



Waitakere City Council
Te Taiao o Waitakere

NOTICE OF MEETING

NORSGA URBAN DEVELOPMENT COMMITTEE

I hereby give notice that a meeting of the NorSGA Urban Development Committee will be held on:-

DATE: Monday, 16 March 2009 **TIME:** 9.30 am
MEETING ROOM: Council Chamber
VENUE: Waitakere Central, 6 Henderson Valley Road, Henderson, Waitakere

to consider the business as set out herein and to take any necessary action connected therewith.

10 March 2009

Desiree Tukutama
COMMITTEE SECRETARY

Telephone (09) 836 8000 extn 8815

MEMBERSHIP:

Councillors	LA	Cooper, JP (Chairman)	
	PA	Hulse (Deputy Chairman)	
	DQ	Battersby, JP	
	MFP	Chan, JP	
	RP	Dallow, QPM, JP	
	WW	Flaunty, QSM, JP	
	VS	Neeson, JP	
Councillor	P	Walbran	Auckland Regional Council
	Mr A	McGregor	NZRPG Management Limited
	Mr S	Bignell	Hobsonville Land Company Limited
	Mr M	Spearman	North West Waitakere Networking Group
	Mr W	McDonald	New Zealand Transport Agency
Observer	Mr P	Clark	Auckland Regional Transport Authority
			Mr I Midgley (alternate)
			TBA (alternate)

Mayor RA Harvey, QSO, JP (ex officio)

(Quorum 5 members)

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(Meeting Room could be subject to change)

(The reports and recommendations contained in all agendas are reports and recommendations only and are not to be construed, in any way, as Council policy until adopted.)

**AGENDA FOR A MEETING OF THE NORSGA URBAN DEVELOPMENT COMMITTEE TO
BE HELD IN THE COUNCIL CHAMBER AT WAITAKERE CENTRAL, 6 HENDERSON
VALLEY ROAD, HENDERSON, WAITAKERE, ON MONDAY, 16 MARCH 2009,
COMMENCING AT 9.30 AM**

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1 APOLOGIES



2 URGENT BUSINESS

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 provides that where an item of business is not on the agenda, it may only be dealt with at the meeting if:

- (i) the Committee by resolution so decides; and
- (ii) the Chairman has explained at the beginning of the meeting (when open to the public) that the item will be raised for discussion and decision, why the item is not on the agenda, and why it cannot be delayed until a subsequent meeting.

The Committee may make a decision on a matter determined to be urgent.

NOTE: Urgent Business need not be dealt with now and may be delayed until later in the meeting.



3 CONFLICTS OF INTEREST

The Council has acknowledged in its Code of Conduct that Elected Members need to be vigilant to stand aside from decision making when a conflict arises between their role as a member of the Council and any private or other external interest they might have. This note is provided as a reminder to members to check that no such conflicts arise in relation to any items on this agenda.



4 CONFIRMATION OF MINUTES

Meeting Minutes - Monday, 15 December 2008

It is recommended that the NorSGA Urban Development Committee resolve to:

Receive the minutes of the meeting of the NorSGA Urban Development Committee held on Monday, 15 December 2008.

NORSGA FORUM

AI-A7

A discussion record of the NorSGA Forum held on Thursday, 19 February 2009 is circulated with the agenda at pages A1 to A7 for information only.



5 REGISTER OF INTEREST

Reported as at 16 March 2009.

