



Hastings District Council

*Civic Administration Building
Lyndon Road East, Hastings*

Phone: (06) 871 5000

Fax: (06) 871 5100

OPEN

ATTACHMENTS UNDER SEPARATE COVER

COUNCIL MEETING

Meeting Date: **Tuesday, 3 December 2019**

Time: **1.00pm**

Venue: **Council Chamber
Ground Floor
Civic Administration Building
Lyndon Road East
Hastings**

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6.	HOWARD STREET DEVELOPMENT CONTRIBUTION SUBMISSIONS	
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10/30/2019

Wufoo - Entry Detail

HDC - Development Contributions Policy

COMPLETE

#1

CREATED



PUBLIC

Oct 3rd 2019, 10:53:24 am

IP ADDRESS



202.56.42.174

* Name

Chris Burns

* Email

2christop2@gmail.com

* What are your thoughts on the Proposed Development Contribution Policy?

I support the councils method for calculating the Development Contributions. One of my major concerns was identified by Marcus Hill at the meeting. wHe recommended a peer review regarding the cost of the structure road. Another developer has approached us and he also indicated that the Councils prices obtained were excessive. I therefore support a peer review of the costings.

The other concern is the time Stantec is taking to design the road and infrastructure. Why does the Council not explore other options?

Attach a File

* Please indicate whether you wish to be heard in support of your submission in Council:

I DO NOT wish to speak in Council in support of my submission.

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Attachment 1

10/30/2019

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HDC - Development Contributions Policy

COMPLETE

#2

CREATED



PUBLIC

Oct 17th 2019, 2:39:50 pm

IP ADDRESS



202.137.245.228

* Name

Marcus Hill

* Email

marcus.hill@twproperty.co.nz

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Attachment 2

10/30/2019

Wufoo - Entry Detail

*** What are your thoughts on the Proposed Development Contribution Policy?**

Please note copy which includes pictures sent to customerservice@hdc.govt.nz. Portal does not support pictures.

TWPH submission relating to HDC Proposed Amended 2019/20 Development Contributions Policy (DCP). The proposed changes to the DCP relate solely to land located within the Howard Street Residential Zone.

This submission responds to the HDC proposal to amend the 2019/20 Development Contributions Policy (DCP), and the request for submissions before the 18th October 2019.

This submission calls for:

- An independent peer review by an independent Civil Engineer of the Stantec design for infrastructure envisaged under the Structure Plan for the Howard Street area
- Design value engineering if appropriate to be undertaken in conjunction with appropriate engineers, and producing an amended final design
- A subsequent revised schedule of quantities and engineering cost assessment of this peer reviewed and value engineered design, again by an independent Civil Engineer
- Reassessment of the proposed Development Contribution levy per HUE for the Howard Street Structure Plan area.

Background

Subject Property 1239 Howard Street

TWPH have owned the 2.8ha property at 1239 Howard Street since 2016. This property borders Parkvale School and has substantial frontage to Howard Street. The land was purchased to complete a residential subdivision, and TWPH have

been in discussions with HDC for over 2 years.

During the period of ownership TWPH have continually sought to have the timing of this Structure Plan Area expedited, and have made all efforts to assist the HDC in bringing this area forward for meaningful development.

Meetings have occurred between TWPH and the Hasting District Mayor regarding our concerns about how long the process has taken, with assurances given that the process to HDC completing the physical works envisaged in the Structure Plan being paramount in the priorities of the HDC, in order to free up much needed housing land in this area of the district.

Information informing the proposed DCP 2019/2020 relating to Howard Street

The designation of the roading network has occurred (Hearing Feb 2019, decision circa 2-3 weeks later). At the hearing HDC tabled Stantec's relatively detailed concept plans for the engineering works required to complete the circa 800m of internal roading and associated 3 waters infrastructure.

At the meeting called by HDC to brief landowners in the Structure Plan area recently (27th September 2019), the Council officers tabled that HDC is yet to receive detailed design for the Engineering works from Stantec. To our knowledge there is still no detailed civil engineering design for the proposed works.

The ring-fenced sum for the internal roading and infrastructure works has been tabled by HDC to be circa \$8.13m (\$8.68m including the purchase of the land for the roading network - See Telfer Young report which states total compensation for land purchase of \$552,000).

<https://app.wufoo.com/#/entry-manager/1075/entries/2>

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This is to be equally divided by the additional 290 HUEs added as part of the Structure Plan. It should be noted that the figure of \$33,551 tabled by HDC is greater than the figure of \$8,680,000 / 290 = \$29,931 per HUE, which means there is an average (interest and other charges) charged per HUE of circa \$3,620 + GST. Over the 290 HUEs this totals interest and other charges of circa \$1.05m.

