

Western Bay of Plenty District Council

Plan Change 73 – Financial Contributions

Planning Report

August 2016

Table of Contents

1.0	Introduction.....	4
2.0	Topic 1: General support/opposition to proceed with the Plan Change and Miscellaneous submission points	4
2.1	Background	4
2.2	Submission Points and Discussion.....	4
2.3	Recommendation	5
2.4	Reasons	6
3.0	Topic 2: Financial contributions based on 12 dwellings per hectare.....	6
3.1	Background	6
3.2	Submission Points and Discussion.....	7
3.3	Recommendation	11
3.4	Reasons	12
4.0	Topic 3: Definition of Net Developable Area	12
4.1	Background	12
4.2	Submission Points and Discussion.....	13
4.3	Recommendation	13
4.4	Reasons	14
5.0	Topic 4: Timing of Financial Contribution Payment	14
5.1	Background	14
5.2	Submission Points and Discussion.....	14
5.3	Recommendation	14
5.4	Reasons	15
6.0	Topic 5: Land Use Consent for a Retirement Village dwelling or Independent Apartment	15
6.1	Background	15
6.2	Submission Points and Discussion.....	15
6.3	Recommendation	15
6.4	Reasons	16
7.0	Topic 6: Identified Growth Areas	16
7.1	Background	16
7.2	Submission Points and Discussion.....	16
7.3	Recommendation	17
7.4	Reasons	17

8.0	Topic 7: Calculation of Financial Contributions – Commercial and Industrial.	17
8.1	Background	17
8.2	Submission Points and Discussion.....	17
8.3	Recommendation	18
8.4	Reasons	18

1.0 Introduction

- 1.1 The purpose of this report is to provide recommendations on submissions to Plan Change 73 – Financial Contributions (no further submissions were received). Plan Change 73 proposes significant changes to Section 11 – Financial Contributions of the District Plan.
- 1.2 For a full background to the Plan Change and the proposed changes to the District Plan text and maps please refer to the Section 32 Report.
- 1.3 Council received 14 submissions and no further submissions on Plan Change 73. This report is divided into seven topics to address the various submission points. Where one or more submission points were the same or similar these have been addressed together.
- 1.4 Any recommended amendments to rules in this report will be shown as follows; existing District Plan text in black, proposed changes as included in the Section 32 Report in red, and recommendations as a result of this Planning Report in blue.

2.0 Topic 1: General support/opposition to proceed with the Plan Change and Miscellaneous submission points

2.1 Background

- 2.1.1 Plan Change 73 is a full review of how financial contributions are calculated and as a result a number of topics and options were included in the Section 32 Report.
- 2.1.2 The proposed changes mainly relate to the following:
 - Residential zoned land in Katikati, Te Puke, Waihi Beach and Omokoroa, which are identified in the Regional Policy Statement as urban growth areas.
 - Commercial and Industrial zoned land.

2.2 Submission Points and Discussion

- 2.2.1 In general, the proposed issues and options included in the Section 32 report are supported by all submitters.
- 2.2.2 The principle of linking a household equivalent to a density (or lot size) in urban growth areas is in general supported. However, some of the submitters are concerned that it is too restrictive. This topic is discussed in more detail in Topic 2.
- 2.2.3 Submitter 1 mentioned that it is unclear how Plan Change 73 will impact on the Post Harvest Zone.

- 2.2.4** The financial contribution rules for the Post Harvest Zone are very specific and therefore included separately in Section 22 of the Operative District Plan. These financial contribution calculations are not reviewed in Proposed Plan Change 73.
- 2.2.5** Submitters 2, 5, 6, 7, 8, 10, 11, 12, 13 and 14 are of the opinion that financial contributions in the District are significantly higher than in other districts.
- 2.2.6** Submitters 6 - 8 and 10 – 14 request that Structure Plans should be reviewed to ensure unnecessary capital projects are not included and that the correct timing is allocated to the required projects. This submission point is outside the scope of Plan Change 73. However, Council has reviewed the Structure Plans for Waihi Beach, Omokoroa and Katikati in 2014/15 and is currently reviewing the Te Puke Structure Plan.
- 2.2.7** Submitter 2 pointed out that Council needs to be satisfied that the proposed financial contribution model can work effectively in terms of future demand on services.
- 2.2.8** Council has explored several options in the Section 32 Report and had discussions with a number of developers, consultants and general ratepayers during the preparation of the Section 32 Report.

2.3 Recommendation

- 2.3.1** To proceed with Plan Change 73 subject to any recommended changes in the topics to follow.