	Name	Organisational Position	Other - Eg: Land Holdings (Physical Address)
1.	Cr Linda Cooper	Trustee - Waitakere Licensing Trust	Not Applicable
2.	Cr Derek Battersby	Trustee-Portage Licensing Trust Director WATS Board	Not Applicable
3.	Cr Peter Chan	Not Applicable	Not Applicable
4.	Cr Ross Dallow	Not Applicable	Not Applicable
5.	Cr Warren Flaunty	President - Waitakere Licensing Trust Elected Member - Waitemata District Health Board Director: Westgate Pharmacy Limited	Not Applicable
6.	Cr Penny Hulse	Director - EECA	Not Applicable
7.	Cr Vanessa Neeson	Chairman: TLA Electoral College President: Village Green Quilters Director: BK&VS Neeson Limited	26 Wiseley Road, Hobsonville 5B Westergrove Road, West Harbour
8.	Cr Paul Walbran	Chairman Strategy and Planning Committee, Auckland Regional Council Director: Auckland Regional Holdings Director: Sea+City Projects Limited	Not Applicable
9.	Alan McGregor	Project Director New Zealand Retail Property Group Limited	Not Applicable
10.	Sean Bignell	Chief Executive Hobsonville Land Company Limited	Not Applicable
11.	Murray Spearman	CEO Waitakere Licensing Trust West Auckland Trust Services	3 Cellar Court, Westgate 118 Hobsonville Road, Hobsonville

	Name	Organisational Position	Other - Eg: Land Holdings (Physical Address)
12.	Ian Midgley	Not Applicable	Precinct C Massey North Precinct A Massey North (part of) 19-21-35 State Highway 16 575 Don Buck Rd, Massey
13.	Wayne McDonald	Not Available	Not Available



6 CONFLICTS OF INTEREST

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7 PRESENTATIONS

A PROJECT OVERVIEW

The Director: Strategic Planning will provide a presentation update on the Project Overview to the NorSGA Urban Development Committee.

B NEW ZEALAND TRANSPORT AGENCY

Provision has been made for the New Zealand Transport Agency to provide a presentation update to the NorSGA Urban Development Committee.

C AUCKLAND REGIONAL COUNCIL

Provision has been made for the Auckland Regional Council to provide a presentation update to the NorSGA Urban Development Committee.

D AUCKLAND REGIONAL TRANSPORT AUTHORITY

Provision has been made for the Auckland Regional Transport Authority to provide a presentation update to the NorSGA Urban Development Committee.

E MEMBERS REPORTS

Provision has been made to enable Committee Members from the Hobsonville Land Company Limited and the North West Waitakere Networking Group to provide an informal update on matters related to the planning and development of the NorSGA development.

F DISTRICT PLAN CHANGES/APEALS

Philip Brown: Group Manager: Planning & Community Services will update the Committee on the status of appeals lodged in relation to proposed District Plan Changes 13-15.

G OVERVIEW OF NORSGA INFRASTRUCTURE PROVISION

Tony Miguel: Deputy Director and Vincent Mullins: Acting NorSGA Programme Manager will provide an overview of the NorSGA Infrastructure Provision over the next 10 year period.

H FOREST BIRD PROTECTION SOCIETY - NORTHWEST WILDLINK

Dr Mark Bellingham from the Royal New Zealand Forest Bird Protection Society is seeking support from the Committee for enhanced ecological restoration to accompany development in the NorSGA area.



8 UPDATE ON THE BUCKLEY HOBSONVILLE COMPREHENSIVE DEVELOPMENT PLAN RESOURCE CONSENT DECISION

GLOSSARY

Comprehensive Development Plan	(CDP)
Comprehensive Development Plan resource consent application	(CDP application)
Northern Strategic Growth Area	(NorSGA)
Future Development Area	(FDA)

EXECUTIVE SUMMARY

The purpose of this report is to provide the NorSGA Urban Development Committee with an update of the decision on the first Comprehensive Development Plan (CDP) resource consent application (CDP application). This decision was issued by the Commissioners on 3 February 2009. The decision runs to 40 pages and therefore this report is intended to highlight some of the key findings of fact, the reasons for the decision, and also some of the implications of the decision.

This report is intended to be received by the NorSGA Urban Development Committee as an information update and no decisions are required.

RECOMMENDATION

It is recommended that NorSGA Urban Development Committee resolve to:

Receive the Update On The Buckley Hobsonville Comprehensive Development Plan Resource Consent Decision report.

