Thursday, 15 June 2023

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council

Council Meeting

Kaupapataka

Attachments Vol 1

SUBMISSIONS TO LONG TERM PLAN AMENDMENT AND DRAFT DEVELOPMENT CONTRIBUTIONS POLICY

Te Rā Hui: Meeting date:	**Commencing Thursday, 15 June 2023**
Te Wā: Time:	**1.00pm**
Te Wāhi: Venue:	**Council Chamber** **Ground Floor** **Civic Administration Building** **Lyndon Road East** **Hastings**

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HDC - Long Term Plan Amendment 2023/24

COMPLETE #6

CREATED

PUBLIC
Jun 7th 2023, 4:59:31 pm

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Please indicate whether or not you wish to speak to Council in regards to your feedback on this proposal on 15 June 2023.

No

Please indicate which item you wish to feedback on below.

Draft Development Contributions Policy

Please tell us your views here. Alternatively you can attached your submission below.

If a development is not economic it will not proceed. The proposed changes to the Development Contributions will cause developments to no longer be feasible. Costs can't always just be passed on to end users, owners, tenants etc.

Take a hypothetical industrial development as an example.
Building size - 5000m2
Land area - 10000m2
The following would be the Development Contributions payable:

	Current	Proposed
Omahu area	$290,100	$305,300
Irongate area	$118,500	$122,600
Tomoana/Whakatu	$510,931	$1,146,987

I don't see how the policy can justify increasing the DC's for a typical sized industrial building in Tomoana for example from $510,931 to $1,146,987. There are no more people working in the building, no more toilets... The increase in costs are simply making future development unfeasible. Hawkes Bay is competing for business like any other region in New Zealand. New businesses will simply decide to locate elsewhere that are feasible to develop.

Further, we oppose the increased development levies proposed by HDC on the basis that:
1. The vast increase in costs is not equitable,
2. That HDC has not demonstrated or justified that all the projects listed are required.
3. The consultation documentation lacks the required transparency to determine what portion of the costs should be funded by development contributions.
4. The Auditor General has given the proposal an Adverse Opinion.
5. What has changed in the 2 years since the LTP that warrants such significant increase in the level of development contributions?
6. Why wasn't this captured by the 2021 Infrastructure Strategy?
7. Why is this being done in advance of the "Future Development Strategy".
8. The consultation document acknowledges that the construction work that is planned will not physically be able to be completed.
9. What analysis has there been on future industrial growth in Hawkes Bay simply not proceeding based on the increased Development Contributions?

Attach your submission

RYMAN
HEALTHCARE

SUBMISSION ON HASTINGS DISTRICT COUNCIL'S DRAFT DEVELOPMENT CONTRIBUTIONS POLICY 2023/24 BY RYMAN HEALTHCARE LIMITED

To: Hastings District Council (*Council*)

Introduction

1 This is a submission on the Council's Draft Development Contributions Policy 2023/24 (*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 Hastings, 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 Hastings. 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.

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Ryman, its villages, and its residents

7 Ryman currently has 38 operational retirement villages throughout New Zealand providing homes for more than 13,000 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 two retirement villages currently operating in the Hawke's Bay region, in Havelock North and Napier, accommodating approximately 615 residents. Ryman expects to continue developing new villages in the region into the future, including in Hastings, 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 Hastings District Council. The Council's DC Policy will have a significant impact on the provision of housing and care for Hastings' growing ageing population. If the Council adopts the 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.

Regards,

Matthew Brown
NZ Development Manager
Ryman Healthcare Limited
matthew.brown@rymanhealthcare.com

[1] Ryman Healthcare Limited v Auckland Council, Decision on Objection, 10 August 2018.

RVA
NEW ZEALAND
Retirement Villages Association

Hastings District Council Draft Development Contributions Policy 2023/24

Submission from the Retirement Villages Association of New Zealand

7 June 2023

HASTINGS DISTRICT COUNCIL DRAFT DEVELOPMENT CONTRIBUTIONS POLICY 2023/24

RETIREMENT VILLAGES ASSOCIATION OF NEW ZEALAND

To: Hastings District Council (*Council*)

Introduction

1 This is a submission on the Council's Draft Development Contributions (*DC*) Policy 2023/24 (*Draft Policy*). The Retirement Villages Association of New Zealand Incorporated (*RVA*) welcomes this opportunity to provide feedback on the Draft Policy.

2 Last year, the RVA lodged a brief submission on Council's Draft DC Policy for 2022/23 and presented at the hearing on 9 June 2022. The RVA's submission sought a fair, equitable, and proportionate DC approach for retirement villages. However, the Council adopted the DC Policy without any amendments. In response to the RVA submission, Council Officers stated that the DC Policy's HUE rates for retirement villages were a product of reviewing other council approaches and special assessments generated in respect of local villages constructed in recent years. The Council also noted it "*would not be averse to a nationwide HUE rate which would provide a consistency across the country although all NZ councils would need to support such a request.*"[1]

3 The RVA and its members have since undertaken substantial further analysis and research of the demand generated by retirement villages on council facilities across the country. We have also commissioned Market Economics to provide independent advice (Director, Mr Greg Akehurst). This work has partly been to respond to the plan changes that are to implement 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*). Several intensification plan changes include changes to financial contribution (*FC*) provisions, and/or are accompanied by changes to DC policies to respond to the expected increase in demand for council infrastructure. The RVA is presently finalising evidence for a separate policy process that outlines the outcome of this further work and supports the relief sought by the RVA in this submission. As at the date of lodging this submission, the work is not complete, but we expect it be available in a matter of days. We will send it through to the Council as soon as it is available.

4 We are now seeking national consistency in DC policies, as councils roll out their next round of DC policy reviews. Our further work strongly supports the position outlined by the RVA last year in relation to the previous consultation. We are happy to discuss this work with you further.

5 Accordingly, we seek that Council adjust its DC Policy to reflect this evidence-based approach. The RVA is not aware of any other survey or assessment work undertaken by the Council that supports the current proposed HUE rates for retirement villages in Hastings. If it has any information, the RVA is happy to work with you to understand this information and cross check it against its own data.

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[1] Response received on 11 July 2022. Officer responsible: Ashley Humphrey (Project Manager Strategy Growth and Development).

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6 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. Ultimately, the RVA wants to ensure the Council's DC policy is fair, equitable, and proportionate.

7 Further, the DC regime should also account for the many city-wide benefits of retirement sector activities – their 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. 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. As a result, the provision of additional retirement villages in Hastings is necessary and expected in the short to medium term.

8 In terms of the specifics, 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 Specific definitions for "retirement village", "retirement village unit" and "retirement village aged care room"; and

8.2 Lower HUE rates for retirement units and aged care rooms compared to standard dwellings.

9 However, as set out last year, the RVA's key request is that the Policy properly acknowledges the very low demand on community facilities generated by new retirement accommodation. As currently drafted, the HUE rates for retirement units and aged care rooms are still too high. In particular, retirement villages have substantially lower demands than typical housing types in the following areas:

9.1 *"Community infrastructure" and "parks & 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. Based on its research, the RVA considers that the HUE rates for community infrastructure and parks and reserves should be 0.10 for retirement units and 0 for aged care rooms.

9.2 *"Roading"* – for similar reasons, retirement villages are much lower traffic generators. Further, 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. The HUE rates for transport should be 0.30 for retirement units and 0.20 for aged care rooms.

9.3 *"Water" and "wastewater"* – residents use less water and wastewater due to lower occupancy levels of retirement units and different living needs. We are continuing to collect data on this topic, but based on member resource consenting work, consider the average demand of a retirement village is in the order of 200 litres per person per day of water and 160 litres per person per day of wastewater (compared to the Policy's assumed 1000 and 800 litres per day of water and wastewater per HUE). The HUE rates for water and

3

wastewater should therefore be 0.26 for retirement units and 0.20 for aged care rooms.

10 The RVA also notes that stormwater contributions are based on HUEs. It considers a more proportionate regime reflective of actual demand on stormwater infrastructure would be to use an "Impervious Surface Area" calculation.

11 Further, it is also important for the DC Policy to accommodate the unique features and needs of retirement villages and their operators as follows:

11.1 *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.

11.2 *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.

12 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.

13 In addition, the Council's proposed substantial increase to DC fees with respect to properties connected to wastewater services is likely to constitute a strong disincentive to development. Any new and/or increased charges will inevitably impact the feasibility and attractiveness of building new retirement villages in the district versus the many 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.

14 We set out in this submission further background to the retirement village industry and the main reasons for our requests. As noted last year, we also invite Council officers to visit some typical villages in the area to assist your understanding of our industry. In the meantime, this submission includes a series of photos of RVA members' villages to provide the Council with a sense of what our villages offer.

SUBMISSION CONTENT

15 This submission covers:

15.1 An introduction to the RVA;

15.2 An overview of the importance of retirement villages in addressing the housing crisis;

15.3 The RVA's response to the Council Officer's response to the RVA's submission last year;

15.4 An outline of the statutory framework governing DC policies;

15.5 The RVA's main requests for the Draft Policy; and

15.6 Conclusions.

16 **Appendix 1** provides a summary of the relevant provisions of the LGA;

17 **Appendix 2** includes an overview of retirement villages and their residents; and

18 **Appendix 3** includes a series of photos of RVA members' villages.

THE RVA

19 Today, the RVA has 412 member villages throughout New Zealand, with approximately 41,500 units that are home to around 50,200 older New Zealanders. This figure is 96% of the registered retirement village units in New Zealand.[2]

20 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 Hastings are facing a housing crisis, including a retirement living and aged care crisis. As acknowledged by the Council, housing is a key challenge in Hastings.
- The ageing population is increasing exponentially. This increase is reflected in Hastings' demographics.
- Demand for retirement housing and aged care is rapidly increasing and outstripping supply. Additional retirement villages in Hastings will be needed 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 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

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

5

barriers, such as DC charges, that are currently preventing and delaying the necessary supply of retirement villages.