The following submissions are therefore:

Accepted

Submission	Point Number	Name
6	1	Charley Farley Limited
7	1	Omokoroa Developments Limited
8	1	The Grange JV and Axion Limited
10	1	Acco Building Limited
11	1	Classic Group Limited
12	1	Dorr Bell Limited
13	1	Bill Young
14	1	Graeme Reynolds

Accepted in Part

Submission	Point Number	Name
1	1	NZ Transport Agency
2	1, 4, 5	Lomay Properties Limited
3	1	S&L Consultants Ltd
5	1	Veros Property Partners
9	1	Neil Construction Limited

Rejected

Submission	Point Number	Name
1	2	NZ Transport Agency
5	2, 4	Veros Property Partners

2.4 Reasons

- 2.4.1 No submitters oppose Plan Change 73.
- 2.4.2 The submitters that accepted the proposed Plan Change in part have concerns that are specific to some of the proposed rule changes, which are discussed in the topics to follow.
- 2.4.3 Structure plans are regularly reviewed, which includes the schedule of capital works and the timing of the capital works included in the Long Term Plan.

3.0 Topic 2: Financial contributions based on 12 dwellings per hectare

3.1 Background

- 3.1.1 The Regional Policy Statement identifies Waihi Beach, Katikati, Omokoroa and Te Puke as urban growth areas. New greenfield subdivisions and development in these growth areas have to achieve an average net yield of 12 dwellings or more per hectare from 1 July 2012, rising progressively to 15 dwellings or more per hectare by 1 July 2037.
- 3.1.2 Structure plans have been developed for urban growth areas to guide the future development of these areas, specifically the provision of cost effective infrastructure for the entire structure plan area. These structure plans are based on a net yield of at least 12 dwellings per hectare.
- 3.1.3 The infrastructure included in these structure plans are mainly funded through financial contributions.

3.1.4 The Section 32 Report pointed out that it is important to have a direct correlation between the calculation of financial contributions and the density requirements of the Regional Policy Statement. This direct correlation is lacking in the operative rules.

3.1.5 The Section 32 Report also pointed out that:

- Due to the shape and size of the parent title, it is much easier to achieve a density of 12 dwellings per hectare in certain circumstances.
- In some cases a density requirement may encourage bad development outcomes by developers focusing on maximising the number of lots, rather than quality of urban design.

3.1.6 As a result, the density requirement of 12 dwellings per hectare was converted to an average lot size of 625m². Therefore, in the urban growth areas, one household equivalent is equal to an average lot size of 625m².

3.2 Submission Points and Discussion

3.2.1 Submitters 6 – 8 and 10 – 14 support the proposed change as it minimises the risk of under collecting financial contributions and is an incentive for intensification.

3.2.2 Submitters 3 and 9 requested that more information be included in the District Plan to demonstrate how the financial contribution formula works and how it has been determined that one household equivalent is equal to a lot size of 625m².

3.2.3 The calculations and how Council has derived a lot size of 625m² are covered in detail in the Section 32 Report and it is not necessary to include these calculations in the District Plan.

3.2.4 Submitter 2 is of the opinion that an average section size of 625m² is smaller than what the market wants.

3.2.5 Submitters 3 and 5 are of the opinion that the proposed calculation will only encourage smaller sections and will not encourage a diversity of section sizes. The submitter proposes a cap on financial contributions to encourage developers to include larger sections in a development.

3.2.6 Council staff had look at a number of subdivision consents received over the last few years and their average lot sizes (see Table 1).

Location	Lot size range (m ²)	Average size (Approximate)
Maniaroa, Katikati (105 lots)	365 - 1,079	660m ²
Ocean Breeze, Waihi Beach (54 lots)	350 - 1,070	510m ²
Hanlen Ave, Island View (72 lots)	362 - 725	593m ²
Tranquil Grove, Omokoroa (25 lots)	478 - 1,214	650m ²
Highfields Dr, Katikati (51 lots)	350 - 863	400m ²
Lakeside Terrace (Stage 1), Omokoroa (36 lots)	510 - 936	650m ²
Omokoroa Rd (25 lots)	268 - 484	330m ²
Kayelene PI (Stage 1)	600 - 880	622m ²

Table 1: Average lot size and lot size range of a number of residential subdivisions in urban growth areas

