



**Purpose:**

The purpose of the meeting is for the Governing Body to:

- discuss the new Development Contribution Policy and direction.

	Item
1	<b>Apologies</b> Apologies from Cr C Darby and Cr P Hulse for absence on council business and Cr C Casey, Cr L Cooper, Cr D Newman Cr J Walker and Cr W Walker for absence.
2	<b>Declarations of Interest</b> Members are reminded of the need to declare any conflict that may arise between their role as a member and any private or other external interest they might have.  A PowerPoint presentation was given on the below topics:
3	<b>Introduction to Development Contributions</b> <i>Andrew Duncan and Ross Tucker</i>
4	<b>Advice on feedback points</b>
5	<b>Changes to draft policy</b> <i>Cr M Lee left the meeting at 5.02pm.</i> <i>Cr M Lee returned to the meeting at 5.10pm.</i> <i>Cr P Hulse retired from the meeting at 5.13pm.</i> <i>Cr M Lee retired from the meeting at 5.14pm.</i>

The workshop closed at 5.15pm.

# Contributions Policy 2019

Ross Tucker

Andrew Duncan



## Context

- Current contributions policy expires 31 January 2019
- 10-year Budget 2018-2028
  - Included significant increase in infrastructure investment - \$26 billion
  - Assumed qualifying costs of growth would be recovered through Development Contributions
- Consultation on policy
  - 19 October to 15 November 2018 (4 weeks)
  - Five have-your-say-events
  - Property Council presentation
  - 61 responses including 44 detailed submissions from developers
  - 23 presentations to specific Governing Body workshop 23 November
- 8 key issues for consideration



Issue 1: Payment timing	
<b>Proposal</b>	<ul style="list-style-type: none"> <li>Extend payment timing for residential construction (5+ dwellings)</li> </ul>
<b>Feedback</b>	<ul style="list-style-type: none"> <li>Supported</li> </ul>
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>Adopt proposal</li> </ul>

  

Issue 2: Funding areas and definitions	
<b>Proposal</b>	<ul style="list-style-type: none"> <li>Minor adjustments</li> </ul>
<b>Feedback</b>	<ul style="list-style-type: none"> <li>General support</li> </ul>
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>Adopt proposal (including minor adjustments in response to feedback)</li> </ul>



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Issue 3: Retirement villages	
<b>Proposal</b>	<ul style="list-style-type: none"> <li>No change and further work</li> </ul>
<b>Feedback</b>	<ul style="list-style-type: none"> <li>Lower parks and community infrastructure DCs sought as retirement villages provide onsite facilities and residents less mobile</li> </ul>
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>Complex issue - further research</li> <li>Reduction in DC price in 2019 policy and further consideration at later date</li> </ul>

  

Issue 4: Double dipping	
<b>Feedback</b>	<ul style="list-style-type: none"> <li>Concern over charging DCs as well as requiring works under resource consent conditions</li> </ul>
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>Clarify that the policy is designed to avoid double-charging for the same cost</li> </ul>



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### Issue 5: DC price for transport

<b>Proposal</b>	<ul style="list-style-type: none"> <li>Update to demand drivers for recovery of transport investment</li> <li>Impact: Increase in price for retail and commercial</li> </ul>
<b>Feedback</b>	<ul style="list-style-type: none"> <li>Opposition</li> <li>Suggest that projects would be delayed or halted discouraging retail/commercial development near residential</li> <li>Population drives transport costs so residential should pay</li> </ul>
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>Complex issue – important issues raised in feedback</li> <li>Undertake further work, engage with developers and report back</li> <li>Retain status quo (in line with 2015 policy) in 2019 policy and further consideration at later date</li> </ul>

### Issue 6: Increase investment and price changes

<b>Proposal</b>	<ul style="list-style-type: none"> <li>Increased investment in growth infrastructure</li> <li>Average urban DC price rises from \$21,000 to \$26,000</li> <li>Level of detail in capex schedule increased</li> </ul>
<b>Feedback</b>	<ul style="list-style-type: none"> <li>General support</li> <li>Require assurance expenditure is growth related</li> <li>Some programmes will support growth more locally going forward</li> </ul>
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>Remove some small projects not strongly connected to growth</li> <li>Remove regional charge for growth-responsive transport programmes – assume funding from special funding areas in the future (after engaging with developers locally)</li> <li>Average urban DC price \$25,000</li> <li>Higher prices in specific areas once projects defined</li> </ul>

### Issue 7: Social / affordable housing

<b>Proposal</b>	<ul style="list-style-type: none"> <li>No proposal of deferrals/remissions for social or affordable housing</li> </ul>
<b>Feedback</b>	<ul style="list-style-type: none"> <li>DCs seen as a barrier to development of affordable/social housing</li> <li>Sought lower DCs for smaller houses</li> </ul>
<b>Analysis</b>	<ul style="list-style-type: none"> <li>Contributions are a cost recovery mechanism – support for social or affordable housing more transparent through grants</li> <li>Council infrastructure investment to unlock development should support more affordable housing</li> <li>Lower DCs for smaller houses not justified based on statistics</li> </ul>
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>Extend payment timing for non-government social housing</li> <li>Use case by case grants to assist social housing development</li> </ul>

### Issue 8: Maori development

<b>Proposal</b>	<ul style="list-style-type: none"> <li>No specific proposal for Māori development</li> </ul>
<b>Feedback</b>	<ul style="list-style-type: none"> <li>Mana Whenua Kaitiaki Forum: <ul style="list-style-type: none"> <li>Do not support increased transport charges for marae</li> <li>Create DC development types for marae and papakainga</li> <li>Right size Māori Cultural Initiatives Fund</li> </ul> </li> </ul>
<b>Analysis</b>	<ul style="list-style-type: none"> <li>Transport issue considered under issue 5</li> <li>Māori developments categorised under broader types: <ul style="list-style-type: none"> <li>Kaumātua housing as retirement villages</li> <li>Marae as community facilities</li> </ul> </li> <li>Review of Māori Cultural Initiatives Fund underway reporting to committee in 2019</li> </ul>
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>Continue to monitor evolving development types to reflect in Contributions Policy</li> <li>Continue review of Māori Cultural Initiatives Fund</li> </ul>

## Next steps

### Implementation

- Decisions and adoption of policy 13 December 2018
- New policy effective from 1 January 2019

### Communications

- Advise all consultation respondents of decisions
- Policy and all supporting materials loaded on council website

### Further work

- Retirement villages survey of reserves and community facilities
- Research on transport demand generated by different development types
- Review of Māori Cultural Initiatives Fund