

SECTION 11 – FINANCIAL CONTRIBUTIONS

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INTRODUCTION

Section 11 of the District Plan provides for financial contributions. A financial contribution is the contribution of money or land or both to offset any effects on the environment. Financial contributions may be charged as a condition of resource consent in accordance with Section 108 of the RMA. Section 11 sets out the purposes for taking financial contributions in the District and the manner in which the level of contribution will be charged (as required by Section 108(10)).

Council requires the payment of financial contributions to manage the effects of growth on the community’s water, wastewater, stormwater, transportation (including walkways/cycleways) and recreation and leisure infrastructure. Financial contributions are also taken for the purpose of ecological protection. Council has a significant role in delivering new or upgraded infrastructure to provide for growth and financial contributions are the main source of funding. Other funding sources such as rates or government subsidises may also be applicable in some situations which may reduce the need for financial contributions.

The level of financial contributions needed to recover the costs of providing infrastructure is calculated using the formula in the District Plan. This takes into account the number of new dwellings expected and the value of infrastructure works required to accommodate that growth within the same period. Approved infrastructure works are included in the District Plan and Annual Plan / Long Term Plan. In urban areas, structure plans show the specific infrastructure required.

It is important to note that the financial contributions model for Council operates alongside the LGA requirements for annual plans and long term plans. In this regard Section 11 sets out that the inputs to the financial contribution formula, and the value of those inputs, is updated annually through Council’s Annual Plan and/or LTP process to reflect changes in costs and timing of planned infrastructure. It is important to note that no changes were proposed to the formula through the notified Plan Change.

Financial contributions for all activities are charged relative to a household equivalent (HHE). One HHE represents the impact on existing infrastructure generated by a typical household and is

based on 2.7 persons per dwelling. The dollar amounts of the HHEs are updated through the Annual Plan process. Latest figures are shown in Council's fees/charges.

The rules in Section 11 further detail how financial contributions will be charged based on HHEs. Plan Change 92, as notified, proposes a separate approach for Ōmokoroa and Te Puke to that of Waihi Beach and Katikati. These changes are proposed given the higher densities now expected and it is proposed to charge an equivalent number of HHEs per hectare. This proposed charge would also apply to retirement villages and residential units of 60m² or less (the equivalent of minor dwellings). Plan Change 92 also proposes a new rule to charge financial contributions at time of building consent for the one or two additional residential units now permitted by the MDRS.

Since notifying Plan Change 92, Council has received community feedback on the 2023/24 Annual Plan and has commenced the 2025 LTP cycle. There have also been resource consent applications lodged for medium density development including large scale subdivision and land use applications in the greenfield areas of Ōmokoroa and Te Puke. Some of these submitters and resource consent applicants are also submitters to the financial contributions changes in Plan Change 92.

Council staff met with the Plan Change 92 submitters on financial contributions on 23 February 2023. This was attended by Retirement Villages Association (34 and FS 76), Ōmokoroa Country Club (56 and FS 74), The North Twelve Partnership Limited (47 and FS 78) and Kāinga Ora (29 and FS70). A key concern raised by submitters was the unfairness of charging financial contributions per hectare for retirement villages. Another submitter raised how it would create inequity between greenfield and infill development. Council staff have revised their recommendations in response as reflected in the recommendations to follow.

TOPIC 1 – RULE 11.4.2 – COUNCIL'S INFRASTRUCTURE NETWORK TO WHICH FINANCIAL CONTRIBUTIONS APPLY

BACKGROUND

Rule 11.4.2 sets out how Council will charge financial contributions for subdivision and land use consents on a per catchment basis and where reductions may be applicable.

Ōmokoroa and Te Puke each have their own urban catchments and HHEs for transportation, wastewater and stormwater. HHEs for water also differ for each, as Ōmokoroa is in the central supply zone and Te Puke is in the eastern supply zone. District-wide catchments exist for recreation and leisure and ecological protection. There is also a district-wide charge for key strategic transportation i.e. arterial roads.

Proposed changes to this rule show that financial contributions will also be collected through the building consent process for one or two additional residential units in the Ōmokoroa and Te Puke Medium Density Residential Zone. These changes had immediate legal effect from notification, following approval from the Environment Court under Section 86D of the RMA.

SUBMISSION POINTS

One submission point was received. No further submission points were received. The submission point on this topic is summarised as follows:

Fire and Emergency New Zealand (18.5) support the amendments in particular for transportation and water supply to ensure the impacts of growth and intensification are adequately managed.

OPTIONS

Option 1 – Retain proposed changes showing that financial contributions will now be taken through the building consent process for one or two additional residential units in the Ōmokoroa and Te Puke Medium Density Residential Zone.