BACKGROUND

1. In March 2008 the Hobsonville Land Company Ltd submitted the CDP application and associated consents relating to approximately 60 hectares of land, most of which is part of the former Hobsonville Airbase. A small portion of the land known as 'the Triangle' included within the application site is owned by Council. The application was publicly notified on 7 June 2008 and was considered at a Hearing held from the 1 - 3 December 2008.
2. The application site is within the Hobsonville Base Special Area that is in itself part of Proposed Plan Change 13. The Plan Change was notified in March 2005 and Council decisions were issued in June 2007. Proposed Plan Change 13 was required in order to adequately respond to the opportunities and obligations that arose under the Local Government (Auckland) Amendment Act 2004 and the opportunity for Council to develop a proposal to shift the Metropolitan Urban Limit.
3. The main focus of the Buckley Hobsonville CDP is residential development and between 1,080 and 1,200 dwellings were proposed including detached, medium density and apartment units. The CDP application also proposed two small mixed use areas which will include local shops and other non-residential uses, two schools and a large formal park in addition to other smaller parks and outdoor spaces. In addition an area of land outside of the application site known as Bomb Point was proposed by the applicant to become reserve.

DECISION MAKING

4. The report seeks to update the NorSGA Urban Development Committee on the decision that has been made by Commissioners on the Buckley Hobsonville CDP application. No decisions are required.

Issues

The Decision of the Commissioners and the Reasons for the Decision

A8-A47

5. The decision of the Commissioners was to grant consent to the application subject to conditions. A full copy of the decision is attached at pages A8 to A47.
6. The Commissioners reasons for this decision were that:
 - (a) The application was consistent with the provisions of Proposed Plan Change 13 of the Waitakere City District Plan and the Auckland Regional Policy Statement.
 - (b) Although the application would have a more than minor adverse effect on local amenity values, when assessed overall the actual and potential effects on the environment would be sufficiently avoided, remedied and mitigated by the conditions of consent.
 - (c) The application proposal provides a sustainable, mixed-use urban development that utilises good urban design principles to deliver a variety of different types of homes, energy and transport efficiency around a highly inter-connected roading system. The application would result in an efficient use of land, including housing at a higher density and encourage non-reliance on cars for transport by integrating urban form and movement networks, pedestrian and cycleway networks.

- (d) The application would provide adequate social infrastructure including schools, local shops and other non-residential uses to serve the immediate community as well as sufficient areas of open space that are accessible to future residents and will allow access to the coast. The Buckley Hobsonville CDP conditions as amended by the consent conditions will ensure that the desired urban design and amenity outcomes are achieved.
- (e) The dwelling density level proposed by the application across the CDP area was appropriate, supports mixed-use nodes and positively frames key streets and public spaces. Moreover the density proposed is consistent with the policies and objectives of Proposed Plan Change 13.
- (f) Although there may be short term minor adverse effects on traffic on Hobsonville Road as a result of the application these effects will be remedied and subsequently avoided by the opening of the motorway and mitigated in the short terms by the proposed conditions of consent.
- (g) The application will, subject to the proposed conditions of consent, provide for the site to be adequately serviced by infrastructure.
- (h) With the amendments proposed to the recommended conditions of consent, adverse effects on the historic heritage values of the application site will be suitably avoided and mitigated.
- (i) Overall, the application achieves the purpose and principles of Part 2 of the Resource Management Act 1991.

Key Findings of Fact

- 7. In making their decision the Commissioners considered whether it was acceptable to include only parts of a precinct in a CDP application. They concluded that the requirement for CDP's to be in respect of a whole precinct was to ensure that the overriding objective in Proposed Plan Change 13 of the integrated development of the Hobsonville Peninsula is achieved in a comprehensive and sustainable manner. The Commissioners concluded that when only parts of a precinct are included they needed to be satisfied that the integrated development of the Hobsonville Peninsula as a whole is not threatened. In respect of the Buckley Hobsonville CDP application the Commissioners concluded that the omission of areas of the Campus Runway and Base Housing precincts would not have any adverse effects on the environment, or undermine the objectives of Proposed Plan Change 13.
- A48-A49 8. The Commissioners also considered at length whether variations from the Concept Plan will have any adverse effects. The Concept Plan forms part of Proposed Plan Change 13 and is intended to provide an overall vision for the future of the area, both protecting its distinctive features and allowing for development to occur in appropriate areas. The Concept Plan is attached at page A48 to A49. In this respect the Commissioners concluded that, in the particular circumstances of the application, these amendments will not give rise to any adverse effects on the environment and will not threaten the attainment of the objectives and policies of Proposed Plan Change 13.
- 9. The Commissioners declined to impose conditions in relation to the social and affordable provisions of the application on the basis that the provision or non-provision of state/affordable housing was not a matter relevant to determining the application under the Resource Management Act 1991. The Commissioners also took account of the applicant's opposition to such a condition.

