handwritten signature in blue ink, appearing to be 'Brett Farquhar', with a large, sweeping flourish underneath.

Brett Farquhar

Director, Planner

cc. Mark Gibb mark@pukeroa.co.nz