Analysis of Stantec / HDC figures relative to current market construction projects

As discussed with Council officers through the process of engagement since the designation of the roading corridor, it has been noted that many of the figures used in the Stantec schedule are higher than what we see in other projects we are currently engaged in.

This raises to issues:

- The use of higher than market rates in the engineers estimates of costs
- The apparent higher than average levels of design contingency within the Stantec design that has been used to inform the above schedule

It should be noted that through the process the submitter has been furnished with and has carried out assessment of the Stantec schedule of quantities, and informed HDC of concerns relating to the above bullet points.

Specific examples of concerns:

Concerns can be categorised into two areas:

1. Differences in Stantec Schedule prices vs current tendered jobs currently being completed by reputable contractors
2. Design by Stantec that layers design contingency into the schedule at a level that exceeds what would normally be expected

Preliminary and General

HDC schedule claims \$2,250,000

- Noted that in Stantec's schedule this includes traditional P & G items, along with including Engineering fees and contingency.
- Based on the construction of \$8.13m this reflects 28% of the cost

o This is excessively high in relation to other construction projects

Using a current example of a comparable project currently in construction, in more challenging physical site conditions than Howard Street, using a reputable Civil Contractor, the above comparable Preliminary & General items, we would have circa 15-17% of construction value for these items

Earthworks

Line items in the schedule are significantly higher than current market tendered projects we are currently completing

For example:

- Cut to waste
- o Stantec quotes \$75m³
- o Example from current market tender \$10-15m³

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- Cut to fill

- o Stantec quotes \$40m³

- o Example from current market tender \$16-18m³

Sanitary Sewer Construction

Items in the Sanitary Sewer area of the schedule show significant discrepancies with current tendered projects

For example:

- Supply and lay DN150mm lines

- o Stantec quotes \$480/m

- o Example from current market tender \$282-\$300/m

- Supply and lay DN225mm Lines

- o Stantec quotes \$520/m

- o Example from current market tender \$372-400/m

It is worth noting that the comparable project used in this example has Sanitary Sewer pipe being laid at deeper levels than the Howard Street project, making the discrepancies even more concerning.

Water Works

Items in the Water Works area of the schedule show significant discrepancies with current tendered projects

For example

- Supply and lay 63OD PE pipe

- o Stantec quotes \$165/m

- o Example from current market tender \$60/m

- Supply and lay 125OD PE pipe

- o Stantec quotes \$200/m

- o Example from current market tender \$100/m

- Supply and install of fire hydrant

- o Stantec quotes \$5,250 each

- o Example from current market tender \$3,278 each

- Construct anchor/thrust blocks

- o Stantec quotes \$2,500 each

- o Example from current market tender \$685 each

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<https://app.wufoo.com/#/entry-manager/1075/entries/2>

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Roading / Pavement design

Line items layer multiple design contingencies into the schedule. For example:

601.4 Supply and Lay Class c Geotextile

601.5 Supply and place XXX Geogrid

This is on top of the assumption that cement stabilisation is required (601.2)

There is sufficient Geotechnical data available to be making much more definitive design assumptions regarding Road formation than simply layering contingent design items on top of each other.

The Stantec estimate provides for a cement stabilised sub-base 250mm deep, class C geotextile, geogrid, 150mm thick AP40 basecourse, and 60mm asphaltic concrete. Total pavement thickness is 460mm.

The Cardno geotechnical report for the Howard Street development shows a CBR of 5% 300mm below the surface. This is not the best conditions but still good enough to construct a conventional flexible pavement on.

Assuming that a CBR of 5% is representative, and using 10⁵ axles over the design life (the internal road is a minor residential road), Figure 8.4 from AustRoads gives an indicative 300mm thick pavement.

It is possible that the CBR closer to the stream is lower, and more design axles may have been used. What is clear is that a peer review of the design will ensure the correct design assumptions are made to reduce the risk of any over engineered designs. It is also clear that a 460mm pavement thickness with cement stabilisation with geogrid suggests a very poor subgrade indeed. We request to see the design calculations.

The Stantec schedule calls for 60mm Asphaltic Concrete for road sealing, where as 25mm is the accepted thickness on a vested road. Peer review and value engineering will rationalise these items to align more closely with the market.