10. The Commissioners also considered the use of part of the land identified on the Concept Plan as Future Development Area (FDA) for the siting of a primary school. Policy 11.35 in Proposed Plan Change 13 states that development in the FDA will not be permitted until development in all other of the precincts has reached a certain level, and a further plan change is notified to guide development of that area. The Commissioners observed that the CDP site boundaries do not actually incorporate any of the FDA, however they accepted that the identification of the primary school site in the location proposed effectively earmarks a part of that area for the purpose in advance of development in that area being authorised. In making their decision the Commissioners concluded that they had no concerns about this aspect of the proposal. The Ministry of Education has acquired the land and is shortly to notify a requirement for its use for education purposes. That notice of requirement would override the provisions of Proposed Plan Change 13 and by utilising that mechanism any inconsistency with policies preventing interim development of part of the FDA will be avoided.

11. At the commencement of the Hearing, the applicant advised that consent was no longer sought in relation to the rules applying to the site as presently zoned under the Operative District Plan. Consequently the applicant only sought consents under the provisions of Proposed Plan Change 13 and those operative plan rules that are deemed to apply by virtue of the plan change. The Commissioners did not question the legitimacy of the applicant's ability to proceed in this manner but found that the withdrawal of the applications under the operative zoning provisions had implications for the assessment of the application and the granting of consent. These implications are discussed below.

Implications of the Decision

12. The Commissioners assessment of the application was confined to the relevant objectives, policies and other provisions of Proposed Plan Change 13. As consent was not sought under the operative rules then the provisions of the Operative District Plan that are relevant to those rules were also not considered to be relevant.

13. The Commissioners found that because any consent granted under Proposed Plan Change 13 cannot be given effect until such time as a consent is obtained under the operative zoning rules or those rules are no longer applicable by virtue of Proposed Plan Change 13 becoming operative, there can be no concern that any activity will be authorised that is contrary to relevant objectives and policies. The activity can only proceed once those provisions are no longer relevant.

14. Until such time as the applicant either obtains consent under the Operative District Plan zoning rules or Proposed Plan Change 13 becomes formally operative, any consent granted cannot be implemented.

15. The statutory 15 working day period for any interested party who disagreed with the decision to lodge an appeal with the Environment Court expired at the end of February 2009. Five appeals have been received. The appellants are:

- Susan and Lloyd Morris;
- Joanne Hodge and Rob McLeod (as Trustees of the Hobson Downs Trust);
- Evan and Ruth Henning;
- Rex Bridgford, R Moreto and SW Trust (six) Ltd; and
- Jill Palmer.

STRATEGIC CONTEXT

16. The development of the Northern Strategic Growth Area (NorSGA) area in a manner consistent with Proposed Plan Changes 13-18 is of key strategic importance to the Council. The issuing of the first decision on a CDP resource consent within the NorSGA area reinforces the strategic approach to growth management that the Council has adopted including the integration of transportation and land use, redressing the local employment deficit and introducing improved methods for managing amenity issues arising from intensification.

CONSULTATION

17. The resource consent for the Buckley Hobsonville CDP was publicly notified, and interested parties had an opportunity to lodge a submission and participate fully in the statutory process.

RESOURCES

18. No resources are required for this report other than staff time

IMPLEMENTATION ISSUES

19. There are no particular implementation issues arising from this report.

Report prepared by: Michael Campbell, Group Manager: Consents.