3.2.7 Looking at the above subdivision examples, it is noticeable that:

- Some of the subdivisions have not achieved a density of 12 dwellings/ha. As a result, Council has under recouped financial contributions for bulk infrastructure.
- An average lot size of 625m² can be achieved.
- There is a market for lots with a size of 625m² and smaller.
- Some of the subdivisions, e.g. Maniaroa are a combination of traditional large lots and smaller lots (the latest stage).
- Lakeside Terrace has a number of constraints, e.g. topography and a 5m wide stormwater easement that impacts on the development potential of the site.
- The Tranquil Grove subdivision is a good example of a subdivision that provides a wide range of lot sizes. Most of the larger lots are along Links View Dr and Kayelene PI (the road frontages of the parent lot) and relatively small lots have been created 'internally' along Tranquil Grove.
- There are a number of subdivisions that have an average lot size of less than 625m² while still offering a range of lot sizes.

3.2.8 Irrespective of the lot size, these developments have paid a financial contribution based on one household equivalent per lot.

3.2.9 From the table above it could be argued that, in general, Council is achieving the required density of 12 dwellings per hectare. Therefore a change to the calculation method is not required.

3.2.10 However, it could also be argued that the higher density developments are subsidising development with a low density, which targets the higher end of the property market.

3.2.11 Council staff are of the opinion that the proposed change to link one household equivalent to an average lot size of 625m²:

- is fairer than the current rule.
- will not discourage the development of a range of lot sizes.
- still provides a choice to developer on how to achieve the required yield (as per the Regional Policy Statement).
- is accepted by the market.
- developers will still provide sections with a range of sections sizes.

3.2.12 The capping of financial contributions (as proposed by Submitter 5) will most likely result in the status quo and as a result an under-recovery of financial contributions in certain areas.

3.2.13 Submitters 3 and 9 highlighted that the proposed changes to the District Plan include a definition for *net developable hectare* to clarify what area of land has to be included and excluded from the density or average lot size calculations. However, this is not reflected in the rules, as the rules only refer to a lot size of 625m². It is therefore not clear whether the average lot size of 625m² is based on the *net developable hectare* or the total lot size.

3.2.14 Submitters 3 and 9 are correct in pointing out that the rules that relate to a lot size of 625m² do not exclude land that is not suitable for development, as per the definition of *net developable hectare*.

3.2.15 It was always the intention to exclude land that is not suitable for residential development from the calculations, e.g. land with geotechnical constraints.

3.2.16 Submitter 2 refers to their approved subdivision consent at No. 1 Road, Te Puke and pointed out that within their subdivision a number of lots obtained access via a shared access legs (Fig 1, Example B) which will be included in the average lot size for financial contributions. If the shared access was a separate access lot (Fig 1, Example A), it would have been excluded from the average lot size. This will result in a different lot size (and financial contributions) even though the outcome on the ground is the same.

3.2.17 Submitter 2 requested that, for consistency, the access legs (as per (Fig 1, Example B) be excluded from the average lot size calculations. This is in line with other District Plan rules referring to "*Net Lot Area*", which is defined as follows:

"Net Lot Area" or "Net Land Area" means that part of an existing or proposed new *lot* which is available for development of the principal intended use and excludes any area available solely for access or any area providing access to other *lots* or to more than one *dwelling*.

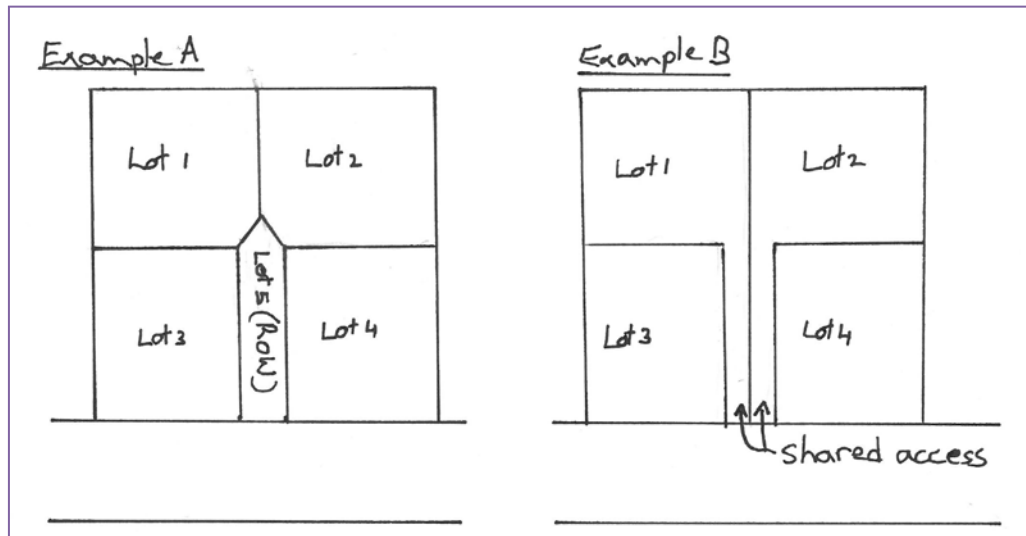


Figure 1: Shared access via a separate access lot (Example A) or shared access legs (Example B)