21 New Zealand, including Hastings, 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.

22 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).[3] The GPS-HUD records that "*[s]ecure, functional housing choices for older people will be increasingly fundamental to wellbeing*."[4]

23 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.[5] 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*."[6]

New Zealand's ageing population

24 The proportion of older people in our communities compared to the rest of the population in New Zealand, and Hastings, is increasing greatly. Soon, there will be more people aged 65+ than children aged under 14 years.[7] 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.[8]

25 The ageing population of New Zealand reflects the combined impact of:

25.1 Lower fertility;

25.2 Increasing longevity (due to advances in medical technology and increased survival rates from life-threatening diseases); and

25.3 The movement of the large number of people born during the 1950s to early 1970s into the older age groups.

26 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.

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

[4] GPS-HUD, page 10.

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

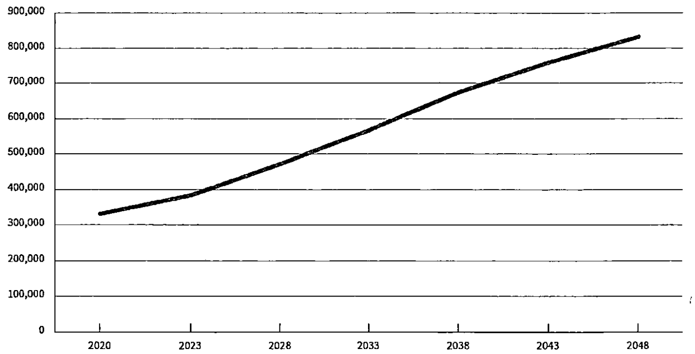
[6] Ibid, page 32.

[7] Ibid, page 6.

[8] Ibid.

27 The growth in the 75+ age bracket is also increasing exponentially (as illustrated by the graph below). It is estimated that 364,100 people in New Zealand were aged over 75 in 2022. By 2048, the population aged 75+ is forecasted to more than double to 804,600 people nationally.[9]

Figure 1 75+ years population 2020 - 2048



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

28 Older people aged 85+ comprise the most rapidly increasing age group in the country, with the numbers projected to almost triple from 93,500 in 2022 to 227,600 in 2048. Given around 45% of this age group require aged care beds, this growth will create a need for a minimum of an additional 84,700 aged care beds to be provided by 2048.

Hastings District context

29 The growth in the 75+ age bracket in the District is similar to that of the national average. Statistics New Zealand estimate that in 2023, 7,340 people were aged over 75. By 2048, this number is forecast to almost double to 14,430.[10]

30 The growth in the 85+ age bracket in Hastings is also significant. Statistics New Zealand estimates that in 2023, 1,770 people were aged over 85.[11] By 2048, this number is forecast to increase to more than double to 4,790.[12]

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

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9 Statistics New Zealand, National Population Projections, by age and sex, 2022 (base) – 2073 <https://nzdotstat.stats.govt.nz/wbos/index.aspx#>.

10 Statistics New Zealand, Population Projections.

11 Ibid.

12 Ibid.

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. Presently, 16.6% of the 75+ population live in retirement villages, a penetration rate that has risen from around 9.0% of the 75+ population at the end of 2012.[13] It is likely that this rate will continue to increase over time.

34 The increasing demand for retirement villages is reflected in the development pipeline.[14] In 2021, there was a total of 216 villages in the development pipeline.[15] 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.[16]

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.[17] 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 412 villages across the country, including in Hastings, providing homes for around 50,200 residents. Over the next 5 to 10 years, that is anticipated to grow significantly with 152 new villages and 90 expansions to existing villages, providing homes for approximately 30,500 additional residents. Retirement villages therefore will play a growing role in addressing the retirement housing and care crisis in New Zealand and in Hastings.

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13 Jones Lang LaSalle, NZ Retirement Villages and Aged Care Whitepaper, July 2022, page 17.

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

15 Jones Lang LaSalle, NZ Retirement Villages and Aged Care Whitepaper, June 2022, page 18.

16 Ibid, pages 3 and 23.

17 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.

39 Hastings' increasing ageing population is also reflected in the retirement village development pipeline. In the last couple of years, there has been an increase in the number of retirement units consented in the district.[18]

40 As of December 2022, RVA's members operated eight retirement villages in Hastings, providing a home to approximately 1,220 residents. As a result of the expected growth, there are three existing villages that are expanding and a further two new build village developments in the area are necessary and expected in the short to medium term.

41 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.

42 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.

43 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.

44 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.

45 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 1.3 people per unit compared to a Hastings average of 2.7 people per dwelling.[19]

46 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.

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[18] Housing Development Capacity Assessment 2021, page 59 (available online).

[19] Draft Policy, Appendix G, page 71.

Hastings' housing challenges

47 Housing is a key challenge for Hastings, as well as the wider Hawke's Bay Region. As acknowledged by the Council, "[w]*ith one of the highest rates of housing deprivation in New Zealand, the current housing shortage in Hastings is one of the most pressing challenges facing the district.*"[20]

48 According to the latest Housing Development Capacity Assessment for Hastings, the "*District is expected to see strong growth over the next 30 years*".[21] As the district's population continues to grow, the ageing population will also continue to grow rapidly.

49 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. As noted by the Council, the "*Hastings District is expected to continue to experience urban growth in the years ahead*".[22] As a Tier 2 council, Hastings' planning framework is currently undergoing an important overhaul to enable additional intensification. Changes to the District Plan will be introduced by Plan Change 5, which is already underway.

50 Adopting a more permissive approach to the consideration of housing developments in Hastings represents 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.

51 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

52 The retirement village sector also produces other broader benefits:

52.1 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.[23] 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).

52.2 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

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[20] https://www.hastingsdc.govt.nz/hastings/projects/homes-for-our-people/

[21] Housing Development Capacity Assessment 2021, page 41 (available online).

[22] Draft Policy, page 1.

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

to construct. Retirement village construction is also expected to employ approximately 5,700 FTEs each year.[24]

52.3 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.

52.4 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.

THE RVA'S RESPONSE TO THE COUNCIL OFFICER

Summary

- The RVA has undertaken substantial further technical and research work to support its position on appropriate DCs for retirement villages in Hastings. That work supports the view presented last year that retirement villages generate very low demands on council services.
- We are keen to share this information with you and are happy to review any information the Council holds to support its current approach to DCs for retirement villages.
- The RVA disagrees that a nationwide HUE rate for retirement villages should only be considered if all councils in New Zealand support such a request. There are currently over 60 territorial authorities in New Zealand, with differing priorities. It is not a suitable or realistic option for the RVA to wait for all councils to agree on a nationwide HUE rate for retirement villages.

53 Following the hearing for last year's DC policy review process, the RVA received the Council's response to our submission on 11 July 2022.[25]

54 The Council's response notes that the proposed HUE rates in the DC Policy were a product of reviewing other council approaches and a review of special assessments generated in respect of local retirement villages constructed in recent years. Further, the response acknowledges that the HUE rates in the policy are higher than Auckland, noting however that the rates "*sit within the range of other councils*". Lastly, the response notes that "*Officers would not be averse to a nationwide HUE rate which would provide a consistency across the country although all NZ councils would need to support such a request*".

55 The RVA has undertaken substantial further work to better understand the demand generated by retirement villages on council services, as further outlined below. As noted last year, the RVA is also keen to better understand how the Council has assessed and determined the HUE figures for retirement units and aged care rooms. Ultimately, the RVA wants to ensure the Council's DC policy is fair, equitable, and

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[24] Ibid.

[25] Letter from Lex Verhoeven, Strategy Manager at the Council.

proportionate. If Council has information that conflicts with its own data, we would be keen to discuss that with you further.

56 As recognised in the Council's response, the RVA is seeking consistency as much as possible across the country. This is necessary to ensure more certain and efficient regulatory processes are in place. The RVA is therefore engaging with councils to seek a consistent and fair DC regime for retirement villages across New Zealand. The RVA disagrees that consistency can only be achieved by first ensuring there is support from "*all NZ councils*". There are currently over 60 territorial authorities in New Zealand, all with differing priorities. Seeking agreement from all councils (although desirable) is not a suitable or realistic option.

57 The comments in this submission are closely aligned with the nationwide approach sought. The RVA kindly seeks that the Council carefully consider the information and data set out in this submission, and adopt the relief sought by the RVA.

DC POLICY - 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

58 The LGA empowers councils to require DCs in certain circumstances. The purpose of the DC scheme is:[26]

> *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.*

59 A territorial authority can only require a DC if:[27]

> *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.*

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[26] LGA, s197AA.

[27] LGA, s199.

60 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'.

61 In *NEIL Construction Ltd v North Shore City Council*[28] 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

62 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

63 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.

64 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

65 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.

66 Further legal context relied on to support this submission is outlined in **Appendix 2**.

THE RVA'S COMMENTS ON THE DRAFT DC POLICY

Summary

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

[28] *Neil Construction Ltd v North Shore City Council* [2008] NZRMA 275.

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- **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 council facilities.

  Changes sought:

  - Apply HUE rates for retirement units and aged care rooms which are proportionate to demand relative to other uses as follows:

Activity	HUE Charged Per Retirement Village Unit	HUE Charged Per Retirement Village Aged Care Room
Community Infrastructure	0.10	0
Parks & Reserves (District Wide & Local where applicable)	0.10	0
Roading	0.30	0.20
Wastewater	0.26	0.20
Water	0.26	0.20

  - Set stormwater DC charges based on ISA of a development, not the number of HUEs.

- **Substantial increase to wastewater fees**: the Council proposes up to a 260% increase for wastewater in urban areas. Introducing such a substantial increase to DC fees is likely to result in a strong disincentive to development. The RVA strongly encourages the Council to consider other funding options.

- **Payment timing:** DC payments associated with resource consents should be due at the time the development begins placing a demand on community facilities.

- **Special assessment process:** without appropriate recognition of retirement village demand, retirement village operators will need to resort to the special assessment process. However, this process is entirely at the discretion of Council. It is important that the special assessment process results in fair and proportionate contributions and does not simply become a negotiation forum.

- **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).