9 DEVELOPMENT CONTRIBUTIONS AND FINANCIAL CONTRIBUTIONS POLICY: UPDATE REPORT

GLOSSARY

draft Development Contributions Policy 2009	(draft DC Policy)
Development Contributions and Financial Contributions Policy	(DC Policy)
Development Contributions	(DC's)
Local Government Act 2002	(LGA)
draft Long Term Council Community Plan 2009-2019	(draft LTCCP)
Long Term Council Community Plan and Annual Plan Committee	(LTCCP & AP Committee)
Northern Strategic Growth Area	(NorSGA)
Resource Management Act 1991	(RMA)
Local Government Act 1974	(LGA 74)

EXECUTIVE SUMMARY

This report updates the NorSGA Urban Development Committee on the proposed changes to the Development Contributions and Financial Contributions Policy (DC Policy) 2006 submitted to the Long Term Council Community Plan and Annual Plan Committee (LTCCP & AP Committee), 17 February - 23 February 2009, as part of their deliberations for the draft Long Term Council Community Plan 2009 - 2019 (draft LTCCP).

The draft Development Contributions Policy 2009 (draft DC Policy) is based on the DC Policy 2006. The draft DC Policy provides for the recovery of Council's cost of growth, through development contributions (DC's), for Leisure and Community Services, Libraries, Parks Infrastructure, Transport, Stormwater, Wastewater and Water Supply. The draft DC Policy also provides for financial contributions to be charged to help the Council mitigate the effects of growth on reserves, and for some of the costs associated with Project Twin Streams.

The draft DC Policy takes account of a range of new information. Key changes include:

- Reflecting the currently draft capital programme (and a corresponding new figure for the Council's cost of growth);
- Including the cost of finance to the DC Policy recovery schedule;
- Using updated information from the Council's growth model;
- Using revised figures for non-residential demands;
- The Northern Strategic Growth Area (NorSGA) is subdivided into three separate local catchments (based on plan change areas 13, 14, and 15) for the water supply, wastewater and stormwater activities, and different per-unit charges are specified in each of these catchments accordingly;
- Making provision for postponement of payments through bonds; and
- Realigning and renaming of the activities for which development contributions are charged to provide greater transparency.

RECOMMENDATION

It is recommended that the NorSGA Urban Development Committee resolve to:

Receive the Development Contributions And Financial Contributions Policy: Update report.

BACKGROUND

1. Waitakere is continuing to grow. In 2006 the population was estimated as 195,300 (at 30 June 2006), with this forecast (medium projection) to increase to 242,200 by 2021. Non-residential activities are also increasing across the City. This growth brings with it increased demand for the assets and services that the Council provides; this demand is one of the key inputs to the Council's Activity Plans. A significant part of the Council's capital spend relates to providing increased infrastructural capacity that is needed to handle the increased demand that growth brings. This spend is referred to as the "cost of growth".
2. The Council is required to adopt a policy on Development and Financial Contributions under s 102 of the Local Government Act 2002 (LGA), to provide certainty and predictability about levels of funding. The Council adopted its first DC Policy in June 2004. The DC Policy was reviewed and a revised version was adopted in July 2006, as part of the triennial review of the Long Term Council Community Plan 2006-2016. The proposed draft DC Policy is one outcome of work towards the draft LTCCP. The draft DC Policy forms the Statement of Proposal that supports public consultation on the draft Policy, prior to its consideration for adoption as part of the draft LTCCP.
3. The DC Policy 2006 provides for DC's to be required for:
 - Community Infrastructure which included City Development Community Infrastructure; Libraries; Parks; Leisure and Cemeteries; and
 - Network Infrastructure which included Stormwater, Wastewater, Water Supply and Roading and Strategic Projects and City Development Network Infrastructure.

4. The DC Policy 2006 provides for Financial Contributions to be required (under the transitional provisions of the Resource Management Act 1991 (RMA) and Local Government Act 1974 (LGA 74) for:
 - Reserves (land for new parks including landscaping and fixture development such as paths); and
 - Stormwater purposes related to Project Twin Streams.