DISCUSSION

The support from the submitter is acknowledged.

RECOMMENDATION

That Option 1 be accepted.

Retain proposed changes showing that financial contributions will now be taken through the building consent process for one or two additional units in the Ōmokoroa and Te Puke Medium Density Residential Zone.

The following submissions are therefore

ACCEPTED

Submission	Point Number	Name
18	5	Fire and Emergency New Zealand

SECTION 32AA ANALYSIS

As no changes are proposed, no s32AA evaluation is necessary.

TOPIC 2 – RULE 11.5.3 – ONE OR TWO PERMITTED ADDITIONAL RESIDENTIAL UNITS ON A SITE

BACKGROUND

Proposed Rule 11.5.3 sets out the specific methodology for how financial contributions will be taken through the building consent process for one or two additional residential units in the Ōmokoroa and Te Puke Medium Density Residential Zone.

This includes residential units within a retirement village and residential units of 60m² or less (the equivalent of minor dwellings). This rule is considered necessary because the MDRS now permits three residential units on a site. Because the additional units (the second and third on a site) will no longer require resource consent, Council will no longer be able to use that consent process to take the required financial contributions.

The rule proposes to charge each additional residential unit one HHE based on a:

- Gross floor area (excluding garages) of 150m² for transportation, water, wastewater, recreation and leisure and ecological protection; and

- Building footprint (including garages) of 150m² for stormwater.

If an additional residential unit is under these sizes, financial contributions could be reduced in proportion to 150m² but to no less than 0.5 of an HHE. For example, a residential unit of 75m² or less would qualify for 0.5 of an HHE but could not be less.

The rule had immediate legal effect upon notification following approval from the Environment Court under Section 86D of the RMA.

SUBMISSION POINTS

Two submission points were received. One further submission point were received. The submission points on this topic are summarised as follows:

Waka Kotahi (41.8) supports the proposed provision for financial contributions to be collected for permitted activities at building consent stage.

Kāinga Ora (29.9) considers the rule to be overly complicated and have proposed amendments for simplification and clarity. In summary, they request the following changes:

- Apply the rule to all residential units (not just one or two additional units)
- Apply the rule to all additional lots
- Delete the note explaining that the first unit does not pay financial contributions
- Delete the rules stating that financial contributions are assessed and imposed through building consent and payable immediately prior to the issue of consent.

Ōmokoroa Country Club (FS 74.10) support Kāinga Ora's submission.

OPTIONS

Option 1 – Retain Rule 11.5.3 as proposed.

Option 2 – Amend Rule 11.5.3 by applying it to all additional residential units and lots.

Option 3 – Improve the readability of Rule 11.5.3 by deleting wording already in other rules including that the first unit does not pay and that financial contributions are assessed and imposed through building consent and payable prior to the issue of that consent.

DISCUSSION

While the suggested changes are intended to simplify and clarify the rule, consideration also needs to be given to whether those changes will work in practice.

Applying Rule 11.5.3 to all additional residential units may provide consistency. However, it would also require Council to further depart from its established approach of taking financial contributions through resource consent. Council staff and customers would need to adjust to a change in approach beyond what is needed to ensure that financial contributions can be charged for one or two additional units. It is therefore preferable to limit a shift from this existing approach to only what is necessary to respond to the RMA Amendment Act and MDRS.

It is also not clear how applying Rule 11.5.3 to additional lots would work as this rule relies on the building consent process. Subdivision does not, in itself, trigger building consent. It is therefore recommended not to add subdivision to this rule.

The other requests are supported. The note explaining that the first unit does not need to pay financial contributions can be deleted as it is already apparent in the rule's heading that it only applies to additional residential units. Rule 11.3(b) also makes it clear earlier in the Section that financial contributions are only charged for additional residential units. The reason the first residential unit is not charged is because the subdivision which created the vacant lot would have already been required to pay that contribution.

The rules stating that financial contributions are assessed and imposed through building consent and payable immediately prior to the issue of that consent can also be deleted as this is already explained earlier in Rule 11.3(d).

RECOMMENDATION

That Option 3 be accepted.

Improve the readability of Rule 11.5.3 by deleting wording already in other rules including that the first unit does not pay and that financial contributions are assessed and imposed through building consent and payable prior to the issue of that consent.

The recommended changes are shown as follows.