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

68 The RVA's position and feedback on the Council's Draft DC Policy is set out below.

Specific provision for retirement villages

69 The Draft Policy generally acknowledges that retirement villages place lower demand on council infrastructure.[29] Specifically, the Draft Policy includes definitions for "retirement village units", "retirement village aged care rooms" and "retirement village", and includes specific assessments for retirement units and aged care rooms.[30]

70 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, as submitted last year, 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 the proposed HUE rates for retirement units and aged care rooms are not proportionate to the actual demand generated by retirement villages.

71 The sections below build on the RVA's submission points from last year and set out further details on the work that has been undertaken by the RVA and its members to assess retirement village demand on council services.

Lower HUE rates for retirement villages

72 Last year's submission includes a brief overview of the key reasons for the lower demand of retirement villages compared to standard housing. As noted, it is important that the Policy recognises the demographic, fragility and health of residents, as well as the on-site amenities provided by retirement villages. As currently drafted, the HUE rates for retirement villages do not reflect the need generated and the benefit received by the user.

73 As submitted last year, the appropriate HUE rates for retirement villages were previously thoroughly tested in Auckland. In addition, the RVA, with the support of independent economic consulting firm, Market Economics, has undertaken further review in the past year of the retirement village demand, which supports the relief sought by the RVA in this submission. As previously noted, we are presently finalising evidence that outlines the outcome of this further work. We will send it through to the Council as soon as it is available.

Community infrastructure and reserves

74 Retirement villages have a substantially lower demand profile than standard residential developments. This lower demand profile is due to:

74.1 low occupancy levels (1.3 residents per retirement unit and 1 resident per aged care room care unit);

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29 Draft Policy, section 4.4, page 17.

30 Ibid, at pages 17 and 69.

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

74.3 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.

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

76 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.

77 There are clear barriers that prevent older adults from benefiting from community infrastructure 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.[31]

78 In the context of sporting and recreation facilities, Sport New Zealand research similarly confirms that activity levels taper off as people age.[32] In particular:[33]

78.1 people aged 75+ participate in active recreation less often than people in all other age groups;

78.2 people aged 75+ participate in fewer types of active recreation than people in all other age groups; and

78.3 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.

79 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.

80 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).

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[31] 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.

[32] *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.

[33] Ibid.

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Roading

81 Older residents living in retirement villages do not generate the same traffic and transportation effects as other activities.

82 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:

82.1 City-wide transport projects usually have very low to no benefit for retirement village residents. As previously mentioned, this is because the residents may have mobility constraints and most of their day to day needs are met on site; and

82.2 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.

83 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 (accounting for staff and visitor movements, as well as service deliveries).

84 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.

Water and wastewater

85 We are continuing to collect retirement village data on this topic. Current research by RVA members is clear that retirement village units and aged care rooms use much less water and produce much less wastewater per person than a standard household unit in Hastings. 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. 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. 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.

86 We currently consider based on member resource consenting work that domestic water requirements would be in the range of 200 litres / resident / day. Domestic sewer flows are on average 160 litres / resident / day at a comprehensive retirement village.

87 These figures include allowance for all core functions such as kitchens, common rooms, staff usage and plant watering.

88 Council's DC policy for both sewerage and water assumes demand per HUE being 800 and 1000 litres/day, respectively.[34] Thus, a fair and proportionate regime for retirement villages would be as follows:

Category	Unit type	L/day/ pp	Ave occupancy	Assumed demand/ HUE	HUE rate = (l/d/pp * Ave occupancy)/assumed demand
Water	Retirement units	200	1.3	1000	0.26
Water	Aged care rooms	200	1	1000	0.2
Wastewater	Retirement units	160	1.3	800	0.26
Wastewater	Aged care rooms	160	1	800	0.2

89 We are happy to share more information on this topic.

Stormwater infrastructure

90 The RVA considers stormwater DC charges should be based on the impervious surface area (*ISA*) of a development, not the number of HUEs. A policy 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.

Relief sought

91 The RVA seeks that the Draft Policy's HUE rates for retirement villages are updated as follows:

91.1 Amend the HUE rates as follows:

Activity	HUE Charged Per Retirement Village Unit	HUE Charged Per Retirement Village Aged Care Room
Community Infrastructure	~~0.33~~ 0.1	0
Parks & Reserves (District Wide & Local where applicable)	~~0.33~~ 0.1	0
Roading	~~0.33~~ 0.3	~~0.3~~ 0.2

[34] Draft Policy, Appendix G, page 71.

Stormwater	~~0.33~~ [see paragraph 91.2]	~~0.3~~ [see paragraph 91.2]
Wastewater	~~0.33~~ 0.26	~~0.3~~ 0.2
Water	~~0.33~~ 0.26	~~0.3~~ 0.2

91.2 Set stormwater DC charges based on ISA of a development, not the number of HUEs.

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

Substantial increase for wastewater

93 The proposed changes to the Draft Policy include a proposed 260% increase for wastewater in the "urban contributing area". This represents a significant increase to DC costs.

94 The RVA and its members consider that introducing such a substantial increase is likely to result in a strong disincentive to development, which is critically needed to address the district's housing challenges and expected population growth. Any new and/or increased charges will inevitably impact the feasibility and attractiveness of building new retirement villages in the 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.

95 The RVA strongly encourages the Council to consider other funding options to recover the additional costs.

Timing of payments

96 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.

97 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 and issue the invoice 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.

98 However, in relation to resource consents, the Draft Policy proposes to require payment to "*be made before the Land Use is given effect to*".[35] This requirement is uncertain and will essentially require developers to provide an upfront payment. This is a problem for retirement villages, as they can contain hundreds of units that are delivered in stages over 3-4 years. The RVA considers that adopting this approach creates uncertainty and 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

[35] Draft Policy, section 61, page 24.

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).

Relief sought

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

100 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.

Special assessment processes

101 As the current Policy does not properly provide for retirement units and aged care rooms, RVA members would 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.

102 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

103 It is important that the special assessment process results in a fair and proportionate contribution. Where an operator can prove substantially lower demand[36] on council services than the demand assumed by the policy, they should only be required to be pay for their actual use of services.

104 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 91 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.

A fair credits system – existing demand

105 The RVA generally supports the proposed credit regime. 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).

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[36] LGA, s199D(a).

CONCLUSION

106 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.

107 As mentioned last year, we would welcome the opportunity to show you around some villages so you can better understand the matters discussed in this submission.

108 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.

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APPENDIX 1 – SUMMARY OF RELEVANT LGA PROVISIONS

Purpose and principles

1 The purpose of the LGA's DC scheme is:[37]

> 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.[38] 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

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[37] LGA, s197AA.

[38] 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.[39]

When DCs can be required

5 A territorial authority can only require a DC if:[40]

> 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*[41] where the Court of Appeal recorded that:[42]

> 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

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

40 LGA, s199(1).

41 [2016] NZCA 223.

42 Ibid, at [24].

23

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:[43]

(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*".[44] 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.[45] 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.[46]

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.

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[43] LGA, s200(1).

[44] LGA, s198(2).

[45] LGA, s201A(1).

[46] 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 101(3)(a)(ii) and 101(3)(iv));

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

109 '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]...

110 'Retirement village' is an umbrella term given to all types of retirement living.

111 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.[47]

112 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. Based on its national data base of 412 member villages, the average age of retirement village residents is 80.6 years.

113 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.

114 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.

Onsite care and amenities

115 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.

116 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.

117 Larger retirement villages generally offer extensive on-site amenities, such as pools, gyms, theatres, libraries, bars and restaurants, communal sitting areas, activity

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

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.

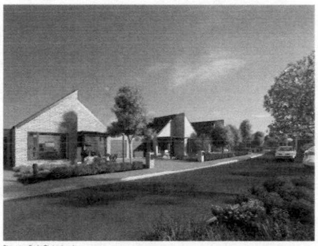
118 Villages also often have many onsite programmes and activities managers responsible for organising daily activities for the residents. The types of activities that are provided on-site include a gardening club, knitting clubs, arts and crafts, bingo, and performances from local school groups.

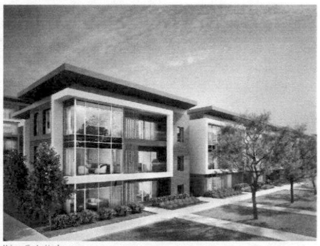
119 We also **attach** a series of photos of RVA members' villages in **Appendix 3** so that Council officers can get a sense of what our members' villages offer.