Conclusion

In conclusion the submitter requests that a full peer design review be undertaken so as to ensure that all elements of overdesign are eliminated and that costings are related to the actual market cost of works that are confirmed by competitive tender processes. A full value engineering process must be undertaken of the final Stantec civil infrastructure design.

The submitter requests a new engineering schedule and engineers pricing estimate be completed using data from a number of recent civil projects in Hawkes Bay.

The submitter requests that the schedule of prices be matched to market costs so that when tenders are invited in a competitive tendering process, these tenders are not inflated to match the inflated DC Schedules provided to date.

The submitter requests a copy of the detailed design review as soon as it is completed.

Clearly HDC cannot go ahead with servicing the structure plan development if they don't have funding in place, for which they need the DC policy to be adjusted. But land owners cannot be expected to pay more than the actual cost to service the development. It is an implicit assumption in the Local Government Act (LGA) is that the Local Authority will be effective and efficient, which goes back to the principles local authorities must act in accordance with, as set out in section 14 of the

LGA. For the situation we have here, where the cost estimate is high and the funding declines

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LOOK. For the situation we have here, where the cost estimate is high and the flooding design appears to be over engineered and overly conservative, principles (f) and (g) seem particularly pertinent.

Neighbouring Landowner Request

Barry and Lynne Keane (214-216 Havelock Rd) have requested that we as submitters include the email below in support of our proposal, and we submit this on their behalf, with their approval

Hello again Marcus.

I have failed to find the right entry point on the HDC website, and I am about to fly out from Auckland. Therefore I wish to adopt plan B, viz, to ask you to present our concerns about the HDC's high ISDC cost estimates to the Hastings District Council as part of your submission on 18 Oct 2019

See below:

To Hastings District Council.

Subject: Howard St Development ISDC Estimates Ref 27 Sep 19 HDC Briefing to Landowners

We wish to register our concern about the very high ISDC estimates presented at the 27 Sep 19 Hastings District Council (HDC) briefing.

This point was raised at that meeting by Marcus Hill, who has years of experience in land development at the planning and implementation levels, and who invited HDC to agree to a peer review at the 27 Sep briefing to landowners.

We therefore formally request that a peer review of HDC's civil design and subsequent cost estimates be undertaken, to determine whether the design reflects best engineering practice and estimates

provided by HDC are actually fair and reasonable, and properly reflect development costs in the current marketplace.

Yours Sincerely Barry & Lynne Keane

214-216 Havelock Rd Owners.

Attach a File

*** Please indicate whether you wish to be heard in support of your submission in Council:**

I wish to speak in Council in support of my submission; or

10/30/2019

Wufoo - Entry Detail

HDC - Development Contributions Policy

COMPLETE

#3

CREATED



PUBLIC

Oct 17th 2019, 4:16:42 pm

IP ADDRESS



210.55.147.163

* Name

Daniel Robert

* Email

daniel.robert@countdown.co.nz

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Attachment 3

10/30/2019

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Item 6

Attachment 3

*** What are your thoughts on the Proposed Development Contribution Policy?**

Submission of Woolworths New Zealand Limited - HDC - proposed Development Contributions Policy

The anticipated costs (\$8.86m and related individual rates against the various workstreams) seem excessive against our experience in the market, including the contingency and P&G of \$2.25m - Woolworths would like a greater understanding of all of the proposed costs and therefore requests:

- an independent review by an appropriately experienced engineer of ALL costs, including the appropriateness of the percentage of the contingency;
- design value engineering as part of producing the final design;
- a commitment to a subsequent peer review following design value engineering;
- a commitment to provide us with copies of the relevant reviews, designs and value engineering when they are issued; and
- a commitment to go through a competitive tender process.

Woolworths New Zealand Limited, through its subsidiary, General Distributors Limited, has a large land holding (approximately 3.1945 hectares) on Havelock Road, all of which has existing access/egress via Havelock Road, so the proposed new road provides limited additional utility in the context of the compensation and charges currently proposed by the Council.

Related to the above point, Woolworths' land holding does not have 'limited access' off Havelock Road (as stated incorrectly in the Telfer Young Valuation). Woolworths had the ability to take advantage of its large land holding by dividing it up appropriately without the need (or at the most limited use) for the new road and related infrastructure - the proposal to provide for zero compensation for the land taking is therefore not acceptable to Woolworths - Woolworths does not consider that there is betterment above the status quo to the extent that Woolworths should have to relinquish its land for free.

Woolworths also has concerns around the valuation methods in general the related value placed on the land parcels.