DECISION MAKING

5. There are no decisions required in respect of this report.

Issues

Proposed Policy Changes to Support the Draft Development Contributions and Financial Contributions Policy

6. Use of DC's requires a range of policy decisions to be made, to ensure that these contributions can be charged in a consistent and equitable way. The most significant of these are outlined below.

Commencement and Transition

7. The enactment of the LGA provided councils with a new funding tool. DC's under the LGA had some features in common with financial contributions under the RMA, and with development levies under the previous LGA 74.
8. The Council was one of the first councils to adopt a DC Policy in 2004. As is the case for any regulatory change, the introduction of that first DC Policy had the potential to affect a large number of developers who already had developments underway, or planned, at that time. This issue arises in part because even relatively small developments can take some time to complete, and can involve more than one consent. Developers are also able to apply for those consents in various sequences, and some consent's remain valid for five years.
9. The DC Policy 2004 included provisions that effectively exempted a range of developments from paying the charges under that DC Policy, thereby easing the early imposition of these new charges. These provisions related mainly to applications for subdivision consents, building consents and service connections for developing vacant lots that were subdivided before the introduction of the DC Policy 2004. They therefore provided some relief at the time of the introduction of the DC Policy 2004, and at the same time encouraged building take-up once subdivision was complete. Similar provisions were carried into the DC Policy 2006, and these are still in force today.
10. It is suggested that this issue needs to be considered afresh as part of the draft LTCCP, to determine how the DC Policy 2009 should be applied. This situation must be governed by clear and certain rules that balance fairness to the developer (who may be subject to different charges) and to the rest of the community (who will pay for any growth costs that are not met by a given development). If there is a need for "transition" provisions to ease the DC Policy's implementation for developments that are underway in July 2009, then those provisions should have a tightly limited application, and have a limited life.

11. There are two broad options for this:
 - Continue to provide an effective exemption for development on land that was subdivided before June 2004;
 - Seek to recover contributions from all developments (though recognising previous contribution payments).
12. The case for continuing the effective exemption is that those developments were started before the DC Policy 2004, and therefore should be permanently exempt from any such charges. It is noted that the Council may have created an expectation of not charging by including those provisions in the DC Policies 2004 and 2006.
13. The case for seeking full DC's from all developments can be based on the view that the Council has had a DC Policy in operation for over four years, providing ample opportunity for those 2004 developments to be completed. While DC's were "new" in 2004, they are now well established, both in Waitakere and in the rest of the Auckland region (and across New Zealand), so that most people involved in property or property development will be aware of these charges.
14. The special consultative procedure provides a month for public consultation on the end of this exemption, and also acts as a three month period for developers to lodge further consents needed, before the DC Policy comes into force on 1 July 2009. Removal of these provisions will make the DC Policy simpler and easier to understand and implement, will ensure that all developments pay a fair share of their growth costs, and increase the Council's DC's revenue (and certainty around this) accordingly.
15. Subject to public consultation the LTCCP & AP Committee resolved to end the 2004 transition credit on 1 July 2009.
16. The draft DC Policy provides for credits to be given (for earlier payments), on a per-unit basis. The draft DC Policy also provides that if a DC is not paid within three years of the grant of the consent (or service connection authorisation) that it relates to, the Council may choose to require payment in terms of the DC Policy in force at that time.

Catchment Arrangement

17. The LGA allows (but does not require) different DC charges to be specified in different parts of the district. The areas within which DC's are charged are known as "catchments". Evaluation of the different possible arrangements for such catchments should include consideration of the use of and planning for the underlying assets (thereby reflecting benefits and causes) and practical matters (including administrative costs).
18. Having a number of different catchments can be theoretically sound, equitable and economically efficient, if demand for infrastructure and use of, and costs of infrastructure can be clearly identified and estimated. In other cases, use of the assets concerned, or difficulties in clearly identifying and estimating demand within a smaller geographic areas is not possible or not practical.
19. Following review of these factors, a single Citywide catchment is recommended for most activities, as they are 'open access' services open to all users specifically for Leisure and Community Services, Libraries, Parks Infrastructure and Transport.