RYMAN HEALTHCARE

VILLAGE EXTERIORS


Riccarton Park, Christchurch


Riccarton Park, Christchurch


Hobsonville, Auckland

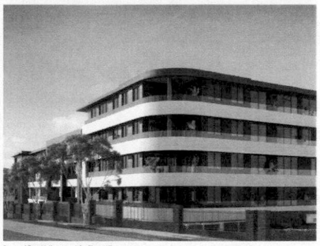

Lincoln Road, Auckland · **Miriam Corban Village**


Lincoln Road, Auckland · **Miriam Corban Village**


Aberfeldie, Melbourne

Ocean Grove, Bellarine Peninsula

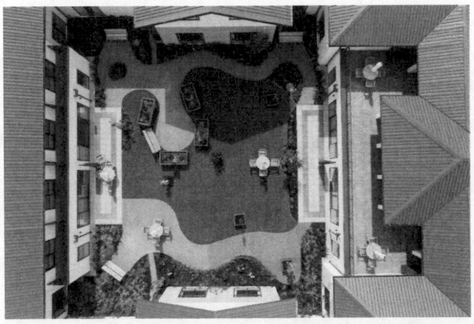

Ocean Grove, Bellarine Peninsula

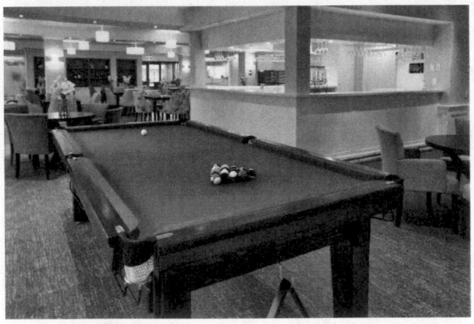

Burwood East, Melbourne · **John Flynn Village**

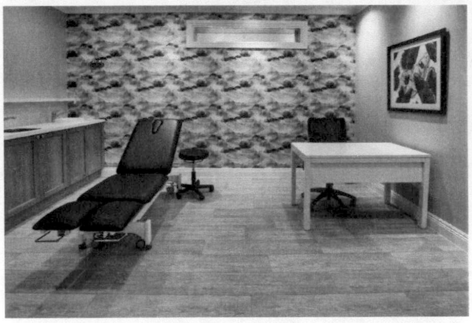
VILLAGE INTERIORS

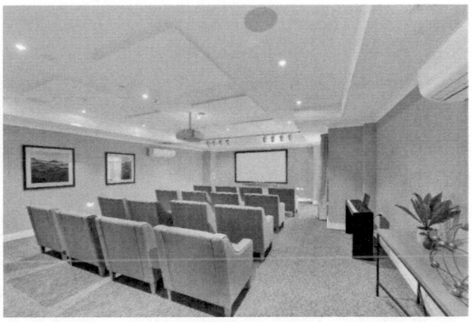

RYMAN
VILLAGE AMENITIES

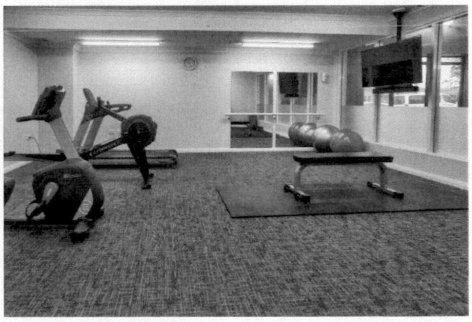
Summerset

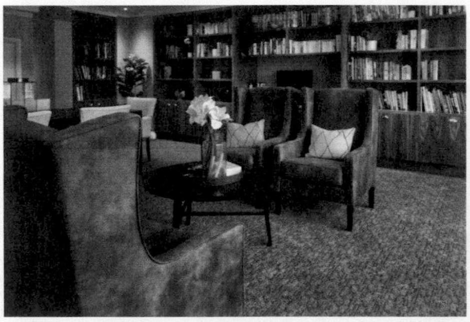










Lex F. Verhoeven

From: Wufoo <no-reply@wufoo.com>
Sent: Wednesday, 7 June 2023 4:03 PM
To: Lex F. Verhoeven
Subject: HDC - Long Term Plan Amendment 2023/24 [#5]

Name *	matthew HOLDER
Address *	C/- Development Nous Limited 502 Karamu Road, North Hastings 4156 New Zealand
Daytime contact phone: *	+642888762
Email	matthew.holder@developmentnous.nz
Please indicate whether or not you wish to speak to Council in regards to your feedback on this proposal on 15 June 2023.	Yes
Please indicate which item you wish to feedback on below.	Draft Development Contributions Policy
Please tell us your views here. Alternatively you can attached your submission below.	As attached. This relates to the LTP amendment and Draft DCP.
Attach your submission	development_contributions_and_ltp_amendments.docx 69.62 KB · DOCX

This submission relates to the proposed Long Term Plan Amendment and associated Draft Development Contributions Policy charges. Development Nous represent several long-term developers in the district who are seeking to make a meaningful commitment to increasing a much-needed supply of housing, industrial and commercial activities with Hastings District and the wider Hawkes Bay region.

This submission opposes the proposed amendments in their current form, and in doing so supports the view of the Auditor on behalf of the Auditor General[1].

The Auditor General has published the following guiding principles to be followed by Councils when charging fees and levies, they are:

- *Equity*
- *Efficiency*
- *Justifiability*
- *Transparency*

In this instance the auditor has given this proposal an "adverse opinion" This being-

> ***Adverse opinion***
>
> *In our opinion, because of the significance of the matters described in the Basis for adverse opinion section of our report, the consultation document does not provide an effective basis for public participation in the Council's decisions about the proposed amendment to its 2021-31 long-term plan. This is because the assumptions underlying the information in the consultation document are not reasonable or supportable.*
>
> ***Basis for adverse opinion – Assumptions related to water services reform***
>
> *The consultation document outlines the Council's proposed amendments to upgrade water infrastructure assets (principally focused on wastewater) and how its preferred option is expected to affect capital works expenditure, development contributions, rates, debt and government grants. Page 3 refers to the effects of the Government's water services reforms on local authorities. The Council has however not amended its assumptions in the information that underpins the consultation document to reflect the effects of the reforms as described below. The Water Services Entities Act 2022 (the Act) was passed in December 2022 and established four water services entities to undertake responsibilities for three waters service delivery and infrastructure currently undertaken by local authorities. There are currently two water services Bills before Parliament, one of which will enable the transfer of three waters related assets and liabilities to the water services entities once it becomes law.*
>
> ....

The Office for the Audit General describes an Adverse Opinion[2] as-

> *"An adverse opinion is the worst. It's the baddest of the bad in non-standard audit opinions. It means that the organisation put something in the annual report that made the auditor think "I don't think so!". It's a serious disagreement between the organisation and the auditor. The adverse opinion is like the klaxons sounding – the reader should not be relying on the content to give them a solid view of the organisation's finances or what it has delivered in services to the public. When you see an adverse*

[1] Page 7- *CONSULTATION DOCUMENT: LONG TERM PLAN 2021-2031 AMENDMENT (Amendment to 2023/24 year of Long Term Plan) INCORPORATING AMENDMENT TO DEVELOPMENT CONTRIBUTIONS POLICY.*

[2] https://oag.parliament.nz/blog/2014/kiwi-guide

1

> *opinion, the auditor will often use words like "material misstatement" and "pervasive". Whatever it is that hasn't been reported properly in the financial statements, material means that it's big enough to matter and pervasive is even bigger. There is no hard-and-fast rule about how much money counts as material – it all depends on how much money that organisation is dealing with. Material for some is small change to others. Pervasive means that it isn't an isolated problem – it affects so much that the information that's been reported, as a whole, is misleading.*

It is apparent that these concerns have not necessitated a reconsideration of the proposed changes.

Section 197AA of the Local Government Act states-

> *The purpose of the development contributions provisions in this Act is 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.*

Section 197AB goes on to say-

> *Development contributions principles-*
>
> *(1) All persons exercising duties and functions under this subpart must take into account the following principles when preparing a development contributions policy under section 106 or requiring development contributions under section 198:*
>
> *(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*
>
> *(ii) grouping by geographic area avoids grouping across an entire district wherever practical.*

2

> (2) *In subsection (1)(a), assets includes eligible infrastructure that has been, or is intended to be, transferred by a responsible SPV to a responsible infrastructure authority under section 90 of the Infrastructure Funding and Financing Act 2020.*

Several housing developments such as Brookvale and Iona have been planned and commenced on the predictability and certainty provided by the current costed development levies and intended works signalled through the 2021-2031 Long Term Plan. These developments should not be subject to significant increases in developer contributions than what could be reasonably anticipated (subject to indexation). It would appear on the face of it, that proposed works are required in some instances to address overdue maintenance not adequately accounted for in depreciation. It is unclear as to whether the increased levies as they apply to certain developments and areas will in fact be targeted/applied to these areas or used elsewhere within the district.

The proposed increase in development contributions coincides with a projected increase in long term debt funding. If so the adverse view of the Auditor is relevant.

There is no cogent reason as to why there has been such a significant jump in costs when we are 2 years into the 2021-2031 Long Term Plan and following the completion of works at Irongate and Omahu Road for example. What has necessitated such a wholesale restructure of charges? This will have a negative impact on the delivery of much needed housing and other development.

Section 197(2A) states *a development contribution must be consistent with the content of the policy adopted under section 102(1) that was in force at the time that the application for a resource consent, building consent, or service connection was submitted, accompanied by all required information.*

These increased charges are being proposed ahead of the Councils required Future Development Strategy and therefore we are not sure how future development contributions requirements can be determined or properly assessed ahead of defined (and consulted on) future growth.

The increased development charges will affect not only the development community but also existing business owners (non-developers) who may wish to expand. Was there any consideration to a graduated increase levies over several years to allow for planned developments to proceed?

What is not clear in the Policy is how these charges will be levied, to this end they are not "*consistent, certain or transparent*". We are unable to ascertain reasoning behind the differences in types of development. For example, why is there differences between commercial and retail and hospitality and accommodation?

Furthermore, will these proposed new charges apply to all forms of development across the district i.e/ a restaurant in a rural environment versus within a Commercial zoning? This is not clear. Similarly in terms of other zones with associated activities. Will a winery complex that provides all onsite services be levied in the same manner as activities located in a reticulated zoning?

What consideration has been given to proposed government reform in the delivery of services- 3 waters?

The proposed changes will not:

a) encourage growth or increase the supply of housing and infrastructure.
b) Make development and housing more affordable- this will impact all markets- social and community housing, first home buyers, aged care, iwi development such as papakāinga housing, as well as those in middle and upper markets.
c) encourage infill growth.

3

These proposed charges on top of rate rises and scheduled fees and charges will compound the cost-of-living crisis faced by the Community. It is not, for example a matter of a developer "having to accept less profit". If a development is not economic it will not proceed, similarly the costs will ultimately be passed on to the end user or purchaser. The Council appear to be doing exactly this when increasing its fees and charges.

Equity (Council cannot seek to recover costs from one group that could benefit a previous or future group).

a) While we would support Council adding resilience to its wastewater assets, particularly in the face of needing to make climate adaptations, the costs of doing so should not be made wholly at the expense of future connections. It is not clear from the consultation documentation what level of public good will result from the proposed projects and hence should be funded via rates and what proportion of costs are solely related to growth and therefore to be funded by development contributions.

b) It is inequitable to make future connections to the wastewater network wholly cover the costs of dealing with the existing problems related to wastewater wet weather inflows connections to the wastewater network i.e. which of the projects/costs are related to the acknowledged inflow/infiltration issue? Development contributions should **not** be used to deal with Wet Weather Overflows / Infiltration.