Notwithstanding the above points, the joint proposal to: (1) pay zero compensation; and (2) charge an increased HUE of \$60,638.35, represents a 'double dip' from the Council, making the land uneconomic to develop it out as residential land (which completely negates the intent of the plan change).

Woolworths would like to be provided with details of which of the proposed services would also service the wider catchment and not just the subject land, as where they service the wider catchment then they cannot in effect be charged solely to the subject land.

Also, it is not clear whether 250 Havelock Road (small site) is going to be charged a HUE or not - it is included in some of the plans and not in others.

Once all of the above items have been resolved, then the better outcome is to levy the costs via targeted rates rather than increased HUE - these can be absorbed in a controlled manner by a purchaser rather than larger upfront costs which could be the difference between the land being developed out and not.

Woolworths wishes to be heard.

Attach a File*** Please indicate whether you wish to be heard in support of your submission in Council:**

I wish to speak in Council in support of my submission; or

Hastings District Council

Re Howard Street sub-division Development.

Submissions

1, We would prefer the Council to buy the road-land from land-owners by paying the present value of that land required.

2, Under ISDC calculations,
Activity & Cost

We found the :-

(a) Land acquisition & earthworks costs at \$0.93m a bit misleading,

(b) Our amount of taken land would just about? that amount on it's own according to our valuations,

3, We understand it would cost more for contribution at the end before Development in the future.

(c) We prefer to take the sale price (present value) now before the word Batterment valuation.

4, Are there other alternatives?

18th Oct, 2019

Ken Gee

226 Havelock Road

Hastings

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Attachment 4

10/30/2019

Wufoo - Entry Detail

HDC - Development Contributions Policy

COMPLETE

#5

CREATED



PUBLIC

Oct 18th 2019, 8:52:55 am

IP ADDRESS



125.238.97.206

* Name

Karen Cooper

* Email

japeka@xtra.co.nz

* What are your thoughts on the Proposed Development Contribution Policy?

Submission from Karen Cooper, 1259 Howard St, Hastings on the Proposed HDC Amendments to Development Contributions for the Howard St Residential Area

My submission on this topic is in PDF format. There was originally no provision on this portal for attachments but I see there now is. Hence, I have emailed a copy to Sam Faulknor who has undertaken to ensure it is filed through the appropriate HDC channels. I have also filed it as an attachment to this. Please accept this as a formal notification of my submission.

Karen Cooper

1259 Howard St, Hastings

Attach a File

submission_from_karen_cooper_on_howard_st_isdc_policy_final.pdf

* Please indicate whether you wish to be heard in support of your submission in Council:

I wish to speak in Council in support of my submission; or

<https://app.wufoo.com/#/entry-manager/1075/entries/5>

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Attachment 5

**Submission from Karen Cooper, 1259 Howard St, Hastings on the Proposed HDC
Amendments to Development Contributions for the Howard St Residential Area**

Summary

In summary, I submit the following:

- While accepting that HDC will need to recover the costs of construction of the roading corridor and associated services by some mechanism, I do not agree with the proposed ISDC policy in its current form which will adversely and unfairly affect both developers and landowners who are not developers;
- The proposed ISDC policy will have a significant adverse impact on the Howard St development area by increasing the cost of development, reducing land sale prices and reducing land values. It may also result in an increase in house prices out of kilter with other areas in HB and, in a worse-case scenario, limit or stall development of the area;
- I therefore request that Council reconsiders and reassesses the basis of the proposed development contributions policy and considers alternative options, including hybrid options of part development contributions and part rating intake to spread the impact and provide a fairer and more equitable basis for recovering the costs of constructing the road and services. The cost recovery base needs to be spread much wider than just the small number of Howard St landowners;
- I request that Council undertakes an independent peer review of the design, including specifications and all design assumptions, along with all engineering estimates for costings associated with developing the road to verify costing accuracy and alignment to market rates.

(A) Introduction:

This submission is in response to an invitation by Hastings District Council (HDC) on 11 September 2019 for landowners in the Howard St rezoned area to submit in response to the proposed policy change in Development Contributions.

I refer to the HDC documents relating to the proposed Internal Servicing Development Contributions (ISDC) policy which seeks to ring-fence costs associated with land purchase for the road corridor; construction of the main road, footpath and associated street lighting; provide an overland flow stormwater solution; and the construction of water and sewer services within the road corridor. The FACT Sheet provided by HDC is attached. This ISDC policy proposes to recover these costs through an additional contribution of around \$33,551 + GST per additional lot created. This would effectively increase development contributions from the standard \$19,178 + GST for the current greenfield development contributions to around \$52,729 + GST per HUE created.