20. For the water activities, considerations around the 'local' nature of direct usage and the specific issues within the NorSGA plan change areas led to a recommendation that specific catchments be used for Water Supply, Wastewater and Stormwater. These catchments are:
- Hobsonville Peninsula (Plan Change 13 area);
 - Hobsonville Village (Plan Change 14 area);
 - Massey North (Plan Change 15 area); and
 - Remainder of Citywide area (noting that wastewater and water supply are not charged outside the area proposed to be reticulated within the Long Term Council Community Plan 2009 - 2019 period).

Remissions

21. There is a view that the Council should reduce the DC's on some developments which contribute to sustainability goals of the Council, even if such developments may not necessarily contribute to reducing the cost of infrastructure. These include social wellbeing (e.g. housing for low income families), environmental wellbeing (e.g. medium density housing), and measures that contribute to environmental sustainability but are not directly related to the cost of infrastructure and economic wellbeing (e.g. employment generation).
22. After consideration, the LTCCP & AP Committee recommended that the existing remissions approach be retained. This allows reductions (of up to \$2,000 per household equivalent unit) for developments that score highly using the Tool for Urban Sustainability Code of Practice. No other remissions of this nature are provided for.
23. Noting that while the aim of promoting sustainability is a Council objective, the DC Policy is not an appropriate vehicle for this. Providing more explicit subsidies through a budget process would improve fairness, openness and transparency. If remissions were given through the DC Policy this is less likely to occur.

Unit of Demand Differential by Household Unit Size

24. Demand for several of the activities contained in the DC Policy arises from population growth, and therefore the number of people that the development is likely to contain can affect the demand it generates. While it is theoretically possible to assess DC's on the size of a given household unit (and thereby attempt a closer matching with demand), the DC Policy 2006 does not do this. Currently no variation and household units are accounted for and the assumption is that a household equivalent unit is 2.6 people.
25. It is considered appropriate to retain this approach as attempting to recognise dwelling size would in practice introduce significant difficulties both for planning and modelling, and for charging individual developments. Forecasting household composition for the next 10-20 years would be a difficult process fraught with uncertainty and errors, and this would raise the Council's exposure to risk of under-funding growth costs. Any attempt to "fine tune" the DC Policy in this way would make policy implementation more complex, cumbersome and costly, and could encourage rule-avoiding behaviour (e.g. inclusion of large "studies" rather than bedrooms).

Cost Recovery Over Time

26. Each capital project included in the capital programme will deliver capacity for growth during a certain period of time, and that period is the basis for the “recovery period” (i.e. the time over which that cost of growth should be recovered). This is a key element of matching the charges with consumption of capacity, for a given part of the growth community. The majority of projects and programmes are expected to deliver capacity for between 10 and 20 years.
27. For a small number of larger projects, the period over which capacity is consumed may be much longer. The determination of the cost recovery period for these projects involves a trade off between ensuring fairness, equity and economic efficiency on the one hand, and on the other, reducing the degree of uncertainty of funding. The DC Policy 2006 is based on recovering costs within a maximum period of 20 years, and it is proposed that this maximum be retained for the DC Policy 2009.

Cost of Finance

28. In some cases, expenditure may be required in advance of development. Such an approach helps to ensure that service levels are maintained over time. This advance provision will almost always be required for green fields areas, where infrastructure capacity must be provided ahead of development taking place. It is also often appropriate from an asset management perspective, or may be required for certain asset types (e.g. it is not practical to provide half a swimming pool or half a new lane for a road).
29. Provision in this way does however expose the Council to significant additional costs, as funds must typically be borrowed when required, and are only paid back as contributions are received as the development that the infrastructure supports take place. Noting (as above) that it may take up to 20 years to recover the costs for some projects, these financing costs can be significant.
30. The DC’s are set on the basis of balancing cash flows over time, taking account of the timing of expenditure and revenue and the interest arising on any net balance. This includes recognising the case where DC revenue is received ahead of expenditure (meaning that interest is nominally received by the Council). As the Council often plans to provide infrastructure ahead of demand, and because the City includes some significant green field areas, these financing costs are a significant cost to Council. By modelling these interest flows, and accounting for them within the per-unit charges, the Council helps to ensure that these charges reflect the Council’s total cost of capital expenditure. Officers are of the view that such an approach is consistent with the LGA.