3.2.18 Submitters 3 and 9 requested that for clarity the wording “for residential purposes” be included in 11.5.2(ii) to read as follows:

“Each additional lot for residential purposes or dwelling ...”

3.2.19 Proposed Section 11.5 relates to the calculation of financial contributions for dwellings and minor dwellings. The notified rules in 11.5 make it clear where the rules shall apply. Council staff are therefore of the opinion that the requested wording “for residential purposes” is not required.

3.2.20 Submitter 3 pointed out that the maximum average lot size in the Medium Density Residential Zone is less than 500m². As a result, all development in the Medium Density Residential Zone that complies with the density requirements of the zone will trigger a special assessment for financial contributions. It was never the intention to trigger a special assessment for financial contributions in this zone. The proposed amendment, as included in Submission Point 3.5 is therefore supported.

3.2.21 Submitter 4 explained that in some cases developers will undertake a staged subdivision to create land blocks designed for future subdivision. These blocks may be on sold to other developers. Financial Contributions should not be levied on ‘development’ blocks as this would artificially inflate the level of contributions on the initial stage of the subdivision which will not in itself provide the final development yield.

3.2.22 It is not the intention to apply the average lot size calculation to a large balance lot that will be subdivided at a later stage through a separate consent. Council staff agree that the notified rules are not clear on this issue and an explanatory note should be included.

3.3 Recommendation

3.3.1 Include an explanatory note in proposed Rule 11.5.2 that states the following:

Explanatory Notes:

a) For the purpose of calculating average lot size to determine financial contributions, the area(s) that are within a natural hazard identified in Section 8 of the District Plan shall be excluded from the lot size calculations; provided that no dwelling is constructed in the area.

b) Where a balance lot is created for future subdivision or residential development, a financial contribution equal to one household equivalent only will be charged at this time. A financial contribution based on an average lot size of 625m² will only be applied to that lot once future subdivision or land use consent is applied for.

3.3.2 Amend 11.5.2(iii) and (iv) to read as follows:

(iii) The financial contribution calculations for recreation and leisure, transportation, water supply, wastewater, and stormwater in urban growth areas are based on an average lot size. One household equivalent is equal to a ~~lot size~~ net lot area of 625m², and all lots will pay a financial contribution proportional to this figure.

(iv) A density of 15 dwellings per hectare equates to an average ~~lot size~~ net lot area of 500m². In the Residential Zone, financial contributions for a subdivision with an average ~~lot size~~ net lot area smaller than 500m² shall be determined by a special assessment.

The following submissions are therefore:

Accepted

Submission	Point Number	Name
2	3, 6	Lomay Properties Limited
3	5, 7	S & L Consultants Ltd
4	2	Harrison Grierson Consultants Ltd
9	4, 6	Neil Construction Ltd

Accepted in Part

Submission	Point Number	Name
2	1, 8	Lomay Properties Limited

Rejected

Submission	Point Number	Name
2	8	Lomay Properties Limited
3	3, 4, 8	S & L Consultants Ltd
5	3	Veros Property Partners
9	2, 3	Neil Construction Ltd

3.4 Reasons

- 3.4.1** Council has to achieve the required density as per the Regional Policy Statement. As a result, all bulk infrastructure is designed and constructed to service the required density. Having a direct correlation between the calculation of financial contributions and average lot size provides more certainty that Council will recoup infrastructure costs.
- 3.4.2** A financial contribution based on a lot size is fairer.
- 3.4.3** Areas with instability or flooding constraints are not suitable for the construction of a dwelling and should therefore not be included in the average lot size calculations.
- 3.4.4** An average lot size based on net lot area (as defined in the District Plan) is more practical and fairer.
- 3.4.5** The proposed wording included in 11.5.2(iv) makes it clear that a special assessment will only be required in the Residential Zone and will not apply to the Medium Density Residential Zone.
- 3.4.6** The explanatory note makes it clear that balance lots created for future subdivision or residential development will only pay a financial contribution equal to one household equivalent.