(B) Background:

I own a 2.7655 ha block of land in the Howard St residential development area. I am currently in final stage negotiations with a developer to purchase Lot 2 (land area approximately 2.22ha) on the attached plan. I intend to remain living on the property in Lot 1 and that land is not available for development.

Part of Lot 2 will be taken by HDC for stormwater and structure road to service the new housing developments. Negotiations with HDC are ongoing in respect of land acquisition and compensation.

At the Commissioner hearing in February 2019 in response to the HDC Notice of Requirement to designate the roading corridor, I supported, in general terms, both the designation of the roading corridor and the additional stormwater corridor at 214 Havelock Rd. At that time, I accepted that designation of the road and its construction by HDC was the best option to provide an efficient, integrated and cohesive development of road, stormwater, water and wastewater infrastructure in a timely manner across the whole of the rezoned area.

In their recent communications, HDC seems to make the assumption that all landowners are developers or potential developers. This is not the case. There are currently only two or three landholdings owned by developers who have purchased land for development or people who have lived on the land for many years and have now decided to develop their land; the remainder are most likely to sell their land to a developer. I do not intend to develop the land myself but instead intend to sell part of the land to a developer. Nevertheless, as a landowner but non-developer, the proposed policy on ISDC will still have a significant and adverse impact on me.

(C) My Concerns with the Proposed ISDC Policy:

I recognise that HDC, in purchasing the land required under the Public Works Act to construct the road and install services will incur costs that will need to be funded (probably through debt servicing) and recovered through some mechanism.

However, I do have significant concerns regarding the proposed ISDC Policy and do not accept it in its current form. This policy, as proposed, will adversely and unfairly affect both developers and landowners who are not developers. My concerns are:

1. The proposed ISDC policy will nearly treble the current development contributions and place a significant increased cost and financial burden on both professional developers and landowners wishing to develop their land. Some of these costs may be able to be passed on to the end purchaser with the subsequent sale of sections or house and section packages but only to the extent that the market will support. Any increased cost put on developers and passed on to the end purchaser has the potential to increase the cost of housing in this area (costs which will have nothing to do with a higher level of dwelling specifications or higher quality builds). Such cost pressure may end up making the Howard St area unfavourable in comparison with other areas for potential housing purchasers.
2. Developers will look for any means to reduce the impact of the increased development contributions. Hence they will very likely significantly decrease their purchase price offers for land in the Howard St area to reflect their increased development costs associated with the increase in Development Contributions.. The result would be downward pressure on land values in the Howard St area out of kilter with those in other housing developments elsewhere in Hastings and the wider Napier-Hastings region. This potential reduction of land values could very well reduce the amount of land coming to market as landowners (including me) would not sell at lower prices.

3. I ask the question – does HDC want the Howard St development to go ahead? Landowners are already being significantly disadvantaged with the ridiculous and unfair low or nil HDC compensation offers for land under the proposed roading corridor. They are being disadvantaged again with these proposed high development contributions. With the combination of points 1 and 2 above, the possibility is a worst case scenario where developers will pull out, landowners will not sell their land and the Howard St area would not be developed at all or only very slowly.
4. My property already bears a disproportionate and unfair burden of services to support the rezoned area. In fact, approximately 26% of the whole property and 32% of the land available for development is taken up by roading and stormwater services. As a consequence, the residual land in my property is marginal for development and any increase in HDC costs will likely make it uneconomic.
5. Because of road shapes, the length and area of the roading corridor across the various properties may not directly correlate to the number of housing units that can be built on each property ie landowners are paying for a percentage of the entire road through the ISDC that is not necessarily proportional to the land area available for development. This will result in an inequitable distribution of development levies. For example:

Landowner	Property	Total Land Area of Property	Area of Land Required for Road	Proportion of Road area to Property Land Area
Cooper	1259 Howard St Lot 2 excluding land area of 4450m ² under stormwater)	1.8755 ha (this area only is available for development)	0.2621 ha	14%
TW Property Holdings	1239 Howard St	2.8207 ha	0.2582ha	9.1%
Gee	226-234 Havelock Rd	3.2375ha	0.2909 ha	8.9%
Gee	238 Havelock Rd	1.6187 ha	0.2632 ha	16.2%
Burns	208 Havelock Rd	1.5631 ha	0.1455 ha	9.3%