Transparency

a) The Waugh report attached to the consultation document (section 4.8) identified the lack of clarity in project estimates in which parts of the growth projects have asset renewal components and where therefore the costs should be funded by renewal budgets.

Justifiability

a) The HDC Infrastructure Constraints Report notes that significant areas of the HDC Wastewater Model have been calibrated only at a trunk level with a medium confidence, and the model has also "not been validated against long term flow data (e.g. at the WWTP) and may not represent seasonal wetness or ground water variations that could have a significant effect on the model predicted peak flows and volumes".

b) In contrast, Scottish Water, (on whom the 3-water reform work has been based) does not allow capex work to be identified from models unless the model has been calibrated AND validated against real life data. How can HDC justify that all the proposed upgrades are really required, and that the costs of doing so should be covered by future connections to the network?

In summary, we are opposed to the increased development levies proposed by HDC on the basis that:

1. The vast increase in costs is not equitable,
2. That HDC has not demonstrated or justified that all the projects listed are required.
3. The consultation documentation lacks the required transparency to determine what portion of the costs should be funded by development contributions.
4. The Auditor has given the proposal an **Adverse Opinion.**

4

5. What has changed in the 2 years since the LTP that warrants such significant increase in the level of development contributions?

6. Why wasn't this captured by the 2021 Infrastructure Strategy?

7. Why is this being done in advance of the "Future Development Strategy".

8. The consultation document acknowledges that the construction work that is planned will not physically be able to be completed.

Matthew Holder
Principal Planner
Director

DEVELOPMENT NOUS
SURVEYING • URBAN DESIGN • ENGINEERING • TOWN PLANNING
ENVIRONMENTAL • LANDSCAPE ARCHITECTURE

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Mobile +64 27 2888762
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Postal P.O. Box 385 Hastings 4156
Email matthew.holder@developmentnous.nz

www.developmentnous.nz

Lex F. Verhoeven

From:	Wufoo <no-reply@wufoo.com>
Sent:	Wednesday, 7 June 2023 3:52 PM
To:	Lex F. Verhoeven
Subject:	HDC - Long Term Plan Amendment 2023/24 [#4]

Name *	Hamish Frame
Address *	L1/24 Porter Drive Havelock North, Hawkes Bay 4156 New Zealand
Daytime contact phone: *	+64274445689
Evening contact phone:	+64274445689
Email	hamish.frame@tumu.co.nz
Please indicate whether or not you wish to speak to Council in regards to your feedback on this proposal on 15 June 2023.	No
Please indicate which item you wish to feedback on below.	Draft Development Contributions Policy
Please tell us your views here. Alternatively you can attached your submission below.	Refer attached written submission on behalf of TUMU Group.
Attach your submission	development_contributions_policy_submission__tumu_group.pdf 1.15 MB · PDF

1

TUMU
GROUP

Hastings District Council
Private Bag 9002
Hastings 4156

Attention: Lex Verhoeven, Strategy Manager
lexfv@hdc.govt.nz

Submission: Draft Development Contributions Policy

The Hastings medium and long-term housing strategy, Kainga Peneke, Kainga Panuku, recognises that "with one of the highest rates of housing deprivation in New Zealand, the current housing shortage in Hastings is one of the most pressing challenges facing the district". Hastings District Council (HDC) and the development community need to work together collaboratively to support the delivery of housing within the district if housing deprivation is to be resolved.

TUMU Group commends HDCs establishment of a Future Growth Unit to lead and coordinate future growth, planning, infrastructure and funding activity across the Council. It also supports the efforts being made to provide greater clarity on where and how the future growth of the district will occur, through the future development strategy (FDS) being undertaken as part of the Government mandated National Policy Statement on Urban Development 2020.

The Ministry for the Environment's factsheet on FDS states that the purpose of the FDS is to form the basis for integrated, strategic and long-term planning. Furthermore, it helps local authorities set the high-level vision for accommodating urban growth over the long term and identifies strategic priorities to inform other development-related decisions, such as (among other examples) 'priority outcomes in long-term plans and infrastructure strategies, including decisions on funding and financing'.

We understand that the HDCs FDS will not be finalized until mid-late 2024. In time it will inform infrastructure planning and investment decisions but in the interim HDC needs to continue to make decisions without the clarity that the FDS is expected to provide.

HDC reviews development contributions annually and the development community generally expects and allows for moderate pricing increases. The Draft Development Contributions Policy (DDCP) proposes unprecedented increases in the quantum of development contributions, due in-large to the significant investment in infrastructure needed to support growth within the planned growth areas.

TUMU is a developer completing a range of development typologies, including; Greenfield, Infill and Medium Density projects. The scale of the increases proposed in the DDCP for these typologies reflects a 56%, 96% & 88% increase respectively to current charges. The increases significantly and detrimentally impact developers holding land for development for two main reasons:

1: Lead-Time

The timeline to procure and consent land for development is typically a multi-year process with development contributions factored into the price being paid for the land by the developer in the financial feasibility undertaken at the time the land was purchased. In a market economy, the price

TUMU GROUP

of development land will incorporate the expected costs for development (including development contributions). Material increases in development contributions will, all things being equal, be reflected in a commensurate reduction in the value of the development land.

We are not aware of any signaling or forewarning by HDC of the scale of increases proposed in the DDCP which we, or other developers, may have been able to factor into recent land purchases and development feasibilities. We would expect increases of the quantum proposed to be clearly signaled in advance so they can be factored into feasibilities, and/or phased over a reasonable period.

We note that, given the significant body of work involved in consenting a development, the prospect of consenting development sites prior to the 30th June 2023 (when the DDCP is scheduled to become effective) is remote for the vast majority of developer held landholdings.

2: Magnitude of Proposed Increases:

The magnitude of the proposed increases will create a significant additional cost for developers that have purchased land for development and are working through a planning and consenting process. We see little to no prospect of the increased costs being able to be passed through in increased land prices to end-users and, similarly, we are unable to reset purchase prices to reflect these unexpected costs. The cost will need to be absorbed by the developer.

Supporting material received as part of the DDCP consultation indicates that a phased approach was considered but dismissed due to concerns over complexity and risk to HDC of under-recovery. The DCP review paper suggests it will not have a material impact on developer decision making and the viability of developments occurring – an opinion with which we disagree. Placing significant, unexpected, and unrecoverable additional costs on developers will do little to support housing supply and resolve the housing deprivation issues faced by the district.

We understand that there is complexity and risk in a phased approach, however simply expecting to impose these cost increase on developers without reasonable notice is in our view, 'lazy' policy and will undermine collaborative efforts to resolve the current housing shortage.

Current market conditions are challenging for land and housing developers. The market has stalled; in the year ending April 23, sales volumes nationally are down 15.3% year-on-year and median house prices have fallen 10.9%[1]. These conditions are in-large the outcome of the market cooling because of unprecedented construction cost inflation, rising interest rates, and an overheated land market. With this outlook, we consider many development projects will be shelved and that private sector demand is likely to remain subdued in the short-medium term. Government funded social housing agencies appear to be the dominant buyer that remains active in the new build market.

By adopting the DDCP as proposed, HDC would be effectively throwing developers with land being held for development, but unconsented, 'under the bus'. The draft policy is not reflective of a collaborative approach to resolving the region's housing issues, and the consequence of adopting the policy will compound the already challenging economics of increasing the housing supply.

In the context of a market outlook with subdued demand, and with the prospect of a FDS being delivered later in 2024 that will provide greater certainty on where and how the future growth of the district will occur, we consider that HDC should:

[1] REINZ Monthly Property Report, 11 May 2023.

TUMU GROUP

1. Narrow the focus of its planned infrastructure roll-out pending the delivery of the FDS – to focus on those areas where infrastructure investment is the most cost-effective and where there is high confidence that development will proceed once the infrastructure is provided.

2. Review the proposed development contributions in-line with the narrowed scope of infrastructure investment, and phase the introduction to enable market participants time to adapt.

3. Prepare and provide clear messaging to developers and landowners that significantly higher development contributions are on the horizon and they need to factor this into their feasibilities and investment decisions.

4. Actively explore alternative sources of funding for infrastructure, and/or more cost-effective means of delivering the infrastructure investment, in effort to reduce the barriers for housing supply.

In conclusion, we acknowledge that there is complexity and uncertainty involved in developing an equitable policy for the allocation of the infrastructure costs necessary to prepare for the future growth of the district. We appreciate the opportunity to be consulted on the policy and are available to discuss as needed.

Yours sincerely

Hamish Frame
Group Director

3

Lex F. Verhoeven

From:	Warren Ladbrook <warren@apgl.co.nz>
Sent:	Wednesday, 7 June 2023 4:17 PM
To:	Lex F. Verhoeven
Subject:	Hastings District Council - 2023/2024 Draft Development Contributions Policy - Submission

This submission relates to the proposed Long Term Plan Amendment and associated Draft Development Contributions Policy charges. Advance Properties Group Limited represent long-term development entities in the district who are seeking to make a meaningful commitment to increasing a much-needed supply of housing, industrial and commercial activities with Hastings District and the wider Hawkes Bay region.

This submission opposes the proposed amendments in their current form, and in doing so supports the view of the Auditor on behalf of the Auditor General.