4.0 Topic 3: Definition of Net Developable Area

4.1 Background

- 4.1.1** The density of 12 dwellings per hectare is based on the definition of Net Developable Area, as included in the Regional Policy Statement.
- 4.1.2** As the calculations for financial contributions in identified growth areas are based on 12 dwellings per hectare, a definition of Net Developable Area was included in Section 3 as part of the notified Plan Change.

4.2 Submission Points and Discussion

- 4.2.1 Submitters 3 and 9 say that a definition is included for *Net Developable Area* in the notified Plan Change. This definition excludes areas subject to geotechnical constraints or flooding. However, the term *Net Developable Area*, is not used in Section 11 and it is not clear if, e.g. an area with geotechnical constraints or subject to flooding has to be included or excluded from the average lot size calculations.
- 4.2.2 As per Recommendation 3.3.1 an explanatory note is to be included to exclude areas subject to geotechnical constraints or flooding from the average lot size calculations.
- 4.2.3 Paragraph 7.6 of the Section 32 Report states that it is fairer and easier to convert a net developable area of 12 dwellings per hectare into an average lot size of 625m². The term net developable land is not used in the District Plan and therefore a definition is not required.

4.3 Recommendation

- 4.3.1 Do not include a definition for Net Developable Area in Section 3 of the District Plan, as notified.

~~“Net developable hectare” means a given area of land for subdivision/development and includes land used for:~~

- ~~a) Residential activity purposes, including all open space and on-site parking associated with dwellings;~~
- ~~b) Local roads and roading corridors, including pedestrian and cycleways (but excluding strategic roads as defined in the Road Hierarchy);~~
- ~~c) Collector roads and roading corridors (as defined in the Road Hierarchy) where direct access from lots is obtained. Where lots on only one side of the road have direct access only 50% of the corridor shall be used for the purpose of this definition;~~
- ~~d) Neighbourhood reserves;~~
- ~~e) But excludes land that is:
 - ~~i) Stormwater ponds and detention areas not within a road reserve and to be vested with Council;~~
 - ~~ii) Geotechnically constrained (such as land subject to subsidence or inundation);~~
 - ~~iii) Set aside to protect significant ecological, cultural, heritage or landscape values;~~
 - ~~iv) Set aside for non-local recreation, esplanade reserves or access strips that form part of a larger regional, sub-regional, or district network;~~
 - ~~v) Identified or used for non-residential activities including business activities, schools, network utilities, health centres, or other district, regional or sub-regional facilities.~~~~

~~vi) The lot on which the existing permitted dwelling is situated.~~

The following submissions are therefore:

Accepted

Submission	Point Number	Name
3	7	S & L Consultants Ltd
9	6	Neil Construction Limited

4.4 Reasons

- 4.4.1 The average lot size of 625m² is based on net developable land (see 7.6 in the Section 32 Report).
- 4.4.2 An Explanatory Note is included in 11.5.2 to make it clear that an area with instability or flooding constraints is excluded from the average lot size calculations (see Topic 2; Recommendation 3.3.1).
- 4.4.2 The term net developable land is not used in the District Plan and therefore a definition is not required.

5.0 Topic 4: Timing of Financial Contribution Payment

5.1 Background

- 5.1.1 Timing of financial contribution payments are explored in Section 9 of the Section 32.
- 5.1.2 It is recommended in the Section 32 Report that the status quo be retained due to a number of reasons.

5.2 Submission Points and Discussion

- 5.2.1 Submissions 5, 6, 7, 10, 11, 12, 13 and 14 requested that a portion of the financial contributions be deferred to the building consent stage. This will reduce subdivision costs and will make it more viable for developers.
- 5.2.2 As pointed out in the Section 32 Report, the deferment will complicate the building consent process and will not result in lowering the cost for housing.
- 5.2.3 The submissions do not include any additional information than what was already explored in the Section 32 Report.

5.3 Recommendation

- 5.3.1 That no changes be made to Plan Change 73 regarding the timing of financial contribution payments.

The following submissions are therefore:

Rejected

Submission	Point Number	Name
5	4	Veros Property Partners
6	1	Charley Farley Limited
7	4	Omokoroa Developments Ltd
8	4	The Grange JV and Axion Limited
10	4	Acco Building Limited
11	4	Classic Group Limited
12	4	Dorr Bell Limited
13	4	Bill Young
14	4	Graeme Reynolds

5.4 Reasons

5.4.1 Deferring the payment of a portion of the financial contributions to the building consent stage will complicate the building consent process and will make it more expensive.