11.5.3 One or two additional residential units on a site in the Ōmokoroa and Te Puke Medium Density Residential Zones

- a. For clarity, these rules do not apply to:
- ~~i. The first residential unit on a site (these shall be exempt from financial contributions):~~
 - ii. One or two additional residential units on a site where a subdivision consent has been granted subject to a condition of consent imposing financial contributions for that site under Rule 11.5.5 (except for any balance lots under 11.5.5 (e)).
- b. The following rules shall apply where an application for building consent is lodged for one or two additional residential units on a site:
- i. Each additional residential unit shall be charged a financial contribution for ecological protection, recreation and leisure, transportation, water supply and wastewater based on the gross floor area of each residential unit (excluding garage):
 - ii. Each additional unit shall be charged a financial contribution for stormwater based on the building footprint of each residential unit (including garage):

For this rule, building footprint means the total area of the buildings (residential unit and garage) at ground floor level together with the area of any section of any of those buildings that extends out beyond the ground floor level limits of those buildings and overhangs the ground.

- iii. One household equivalent for a residential unit is equal to a gross floor area of 150m² (excluding any garage) or building footprint of 150m² (including any garage) in the case of stormwater;
- iv. An additional residential unit with a gross floor area or building footprint exceeding 150m² shall not pay more than one household equivalent;
- v. Each additional residential unit with a gross floor area or building footprint less than 150m² shall pay a reduced financial contribution that is proportional to 150m²;
- vi. The minimum contribution to be paid for an additional residential unit shall be 0.5 of a household equivalent;
- ~~vii. Financial contributions shall be assessed and imposed through the building consent application process;~~
- ~~viii. The financial contribution required through the building consent application process is payable immediately prior to the issue of that consent.~~

The following submissions are therefore:

ACCEPTED IN PART

Submission	Point Number	Name
29	9	Kāinga Ora
41	8	Waka Kotahi
FS 74	10	Ōmokoroa Country Club

SECTION 32AA ANALYSIS

The changes proposed are minor to improve readability and the equivalent rules are still to be retained elsewhere in Section 11. Accordingly, no s32AA analysis is required.

TOPIC 3 – RULES 11.5.4, 11.5.5 AND 11.5.7 – SUBDIVISION, AND FOUR OR MORE RESIDENTIAL UNITS ON A SITE INCLUDING WITHIN RETIREMENT VILLAGES – CONSIDERATION OF A PER HECTARE CHARGE

BACKGROUND

In addition to the proposed new rule in Topic 2 above, Plan Change 92 also proposes significant changes to how financial contributions are to be charged through resource consent for all other subdivision and development in the new Ōmokoroa and Te Puke Medium Density Residential Zones. The rules supporting these changes are addressed together in this topic (3) as they all require consideration of whether to charge on a per hectare basis or an alternative method. The existing rules for urban growth areas (for context) and proposed changes for Ōmokoroa and Te Puke are summarised under the headings to follow.

Existing Rule 11.5.2 – Urban growth areas

In the existing rules for the urban growth areas of Waihī Beach, Katikati, Ōmokoroa and Te Puke, growth is expected at 12 dwellings per hectare but infrastructure had been designed to cater for a higher density (although only to an extent). Infrastructure costs are recovered by charging HHEs based on average net lot area or dwelling envelope as shown in the table below.

Lots/dwellings per hectare	Average net lot area or dwelling envelope	HHEs per lot/dwelling
12	625m ²	1
15	500m ²	0.8
16+	<500m ²	Determined by special assessment (no less than 0.5)

When these rules were introduced through Plan Change 73 – Financial Contributions (2016), 12 dwellings per hectare was the ‘norm’ but the Bay of Plenty Regional Policy Statement (RPS) was encouraging a transition to 15 dwellings per ha over the longer term. Council responded by offering landowners the chance to provide those three extra lots/dwellings per hectare whilst still only paying for 12 (15 x 0.8 = 12 HHEs).

Exceeding 15 lots or dwellings per hectare (16+) was viewed as unlikely because of the conservative housing market at the time. However, there was evidence suggesting that densities were beginning to rise. This led to a concern that if density (15) was exceeded, Council’s infrastructure may not have the capacity to accommodate it.

A “special assessment” was therefore introduced for 16+ lots/dwellings per hectare. This allows, among other things, a determination of whether there is available capacity and if so how much should be paid towards use of that capacity. Or alternatively, if there isn’t capacity, it allows Council to consider whether a developer should either provide for or pay towards an upgrade.

Retirement villages have their own existing rules and their dwellings and independent apartments (if 1-2 bedrooms) are charged a set rate of 0.5 of an HHE. This recognises their lower occupancy

rates, which at the time of Plan Change 73 were 1.3 residents per unit. Financial contributions for other facilities within retirement villages are calculated by “specific assessment”. Minor dwellings (60m² or less) are also charged at 0.5 of an HHE in recognition that these are generally 1-2 bedrooms and so have lower occupancy.