6. It is all very well for HDC to say in their rationale for implementing a ISDC approach (refer presentation to landowners 27 September 2019) that “growth pays for growth”, that “development contributions should be recovered from those benefiting from the assets”, and to quote the Local Government Act of “fairness and equity”. In the Howard St development, there are only 290 dwellings proposed – the nearly threefold increase in proposed development contributions is a significant cost to place on such a small number of housing units. I submit that the wider community also benefits from the increase in rates, the use of the recreational assets created and the walking/cycling connectivity between Howard St and the Havelock road. The cost recovery base, in my view, needs to be spread much wider than just the Howard St landowners.
7. More usually in residential subdivisions, the costs associated with the road and service corridor would be met by the developer. However the developer, while still required to meet the HDC Engineering Code of Practice, would have discretion on how these costs were incurred. In the current scenario with HDC constructing the road, developers/landowners do not have this

discretion and costs outside their control are being imposed by Council. It has been put forward by other submitters that the current Council estimate of costs to construct the roading corridor and associated infrastructure (which is being used to inform the proposed Development Contributions policy) is too high when viewed against other current development cost data. This needs to be investigated and analysed by independent professionals before any decision is made regarding finalising the Howard St Development Contributions policy.

8. There seems to be limited precedent for the proposed ISDC model. In Hastings this model has been used only in the industrial areas of Irongate and Omaha. In Napier, a similar model has evidently been used in Te Awa with a resulting decrease in land values. It is my understanding that landowners in Irongate were similarly opposed to the ISDC model. I question whether this model been implemented elsewhere in New Zealand and, if so, what have been the results and consequences.
9. HDC, under the Local Government Act, can only recover the actual costs incurred under any form of development contributions. However, as further analysis and more detailed engineering design is carried out, costs are consequently refined and may in fact decrease. Any cost reduction as a result of refined analysis should be passed on to those who incurred the expense. However recent indications from Irongate are that there has been no refund of earlier paid development contributions when costs came down. Early adopters of developments will therefore be proportionately disadvantaged if they pay higher development contributions and don't get any refund if costs decrease.
10. I am concerned at the continuing delays with getting the road and service corridor designed and constructed. Some landowners are ready to sell land and/or commence their developments now. Continuing delays will result in missed market opportunities and an increase the holding cost of capital. HDC made the decision to bring forward the rezoning of the Howard St area in November 2015 and now should have a responsibility to facilitate its further development in a cost effective and timely manner. As landowners, we are not seeing this.

(D) I Seek the Following Considerations from the Hastings District Council

1. **That Council considers and provides detailed analysis and costings for alternative models to recover the costs associated with construction of the roading corridor and associated services, to spread the cost structure more equitably and to reduce the burden of such a large increase in development contributions on Howard St developers and landowners.**
 - What are the alternative options for HDC to recoup the costs of infrastructure?
 - Have alternative models been considered?
 - Have alternative models of cost recovery been costed for comparison?

Some alternative options might include some combination of:

- (a) A hybrid model of development contributions and rate take. This model could have a part cost recovery through increased development contributions (although less than currently proposed) coupled with ring-fencing the standard rate take from the Howard St area to offset part of the costs.
- (b) A hybrid model of some increase in development contributions but incorporating some form of modest targeted rate might also work to distribute the cost more evenly.
- (c) Development contributions based on land area developed rather than dwelling number

2. **That Council undertakes an independent engineering peer review of the engineering design specifications and the engineer's cost estimates for the civil works associated with the proposed ISDC to ensure they are accurate, robust, realistic but not inflated, competitive and in line with market rates.** I understand that the ISDC figures provided by HDC are, at this stage, based on concept designs only. To underpin any increases in development contributions, a more accurate picture of the true costs needs to be provided through more detailed engineering design and more accurate financial analysis. This will also help reduce any cost fluctuations further down the track. *(Also refer to my endorsement of the submission of TW Property Holdings below).*
3. **That Council engages in dialogue on design and costings with experienced professional developers with an interest in developing property in the Howard St area, who are used to constructing roads and installing services, to compare costings.** My understanding is that at least one landowner has made Council aware of concerns regarding the design and engineering cost estimates, and that some estimates appear to reflect large differences compared to market figures.
4. **I also ask that Council consider providing some flexibility to allow experienced developers to construct segments of the road themselves (particularly those segments with exits to Howard St (ie TW Property Holdings and the developer purchasing my land)).** Any such construction would need to be compliant with the HDC Engineering Code of Practice. The rationale is to:
 - Ensure these segments of the road were constructed in the most cost effective and timely manner
 - Enable construction of those segments of the road opening to Howard St to be commenced and completed within an earlier timeline to enable the proposed residential developments on the Cooper and TW Property Holdings land to proceed in a more timely manner
 - Allow developers to integrate service connections to connect their sites to council sewer, stormwater and water connections at the time of road construction without the need to dig up the completed road and reinstate it if these processes are carried out separately.