5.4.2 The proposed deferment will not result in lowering housing costs.

6.0 Topic 5: Land Use Consent for a Retirement Village dwelling or Independent Apartment

6.1 Background

6.1.1 Rules were included in 11.5.3.2 of the Notified Plan Change to assess financial contributions for a *retirement village dwelling* or *independent apartment*.

6.2 Submission Points and Discussion

6.2.1 Submitter 4 points out the calculations proposed in 11.5.3.2 are clear on the financial contribution calculations for independent apartments in a retirement villages. However, some villages have a wide range of accommodation/care facilities and the proposed rules are silent on facilities other than independent apartments.

6.2.2 The submitter recommends that a special assessment be undertaken for these facilities and that rules be included to trigger the special assessment.

6.3 Recommendation

6.3.1 Amend Rule 11.5.3.2 to reads as follow:

11.5.3.2 Land use consent for a Retirement Village Dwelling or Independent Apartment

(i) Retirement Village Dwellings and Retirement Village Independent Apartments shall be charged a financial contribution for recreation and leisure, transportation, water supply, wastewater, stormwater and ecological protection equal to 0.5 of a household equivalent for 1 or 2 bedroom dwellings/apartments.

(ii) The financial contributions for facilities other than retirement village dwellings or retirement independent apartments shall be done by specific assessment.

The following submission is therefore:

Accepted

Submission	Point Number	Name
4	3	Harrison Grierson Consultants Ltd

6.4 Reasons

6.4.1 The proposed changes will enable the calculation of financial contributions by specific assessment for facilities in a retirement village other than independent apartments and dwellings.

7.0 Topic 6: Identified Growth Areas

7.1 Background

7.1.1 As per the Regional Policy Statement, Katikati, Omokoroa, Waihi Beach and Te Puke are defined as urban growth areas and have to achieve a density of 12 dwellings per hectare.

7.1.2 Significant changes are proposed through this Plan Change to ensure that Council will meet this requirement.

7.2 Submission Points and Discussion

7.2.1 Submitter 3 requests that 'catchment maps' be included in the District Plan identifying areas subject to different financial contribution regimes.

7.2.2 Urban growth areas within the Western Bay of Plenty are defined and mapped in the Regional Policy Statement and are reflected in the Operative District Plan Maps.

7.3 Recommendation

7.3.1 The inclusion of 'catchment maps', as requested by Submitter 3 is not required.

The following submission is therefore:

Rejected

Submission	Point Number	Name
3	2	S & L Consultants Ltd

7.4 Reasons

7.4.1 Urban growth areas within the Western Bay of Plenty are defined and mapped in the Regional Policy Statement and are reflected in the Operative District Plan Maps. 'Catchment maps' are therefore not required.

8.0 Topic 7: Calculation of Financial Contributions – Commercial and Industrial

8.1 Background

8.1.1 A number of significant changes have been made to the calculation of financial contributions for subdivision and development on lots zoned Commercial or Industrial.

8.2 Submission Points and Discussion

8.2.1 Submitter 1 is of the opinion that, with regard to transportation, it is not clear how the different commercial and industrial activities have been assessed to derive the list of activities included in 11.6.1 that require an Integrated Transport Assessment.

8.2.2 A roading contribution is currently charged as it is assumed that a new activity will generate additional traffic and additional impact on the roading network. It can also be argued that, within the town centre context, a new activity will not generate additional vehicle movements as people are going to the town centre anyway. However, there might be activities that have a significant impact on infrastructure; for example, a transportation business that exceeds a certain size (number of vehicles) and these should pay a roading contribution. An exception will be industrial zones in rural locations such as Te Puna Station Road where there is reliance on the rural road network.

8.2.3 The list of activities included in 11.6.1 that will trigger an Integrated Transport Assessment are activities that will generate traffic from outside a catchment boundary, or activities that are transporting goods and services to customers. The traffic movements generated by these activities are therefore different than the ordinary business or industry.

8.3 Recommendation

8.3.1 That the rules included in 11.6.1 Transportation be retained as notified.

The following submission is therefore:

Rejected

Submission	Point Number	Name
1	3	NZ Transport Agency

8.4 Reasons

8.4.1 The list of activities included in 11.6.1 that will trigger an Integrated Transport Assessment are activities that will generate traffic from outside a catchment boundary, or activities that are transporting goods and services to customers. The traffic movements generated by these activities are therefore different than the ordinary business or industry.