Allowing Bonding for Development Contributions and Financial Contributions

31. The draft DC Policy recommends that developers with large DC charges (\$100,000 or more) are able to bond for this payment. This means that the Council has certainty of the payment, even though this will be paid at a later date rather than immediately. The recommended terms are that the bond is guaranteed by a trading bank, is for a maximum of two years and has an appropriate interest rate applied. The specified rate of interest will be a rate of interest equal to the Council’s weighted average cost of borrowing as certified by the Council’s Group Manager: Funds Manager at the time of approval of the postponement application plus a margin of 2%).

32. Once a DC charge is bonded, relevant consents or certificates can be released as if the DC charge was paid.
33. Allowing bonding will put in place a straightforward way to assist developers with their cash flow, at minimal risk to the Council (as the bond is secured through the trading bank and would be payable on demand). An appropriate bond template and bond tracking register will need to be prepared.

Support for Financial Contributions

34. The LGA provides details of how these contributions operate. In summary, the Council can require contributions for a range of activities (including reserves in particular) up to specified amounts, in connection with developments (as that word is defined in the LGA). These clauses are still in force through the transitional provisions of the RMA.

Preferred Option

35. For public consultation the LTCCP & AP Committee resolved that the Council provides in its DC Policy for:
 - Recovery of the cost of growth associated with the following through **Development Contributions**: Leisure and Community Services; Libraries; Parks Infrastructure; Transport; Water Supply; Wastewater; Stormwater; and
 - Recovery of the cost of growth associated with the following through **Financial Contributions**: Reserves, and some costs associated with Project Twin Streams.
36. This approach is considered to be appropriate after review of the factors included in s. 101(3) of the LGA, including the distributions of benefits, the reasons why the Council incurs this expenditure, and the overall wellbeing of the community now and into the future. The cost of growth, based on the currently planned capital programme proposed for the draft LTCCP is as follows.

A50 37. Draft Appendix 1- Schedule A of the draft DC's is attached at pages A50.

A51-A53 38. Maps of the proposed catchments are attached at pages A51 to A53.

STRATEGIC CONTEXT

Alignments with Other Council Documents

39. The DC Policy enables the Council to fund a proportion of capital expenditure required due to the City's growth costs separately from those that create the developments so the burden on funding the required infrastructure does not fall completely on the existing ratepayers.
40. The adoption of a DC Policy is considered to support the City's wider aims. In particular the proposed DC Policy will provide funding for community outcomes that are affected by growth. It will also deliver on the Council's strategic direction, as outlined in the draft LTCCP, the Council's Strategic Platforms and Strategic Priorities and Activity Plans.

CONSULTATION

41. The draft DC Policy work involves multiple groups across the Council. Key inputs include:
- Growth projections and policy analysis from Strategic Planning;
 - Asset planning and the proposed capital programme, as provided by several groups within the City Services, Community Wellbeing and Strategic Planning directorates;
 - Legal input from the Council's Legal Services/General Counsel; and
 - Financial parameters as determined by the Finance directorate.
42. However, it is also noted that the Council adopted its first DC Policy in 2004. It is therefore considered to be largely understood by the development community. Officers who handle consents have regular contact with those undertaking developments. Comments and suggestions that arise from that contact are, and will continue to be, used as part of the policy development process. Contact is also maintained between the council and the development community at other levels.
43. The main external parties affected by the recommendations are the development community. Formal consultation with this group occurs as part of the special consultative procedure, when public submissions are called for on the draft DC Policy (alongside the rest of the draft LTCCP).

RESOURCES

44. There are no resource implications other than staff time.

IMPLEMENTATION ISSUES

45. There are no issues involved in implementing the recommended decision.

Report prepared by: Andrew Pickering, Infrastructure Funding Manager.