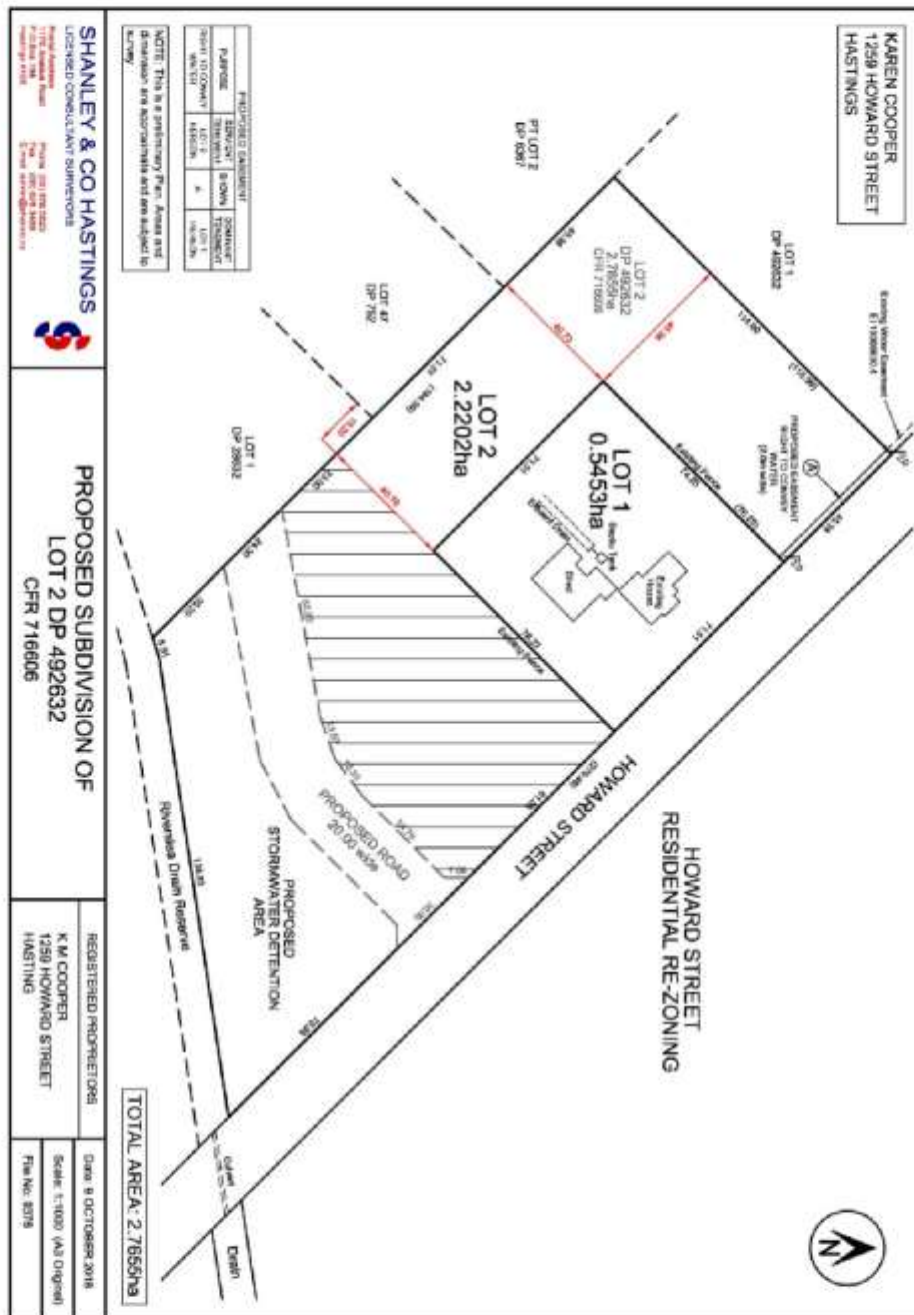
(E) Support for TW Property Holdings Submission

I have been sent a copy of the TW Property Holdings submission and endorse their submission. In particular I endorse:

- Their request for a full independent peer review of the HDC numbers in the proposed ISDC policy to verify their accuracy and to ensure they are in line with market rates.
- Their request for a peer review of the engineering design and process to ensure any surplus costs are eliminated
- Their request to verify that any increase in development contributions are only the actual costs to service the development and are based on effective and efficient use of resources as is required under Section 14 of the Local Government Act

K M Cooper
1259 Howard St, Hastings 4122
12 October 2019

Attachment 5



INTERNAL SERVICING DEVELOPMENT CONTRIBUTION (ISDC)

WHAT IS AN INTERNAL SERVICING DEVELOPMENT CONTRIBUTION?