The Auditor General has published the following guiding principles to be followed by Councils when charging fees and levies, they are:

- *Equity*
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In this instance the auditor has given this proposal an "adverse opinion" This being-

> ***Adverse opinion***
> *In our opinion, because of the significance of the matters described in the Basis for adverse opinion section of our report, the consultation document does not provide an effective basis for public participation in the Council's decisions about the proposed amendment to its 2021-31 long-term plan. This is because the assumptions underlying the information in the consultation document are not reasonable or supportable.*
> ***Basis for adverse opinion – Assumptions related to water services reform***
> *The consultation document outlines the Council's proposed amendments to upgrade water infrastructure assets (principally focused on wastewater) and how its preferred option is expected to affect capital works expenditure, development contributions, rates, debt and government grants. Page 3 refers to the effects of the Government's water services reforms on local authorities. The Council has however not amended its assumptions in the information that underpins the consultation document to reflect the effects of the reforms as described below. The Water Services Entities Act 2022 (the Act) was passed in December 2022 and established four water services entities to undertake responsibilities for three waters service delivery and infrastructure currently undertaken by local authorities. There are currently two water services Bills before Parliament, one of which will enable the transfer of three waters related assets and liabilities to the water services entities once it becomes law.*

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Development contributions principles-

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(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:
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(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
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(2) In subsection (1)(a), assets includes eligible infrastructure that has been, or is intended to be, transferred by a responsible SPV to a responsible infrastructure authority under section 90 of the Infrastructure Funding and Financing Act 2020.

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What is not clear in the Policy is how these charges will be levied, to this end they are not "*consistent, certain or transparent*". We are unable to ascertain reasoning behind the differences in types of development. For example, why is there differences between commercial and retail and hospitality and accommodation?

Furthermore, will these proposed new charges apply to all forms of development across the district i.e: a restaurant in a rural environment versus within a Commercial zoning? This is not clear. Similarly in terms of other zones with associated activities. Will a winery complex that provides all onsite services be levied in the same manner as activities located in a reticulated zoning?

What consideration has been given to proposed government reform in the delivery of services- 3 waters?

The proposed changes will not:

a) encourage growth or increase the supply of housing and infrastructure.
b) Make development and housing more affordable- this will impact all markets- social and community housing, first home buyers, aged care, iwi development such as papakāinga housing, as well as those in middle and upper markets.
c) encourage infill growth.

These proposed charges on top of rate rises and scheduled fees and charges will compound the cost-of-living crisis faced by the Community. It is not, for example a matter of a developer "having to accept less profit". If a development is not economic it will not proceed, similarly the costs will ultimately be passed on to the end user or purchaser. The Council appear to be doing exactly this when increasing its fees and charges.

Equity (Council cannot seek to recover costs from one group that could benefit a previous or future group).

a) While we would support Council adding resilience to its wastewater assets, particularly in the face of needing to make climate adaptations, the costs of doing so should not be made wholly at the expense of future connections. It is not clear from the consultation documentation what level of public good will result from the proposed projects and hence should be funded via rates and what proportion of costs are solely related to growth and therefore to be funded by development contributions.

b) It is inequitable to make future connections to the wastewater network wholly cover the costs of dealing with the existing problems related to wastewater wet weather inflows connections to the wastewater network i.e. which of the projects/costs are related to the acknowledged inflow/infiltration issue? Development contributions should **not** be used to deal with Wet Weather Overflows / Infiltration.

Transparency

a) The Waugh report attached to the consultation document (section 4.8) identified the lack of clarity in project estimates in which parts of the growth projects have asset renewal components and where therefore the costs should be funded by renewal budgets.

Justifiability

a) The HDC Infrastructure Constraints Report notes that significant areas of the HDC Wastewater Model have been calibrated only at a trunk level with a medium confidence, and the model has also "not been validated against long term flow data (e.g. at the WWTP) and may not represent seasonal wetness or ground water variations that could have a significant effect on the model predicted peak flows and volumes".

b) In contrast, Scottish Water, (on whom the 3-water reform work has been based) does not allow capex work to be identified from models unless the model has been calibrated AND validated against real life data. How can HDC justify that all the proposed upgrades are really required, and that the costs of doing so should be covered by future connections to the network?

In summary, we are opposed to the increased development levies proposed by HDC on the basis that:

1. The vast increase in costs is not equitable,

3

2. That HDC has not demonstrated or justified that all the projects listed are required.
3. The consultation documentation lacks the required transparency to determine what portion of the costs should be funded by development contributions.
4. The Auditor has given the proposal an **Adverse Opinion.**
5. What has changed in the 2 years since the LTP that warrants such significant increase in the level of development contributions?
6. Why wasn't this captured by the 2021 Infrastructure Strategy?
7. Why is this being done in advance of the "Future Development Strategy".
8. The consultation document acknowledges that the construction work that is planned will not physically be able to be completed.

WARREN LADBROOK

ADVANCE PROPERTIES GROUP

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W APGL.CO.NZ **A** PO BOX 46141 HERNE BAY 1011 AUCKLAND NZ

Kāinga Ora
Homes and Communities

7 June 2023

Attn: Lex Verhoeven,
Strategy Manager
Hastings District Council
Private Bag 9002, Hastings 4156
lexfv@hdc.govt.nz

SUBMISSION ON THE HASTINGS DISTRICT COUNCIL DEVELOPMENT CONTRIBUTIONS POLICY REVIEW

Kāinga Ora – Homes and Communities ("Kāinga Ora") at the address for service set out below provides the following submission on the Hastings District Council Development Contributions Policy Review.

The review of the policy by Kāinga Ora has been broad and has focussed not only on its own land holdings and interests, but the strategic direction and future urban development across the Hastings District.

Submission on Hastings District Council Development Contributions Policy Review

Following a review of the draft policy, Kāinga Ora seeks the following:

1. Special Assessment: Multi-Unit Residential Dwellings (or CRD): Kāinga Ora seeks a greater degree of clarity on Development Contribution calculations in regards to Multi-unit Residential development. In its current form – In regard to Multi-unit Residential developments, if the applicants can demonstrate their development has a reduced demand for Council infrastructure, they are then able to request a special assessment of development contributions. This assessment is however at the discretion of the Council, to determine the amount of development contributions payable on an activity-by-activity basis. Kāinga Ora consider that this development specific assessment would not provide certainty to a developer and would place a time and cost burden on the applicants to prove that lower charges should be applied on their developments.
Kāinga Ora seeks that this methodology and assessment is provided up front as part of the policy to provide clarity and transparency for such developments.

1

2. Areas of Demand: Kāinga Ora seeks a greater degree of clarity on "Areas of Demand." The current drafting of the Development Contributions Policy states: "developments lying within an "Area of Demand" will be assessed against the development contributions for that area. If for any reason a development falls outside the "Area of Demand," and is still served by the infrastructure associated with one of the activities for this "Area of Demand," then the schedule of contributions for that "Area of Demand" shall still apply." As drafted, the "Area of Demand" maps cannot be relied upon to make an assessment of the Development Contributions which apply. Kāinga Ora seek that the maps are amended to correctly reflect the "Areas of Demand."

3. Reference and clarity to the inclusion of papakāinga: the draft policy as currently written does not include or reference papakāinga housing. Kāinga Ora seeks clarity to whether the proposed policy will apply to papakāinga and if so, how are HUE to be determined and if a special assessment is appropriate. Kāinga Ora recommends that the Council engage iwi authorities and Te Puni Kōkiri on this matter.

Kāinga Ora seeks the following decision from Hastings District Council:

That the specific amendments, additions or retentions which are sought in the submission above, are accepted and adopted into the Hastings District Council Development Contributions Policy Review, including such further, alternative or consequential relief as may be necessary to fully achieve the relief sought in this submission.

Next Steps

Kāinga Ora wishes to be heard in support of their submission.

Kāinga Ora seeks to work collaboratively with the Council and wishes to discuss its submission on the Hastings District Council Development Contributions Policy Review to address the matters raised in its submission.

If others make a similar submission, Kāinga Ora are happy to consider presenting a joint case at a hearing.

....

Brendon Liggett
Manager – Development Planning
Kāinga Ora – Homes and Communities

ADDRESS FOR SERVICE: Kāinga Ora – Homes and Communities, PO Box 74598, Greenlane, Auckland 1051. Email: developmentplanning@kaingaora.govt.nz

Summerset Group Holdings Limited
Level 27, Majestic Centre, 100 Willis St, Wellington
PO Box 5187, Wellington 6140

Phone: 04 894 7320 | **Fax:** 04 894 7319
Website: www.summerset.co.nz

6 June 2023

To: Hastings District Council
By email: *lexfv@hdc.govt.nz*

Submission on Long Term Plan 2021-2031 Amendment (Amendment to 2023/24 year of Long Term Plan) - Incorporating Amendment to Development Contributions Policy ("Proposed Policy") 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 39 villages completed or in development across New Zealand and provides a range of living options for more than 7,400 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. To fairly account for the lower demand profile, both a population per unit discount (to account for the lower occupancy) and a demand factor discount (to account for the older demographic and on-site amenities) should be applied to set specific contribution calculations for comprehensive care retirement villages. This should distinguish retirement units, and aged care rooms, and provide separate rates for each. In setting calculations, Council needs to clearly demonstrate the causal connection between any infrastructure required as a result of the increase in demand (if any) directly attributable to retirement village development.

4. Taking into account both population per unit/room, and demand factors, Summerset suggests the rates in the table below. These are broadly based on the equivalent rates in the current Auckland Council Development Contributions Policy, which were established after robust hearings processes including the calling of expert evidence in relation to demand.

Development type	Activity	Units of demand
Retirement unit	Transport	0.3 EHU per unit
	Community infrastructure	0.1 EHU per unit
Aged care room	Transport	0.2 EHU per room
	Community infrastructure	0.0 EHU per room

5. In addition to the above submission points, 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 Proposed Policy.

Oliver Boyd
National Development Manager
Summerset Group Holdings Limited

Lex F. Verhoeven

From: Wufoo <no-reply@wufoo.com>
Sent: Wednesday, 7 June 2023 10:16 AM
To: Lex F. Verhoeven
Subject: HDC - Long Term Plan Amendment 2023/24 [#3]

Name *	John from HAWKE'S BAY PROJECT MANAGEMENT LTD Roil
Address *	1139 Maraekakaho Road Longlands HASTINGS New Zealand
Daytime contact phone: *	0274491526
Email	john@pmhb.nz
Please indicate whether or not you wish to speak to Council in regards to your feedback on this proposal on 15 June 2023.	Yes
Please indicate which item you wish to feedback on below.	Draft Development Contributions Policy
Attach your submission	submission_amendment_to_20212031_230607.pdf 186.92 KB · PDF

HAWKE'S BAY PROJECT management

7th June, 2023

LONG TERM PLAN 2023-2024 AMENDMENT TO DC POLICY

My initial thoughts about the Long Term Plan 2021-2031 is at what stage did the consultation take place with the business community / developers on the issue around the infrastructure and growth of the region. Particularly when it was decided to significantly increase the Development Contributions.

Whilst it is acknowledged that a Meet and Scoot meeting was arranged at the Municipal buildings, it is certainly apparent the Plan for Development Contributions is in fact is a *"fait-accompli."*

This is confirmed with the supporting papers of GHD and Waugh Strategic Growth Infrastructure Solutions Ltd.

Council has developed a process / plan without any form of corroboration/ collaboration with the businesses that are expected to develop land packages for housing.

What is apparent when reviewing both the Waugh report and GHD is that no other options were considered to assist with providing other financial assistance to the infrastructure required.

What has been lacking but not mentioned in any way is that HDC has not kept up with the infrastructure required to keep a city in a suitable growth mode.

It is acknowledged in the Waugh report that the infrastructure in Flaxmere was installed in 1965 and designed to service a population of 5,500 people. In June 2022 the population was 12,650 people. Despite collecting rates for the properties supporting this increase, HDC has done nothing to keep ahead of the infrastructure required for growth. There has been no forward planning for Flaxmere in 57 years.

At the recent meeting it was confirmed by Council staff that the Asset Management Plan provided the basis for maintenance and the replacement of assets over time.
However the terminology used by Council is, *:If it* Ain't *Broke don't fix or replace it".* Whilst it is probably right in one sense, the other side of the coin is that rates are then over collected if the asset does not need replacing for a number of years. Where do the extra funds go?
Prior to the implementation of Development Contributions in 2007, rates were used to cover the infrastructure needed to grow Cities around NZ. This worked well as Councils concentrated on its core business of roading and infrastructure. However over time, Councils have moved away from their core responsibilities and as such Development Contributions were introduced to allow some relief to the costs of development. There have been periods when Council has abused the collection of DC's.

Initially there was some form of control with DC's as some of the major projects allowed for ring fencing of Developments, such as Irongate/ Omahu and Howard St. All of these projects had significant push back by the developers on the initial DC's provided by Council. All 3 developments were able to reduce DC's once costs were investigated further.

However the business community is now faced with Development Contributions that are unable to be assessed due to the District Wide approach.

The GHD report clearly states they were not asked to interrogate any of HDC's actual calculations, project cost estimation or spreadsheeting.

The Waugh report indicates Development contributions of $128m are required over time, with no detailed analysis of costs available at this time.

HDC were not able to provide any scheme plans to indicate the number of homes required in Kaiapo, Raureka, St Leonards and or Murdoch Rd to substantiate any of their high level costs. *(Email request sent to HDC 1st June)*

Conclusion;

When you review the large amount of infrastructure required to support growth it is very apparent that Council has failed over the last decade to keep ahead of the need to provide for housing and business land development.

The issue around affordable housing is moving further away as costs escalate.

With these latest increases in Development Contributions, plus the increased finance costs, and the shortage of developed land, it is apparent that development is going to slow down.

The shovel ready project of Kaiapo (Year 1-4) still remains uncertain due to the unknown costs of stormwater, despite been on Council urban development for over 10 years.

These issues around the increased DC's were raised by members of the Development community at the Councils meet and scoot meeting 3 weeks ago.

If the Development community is unable to continue with its land development how does this fit with the Governments requirement to provide for growth?

Hastings District is a Tier 2 local authority under the NPS-UD and is therefore also required to provide sufficient development capacity for the expected demand plus 15-20% additional capacity as a "competitiveness margin". This makes the ability to plan and deliver growth-related infrastructure essential for councils in meeting Government requirements under the NPS-UD.

Can Council confirm what back up plan has been developed should the current DC evolve into a limited to no growth phase of land development caused by the proposed increased level of DC's.

Greenstone
LAND DEVELOPMENTS

C/- 204 Queen Street East
PO Box 1200 Hastings, 4156
Tel (06) 878 9142
tim@greenstoneland.co.nz

2 June 2023

RE: 2023 DEVELOPMENT CONTRIBUTIONS SUBMISSION

Greenstone Land Developments has contributed to approximately 70% of the Greenfield supply in the last 6 years within the Hastings and Havelock North areas. We have an excellent working relationship with HDC who have supported this supply. They have not held us up in anyway. As an example, we purchased a block of land in Arataki creating 40 sections with all earthworks, infrastructure and titles created within 13 months from land purchase. All houses were completed within 2 years after titles.

We consider the current proposal to increase the Development Levies for the Greenfield areas from $27,300 to $42,700 is completely unsustainable and will have a trickle on effect resulting in a lack of supply within the market.

(a) Land Acquisition Effects from the Development Levy Increases

When undertaking the land acquisition process the developer calculates the feasibility of the project by first analysing the expected plottage and income from sales followed by deducting development costs including inground infrastructural costs, Council costs, development contributions, holding costs and a profit and risk margin. The margin is the amount that could be paid for the land.

After land purchase if there is a major fluctuation in the costs or the income is reduced then the developer has only 2 options; resell the land at a loss or landbank the land until the market income absorbs the extra cost. 90% of developers take Option 2.

(b) Summary

Almost all land already zoned Residential ripe for development now that will cater for the immediate 3 year period is already owned by a small group of about 5 developers. All of these developers have purchased the Greenfield blocks based upon a Development Levy of $23,000 - $27,300. None of these developers would have factored in a $42,700 Development Levy. This levy could result in the existing residential areas being landbanked until the market absorbs the $23,000 increase per section. Please also remember Hawkes Bay has had a 10% - 20% decrease in market values in the last 18 months. In other words, some of these developers could be waiting for a 40% increase in value to absorb the Development Levy increases to make the development viable.

(c) Proposal

To be completely clear, if the existing developers that have purchased 90% of the existing residential land had known 2 years ago that the Development Levies were going up to $42,700 they would have purchased the land at much lower levels meaning they would be able to continue to develop now.

For example, Napier has a targeted Development Levy for each area of their District. They have been very clear that the levies for these Greenfield areas will be xyz and these will go up by CPI each year. These levies were determined 10 years ago. Land acquisitions and therefore sustainability of these developments have been based on these levies resulting in sustained development in Napier.

(i) Existing Land already zoned Residential Levy

The Development Levies for these areas need to be set at somewhere around $27,000 - $28,000 with a CPI adjustment per year going forward.

(ii) Infill Residential Levy

Because almost all infill residential land is owned by non-developers and are yet to be purchased by developers the levies should go up to at least $43,000. Land acquisition and sustainable development will continue in these areas with a market adjustment made for the increased Development Levies.

(iii) Future Residential Areas Levy (old HPUDS Areas)

Because most of this land has not yet been purchased by developers or the developers have allowed substantial margins to absorb unknown costs the Development Levies should go up in these areas. However, each area needs to have a targeted levy based on its location and the cost of servicing these locations. This follows similar scenarios to Napier and other larger towns of New Zealand.

Conclusion

I am deeply concerned that we will see large areas of zoned Residential land landbanked for the next 3 to 7 years unless the Development Levies are reduced for these areas. It is likely that these developers will simply purchase new zoned areas where they know the Development Levies have been set and therefore purchasing the land at sustainable levels. We are likely to see what we call “leap frog” development unless there is a different proposal submitted for these Development Levies.

Thank you

Yours faithfully
GREENSTONE LAND DEVELOPMENTS LTD

Tim Wilkins

TIM WILKINS
Development Manager, Director/Owner
Registered Valuer

539 Apley Road,
Puketapu, Napier 4184
4th May, 2023

Response to "HDC Annual Plan 2023-2024" Published by the Hastings District Council

File Ref: HDC 2023-2024 Annual Plan Submission (539 Apley Road)

To Whom It May Concern,
I am in receipt of the "Annual Plan 2023/ 2024" single page double-sided document.

In relation to the panel of information printed on the reverse side of this document – titled "Amendment to Long Term Plan and Development Contributions Policy", I respond as follows:

Our household will not be contributing any amount of funding towards the wastewater infrastructure referred to.

Given our rural location at the above address, we rely exhaustively on our own wastewater receptacle (a septic tank) for all relevant wastewater created and discharged on our property.

We take full responsibility for the management of our own septic tank. In respect of having it emptied approximately every 4 – 5 years, we arrange for this to happen and pay for this service ourselves. Based on the most recent occasion (Apr 2023) when this waste removal has occurred, this activity costs us approximately $500 per occasion.

Similarly, we will not be contributing any funding towards the establishment of any community infrastructure relating to fresh (potable) water that is intended to supply properties in the Hastings District. We have purposely established (through our own investment) 3 x 25,000 litre water tanks on our property which exhaustively supply all of our freshwater requirements, at our cost (i.e. electricity and maintenance in relation to a water pump that is used to convey water to whatever water outlet).

Regards,

Peter Alexander
M: 027 3575259

1

HDC - Long Term Plan Amendment 2023/24

COMPLETE #1

CREATED

PUBLIC
May 10th 2023, 9:01:13 am

IP ADDRESS

125.238.94.43

*** Name**

Fiona Baker

*** Address**

5 Redwood Close
Havelock North 4130
Havelock North
Hawkes Bay
4130
New Zealand

*** Daytime contact phone:**

212534792

Evening contact phone:

212534792

Email

nfdr.baker@xtra.co.nz

Please indicate whether or not you wish to speak to Council in regards to your feedback on this proposal on 15 June 2023.

No

Please indicate which item you wish to feedback on below.

Draft Development Contributions Policy

Please tell us your views here. Alternatively you can attached your submission below.

I am trying my best to subdivide 1 or 2 existing houses we own to satisfy the ongoing demand I have for immigrant families looking for a long term rental.

The new build costs have gone up so much in the last 2 years that it is no longer feasable to do a new build with our limited borrowing capacity. Now I am looking at possibly getting a relocatable home as a more economical solution.