Council traditionally provides infrastructure to the property boundary, costs for which are (and will continue) to be recovered via development contribution.

Where the infrastructure benefits a limited group i.e. the landowners, the Council intends to ring-fence those costs associated with the road corridor / designation and recover those by way of internal servicing development contributions.

As landowners would normally incur these costs during the development of their land, Council believes it is appropriate to pass these on; especially as it is the landowners driving the need for, and benefiting from the infrastructure.

WHAT ARE THE BENEFITS OF COUNCIL CARRYING OUT THESE WORKS?

There are a number of benefits of council undertaking these works:

- All development can proceed from the outset, rather than waiting for individual landowners
- Economies of scale ensure Council can secure a competitive market tender for the works
- Council will carry the financial risk – landowners don't pay anything until they are ready to develop their land
- Council facilitation allows the most efficient use of the land

WHAT WILL THE INTERNAL SERVICING DEVELOPMENT CONTRIBUTION COVER??

INCLUDED Council will undertake this work	EXCLUDED Landowners will be expected to undertake this work
<ul style="list-style-type: none"> • The purchase of any land required under the designation for the road corridor • The construction of the main road, footpath and associated street-lighting under the designation • Providing an overland flow stormwater solution to the attenuation area • The construction of water and sewer services within the road corridor 	<ul style="list-style-type: none"> • The installation of any utility services such as telecom, gas and fibre • The construction of any roading, footpath construction or street-lighting required outside the designation area • The construction of any water or sewer servicing located outside the designation area

WHAT IS THE COST OF THE INTERNAL SERVICING DEVELOPMENT CONTRIBUTION?

Total internal servicing costs are anticipated to be \$8.68m excluding GST and interest costs. The key components are listed below. The proposed internal servicing development contribution currently stands at \$33,551 (excluding GST) per additional lot created.

ACTIVITY	COST
ROADING	
• Land Acquisition & Earthworks	\$0.93m
• Road Construction (Kerb & Surfacing)	\$1.41m
• Footpaths, Berm and Landscape	\$0.37m
• Streetlights	\$0.17m
STORMWATER	
• Pipes, Manholes & Sumps	\$1.67m
SEWER	
• Gravity Mains & Manholes	\$1.1m
WATER	
• Water Mains, Valves & Fire Hydrants	\$0.78m
CONTINGENCIES AND P & G	\$2.25m

COULD THE INTERNAL SERVICING DEVELOPMENT CONTRIBUTION CHANGE?

The above costs are indicative, and based on a concept only so yes, they may change. Costs will be refined as detailed design plans are undertaken and contracts are tendered. There will be further revisions of this calculation before any landowner is required to pay their contribution.

Factors affecting the potential increase or decrease to the contribution are variation in actual versus budgeted costs, interest rate fluctuations, and speed of development completion.

WHEN DO I NEED TO PAY MY DEVELOPMENT CONTRIBUTIONS?

Payment of the development contribution will be required at the earlier of:

- applying for Code Compliance Certificate where building a new dwelling, or
- issue of 224c where you are creating additional lots through the subdivision of your property.

WHAT IF I DECIDE NOT TO DEVELOP MY PROPERTY?

Contributions are triggered by any development of your property. If you do not develop your property, you will not be required to pay either development contribution.

WILL I BE REQUIRED TO PAY THE STANDARD GREENFIELD DEVELOPMENT CONTRIBUTION AS WELL?

Yes. Under the 2019/20 schedule of charges a 'Greenfield DC' of \$19,178 (excluding GST) will also apply. This covers your share of the wider growth infrastructure costs external to the property boundary and also the purchase of land and construction of the stormwater attenuation solution located within the Howard Street Development Area.

I NEED TO KNOW MORE

Please feel free to contact Project Manager Sam Faulkner directly on 06 8715000 Ext 5546 or samf@hdc.govt.nz with any questions or concerns regarding this project.

09/19