If the development contribution levy goes from approx $16K to $31K then that is another nail in the coffin to prevent me providing housing for the lovely families that need it.

Attach your submission

HASTINGS DISTRICT COUNCIL

Feedback Form to:
Long Term Plan Amendment 2023/24
Draft Development Contributions Policy 2023/24
Schedule of Fees and Charges (RMA)
Whakatu West Stormwater Targeted Rate

Strategy Manager
Hastings District Council
Private Bag 9002
HASTINGS

CUSTOMER SERVICES
29 MAY 2023
RECEIVED

M. 10.16

Feedback closes 7 June 2023

(*Mandatory field) *Please be aware when providing personal information that submissions will be reproduced and included in Council public documents. Your submission and supporting documents will be published on Council's website. If you have concerns regarding the privacy of your information, please call 06 8715000 and other arrangements may be made.*

Title:	KAROLYN F. TRUST.
First name: *	RAY ~~BURRELL~~
Last name: *	BURRELL
Street address: *	2 LEGORNE LANE
Daytime contact phone: *	06 877 1663
Evening contact phone:	06 877 1663
Email address:	carolyn.ray1945@gmail.com

Please indicate whether or not you wish to speak to Council in regards to your feedback on this proposal on 15 June 2023.

- [x] Yes
- [ ] No

Please indicate which item you wish to feedback on below?

- [x] **Long Term Plan Amendment**
- [x] **Draft Development Contributions Policy**
- [ ] **Schedule of Fees and Charges (RMA)**
- [ ] **Whakatu West Stormwater Targeted Rate**

Please tell us your views here. Please write clearly in ink to enable copies to be made.

SUBMISSIONS ON
FINANCIAL BARRIERS ON SMALL
HOME DEVELOPMENT ON EXISTING.
LAND / HOME IMPOSED BY HDC.
(DC) & CONSENT PROCESS.

FAULTS WITH DC. POLICY.

THESE ARE ACCOMPANIED WITH
DETAILS & SUGGESTED
SOLUTIONS BY ATTACHED
HARD COPY.

Ray Burnell

FOR EXISTING RATEPAYERS THIS IS
DOUBLE DIPPING (DC)

Please Note: *Your submission is a public document for the use in the feedback process and details may be made publically available.*

Submissions for the Draft development contributions policy.

These submissions cover two aspects of this policy and a statement

Barriers encountered when erecting a "small home"

Suggested alterations to the DDCP

Each section will have main points and then an addendum available covering each main point and suggested solutions followed by a:-

"Statement re council housing"

Barriers

Financial costs [addendum 1]

Reluctance to provide approximate costs of compliance [addendum 2]

Objection restrictions [13A LGA 2002]

No accredited 'qualified contractors' appointed

Considerations for the DCP review

Page1

Ref:- DCP review pamphlet ----Outline of approach

1/ Page 1 Forward, Para 2 & Para 3

Para 2 states:- 'a fair ,equitable and proportionate portion etc' this cost does not do that in our instant. We theoretically are paying twice. As Clive [tenant to landlord / landlord to HDC] and Havelock North residents.

Para 3 states:- 'legally robust and defensible and provide for appropriate recovery of the cost of growth" again this in our instant is not so. DC is an extra payment as the person using these resources have already paid / contributed towards them and are not producing an extra load on these resources

1

2/ Page 4 Household unit equivalent basis

Para 1 states:- "the reduction is capped at 50% where less than 40m2".

There is a HDC acceptance that reduced size generally equates to reduced resource use. So why it is not pro-rated down even smaller for less than 40sq m?

Page 16 Recovery approaches

3/ Para 3 states "HDC acknowledges that there will be instances where an assessment may not accurately reflect a developer's demand on council infrastructure. etc"

This is certainly the case in our "development!

4/ Para 4 states:- " It is not proposed to generate a special assessment on every individual application, as this would be administratively inefficient etc"

This could be simply overcome by issuing a set of guidelines covering exemptions

Page 17 / 18

5/ page 17 Para 3 & 4 states:- " As currently is the case" through to "they place a significantly lesser impact on council infrastructure". This development does not do this extra impact—it does not cause any increase yet it has to pay a dc!!!!!!!

Page 18 Para 1 states:- "theey arte set at an appropriate level that ensures the thresholds are neither too restrictive nor onerous etc"

How could this be not either of those criteria for our development?

2

Ref 2023 / 2024 DDC Policy booklet

Page 5

Sect 1:3

Para 1states " ………. Funded by those parts of the community who benefit from or necessitate that expenditure"

This development and occupancy incur no extra costs to the HDC

Para 6 bullet point 1states:- " a development contribution will only be required ………..new or additional assets of increased capacity"

This development does not impinge on any of this!

Para 6 bullet point 3 " cost allocated will be determined……… who create a need for the assets"

No new resources will be needed for this development!

Page 9

Sect 2, ss3 Credits

What are they and what 'value do they have'. There is no explanation for the "lay person" on this "credit" facility!

Page 17

Sect 4 ss 4.4 implies:- that retirement occupants will require less resources and therefore receive a greater reduction 33% verses 50%

Why are these any different than low use "small homes"

Page 25 S 6.3.3 Refund of [wider] DC

Sect 6.3.3

3rd bullet point " If the council does not provide any reserves......... for which a development contribution was required"

Again this development does not affect these resources

Page 28

Sect 7 ss7.2 " Recovery of actual costs..... associated with the objection"

As this project was financially constrained [desire to provide accommodation] this would if an "objection" was lodged completely 'torpedo" the desire to object!!

Addendum 1 Financial costs non council

We are providing a small home for a 'homeless person and her dog". She was unable [after termination of her tenancy –home sold]to:-

Afford the new rentals

Be allowed to have a dog

We are on a very restricted budget and have used future savings and a mortgage to achieve this. These are the unexpected charges that we have encountered that placed the total concept of doing this into "jeopardy"

DC $8K CONSENTING $4.5K.

Barrier costs

Geotechnical report [$6500 includes foundation inspection]

4

A] Why is this required [liquefaction] when the total weight [of the building] per millimetre squared on the piles is 33gm per mm [I believe].This is less than myself [74 kg] standing on the ground.

B] $500 to inspect pile holes to ensure that it is the right depth

Remedies for these issues

A Historical evidence must be available within the HB area that denotes "liquefaction" areas. Use that to decide on whether to require a Geo' tech' report

B Require of the small home providers photographic / video evidence of "pile" depths on the day of installing them or similar evidence

C A waiver is signed by the property owners alleviating the HDC of any responsibility in the event of liquefaction or inferior installation of the foundations who wish to proceed without a geo' tech' report

D Placement of this waiver to be placed on the LIMS report

Council costs

A Development contribution

A/1 Retirement villages are allowed 33% of DC but >50sq m homes have to pay 50%. The DC is scaled down from a certain size and category but stops at >50sq m [50% of DC]

A/2 If this person and her dog were to stay with us on a permanent basis there would be no DC for the council. There is the same amount of effluent / waste water issuing from the property [joined but approved by council] after the small home is erected. Storm water falls on the same area of the property.

This person was a tenant in Clive [13yrs] so use of the council resources have not increased.

A/3 $6000 DC. As seen in A/2 there is no extra "draw" to council resources but the reduction from initial requirement [$12000] was reduced by 50% with size? being taken into account. This reduction was "capped" at >50 sq m.

5

Remedies for this issue of small homes

A/1 Make provision of small homes for "homeless" people a special category. One of the council's objectives is to provide housing for "homeless / struggling residents". This is one way for the public / private section of the community to assist with that objective. Remove all DC and consenting costs for this purpose it must be cheaper for the council; to do this than provide their own building

How would this work?

1 Any home that has been "overcrowded" for the last 12 months can request this dispensation [council then investigates –with time limit to do so] Use the HUD numbers for 1 / 2 / 3 / 4 etc bedroom homes to decide on "overcrowding"
2 Any person who erects a small home to an existing HB resident [3years or more?] can request this dispensation etc.
3 Small homes that are for the use of "out of district" persons would not qualify as they are "new" to the council resources
4 Dispensation could be total no strings or by agreement with the landowner and a lien placed on the property so that when or if it is sold the DC is paid back. This could be done via the HDC legal dept' using generic forms for all dispensations granted at a relatively cheap cost [owners could pay this cost]

6

Addendum 2 Council reluctance to provide appropriate costs of consent

Providers on restricted budgets need to know an approx. figure of costs for the consenting process [this could be in a booklet or electronic format]

Providers will understand that HDC cannot provide exact figures but a table of expected costs could sit alongside the category for small homes [if one is produced] this could include expected costs per referral for further information requests

What information [in easy to understand terms,]] needs to be included for consent of small or all homes so that the consenting process can be obtained with no issues. This would also free up HDC employees to process more complex applications for consent. Also to include "that in the event of objections there could be a charge and appropriate costs for that". That waivers or liens may be a solution to costs

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Addendum 3 Objection restrictions

Owners who think that they would like an exemption in whatever classification they apply for it, are suddenly "hit" with the prospect that they may incur charges— charges that could include several aspects of 'convening the 'hearing'. Providers generally of small homes will probably be on a tight budget so will baulk at going through this process. This is a huge unknown barrier unless the HDC can provide approximate costs

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Addendum 4 Accredited small home builders / providers

To reduce the process of consent applications to the HDC why do they not appoint accredited providers who are held responsible for adhering to all the HDC regulations pertaining to small homes? This could be kept on track by "yearly????" audits of the consent applications and site visits to the completed homes. This would reduce both the costs to the small home providers and the HDC with less consent applications to process. Accreditation could involve any criteria that the council require which could include:- monitory bonding system / individual home insurance against excessive building deterioration etc

Statement

The HDC on nearly all of its information "papers" / 2 – 5 – 10 year plans / booklets etc refer to the HDC commitment to provide housing and accommodation for its ratepayers. Private providers want also to do this but you penalise them!! Find a way to encourage this to happen by removing the barriers that endangers their participation.

By all means place contributions on property developers and new residence to the district but not existing ones

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