Proposed Rule 11.5.4 – One or two additional vacant lots from sites of less than 1,400m²

Proposed Rule 11.5.4 sets out how financial contributions are proposed to be taken for small infill subdivisions for one or two additional ‘vacant’ lots on sites less than 1,400m² in the Ōmokoroa and Te Puke Medium Density Residential Zones. Financial contributions are proposed at one HHE per lot.

Proposed Rule 11.5.5 – Per hectare charge for other subdivision and four or more units

This rule proposes a per hectare charge for all other subdivision and four or more residential units on a site in the Ōmokoroa and Te Puke Medium Density Residential Zones. It would apply to:

- Subdivision for the purpose of construction and use of residential units.
- Subdivision of vacant lots which is not ‘small infill subdivision’ under Rule 11.5.4.
- Four or more residential units on a site (including residential units in a retirement village and residential units which are 60m² or less i.e. minor dwellings).

Financial contributions are proposed to be charged per hectare of developable area. A proposed definition is included in Section 3 – Definitions. In summary, it means all land zoned Medium Density Residential except for the following:

- Ōmokoroa Road, Prole Road and Francis Road (all within Ōmokoroa)
- Structure plan link road between Prole Road and Francis Road
- Structure plan active reserve in Ōmokoroa
- Areas not suitable for residential units due to:
 - Geotechnical constraints
 - Stormwater management being the primary function
 - Natural hazards

The charge is set on a fixed number of HHEs per hectare of developable area (excluding any balance lot which is charged at 1 HHE). This is to align with the anticipated minimum yields per hectare for lots and units. This is shown in the table to follow.

Area	Fixed HHEs
	Per hectare of developable area
Ōmokoroa Stage 3A	15
Ōmokoroa Stage 3B	20
Ōmokoroa (Outside of Stage 3)	20
Te Puke	20
Ōmokoroa Stage 3C	30

Ōmokoroa Mixed Use Residential Precinct	30
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The number of HHEs to be paid is proportional to the number of hectares. For example, in areas where the requirement is to pay 20 HHEs per hectare:

- 0.5 hectares x 20 = 10 household equivalents
- 1 hectare x 20 = 20 household equivalents
- 1.5 hectares x 20 = 30 household equivalents

If a landowner achieves a lower yield than anticipated, they will pay more than one HHE for each additional lot/unit. If they provide a greater yield, they will pay a reduced financial contribution below one HHE for each. However, the minimum charge shall be 0.5 of an HHE. As an example, in areas where the requirement is for 20 HHEs per hectare:

- 10 additional lots / units = 2.0 household equivalents each
- 20 additional lots / units = 1.0 household equivalents each
- 30 additional lots / units = 0.67 household equivalents each
- 40+ additional lots / units = 0.5 household equivalents each

Charging on a per hectare basis means that each landowner pays relative to the development potential of their land. It was also intended to give Council more certainty of being able to fully recover its costs of providing infrastructure, as it would be able to charge for all developable land. In association, new rules requiring a minimum number of lots/units per hectare for larger subdivisions and developments were intended to ensure efficient utilisation of this infrastructure.

This proposed approach is in contrast to the current rules which only require landowners to pay for each per lot/unit and do not require a minimum yield. As a result, if a landowner was to provide less lots/units per hectare than expected, they will pay less contributions than expected. This would result in an under-recovery of costs for Council.

Proposed Rule 11.5.7 – Retirement villages

This is an existing (renumbered) rule specific to retirement villages. It allows retirement village dwellings and independent apartments to be charged 0.5 of an HHE due to lower occupancy rates and for other facilities within a retirement village to be considered by specific assessment. As notified, it was proposed that retirement villages in Ōmokoroa and Te Puke be excluded from this rule and instead comply with Rule 11.5.5 which requires paying financial contributions per hectare.

SUBMISSION POINTS

Fourteen submission points were received. Twelve further submission points were received. The submission points on this topic are summarised as follows:

Proposed Rule 11.5.4 – One or two additional vacant lots from sites of less than 1,400m²

Kāinga Ora (29.10) request that this rule be confirmed as applying to infill subdivision for the purpose of “non-residential activities”.

Western Bay of Plenty District Council (15.8) note that charging small infill subdivisions of one or two lots based on one HHE per lot would mean that all lots pay the same regardless of size. It is suggested that it would be fairer to charge these on a per hectare basis.

Kāinga Ora (FS 70.5) support Council's submission as it would achieve a more balanced and equitable approach.

The North Twelve Limited Partnership (FS 78.11) generally support flexibility for smaller residential subdivisions on a per hectare basis but also request provision for a special assessment so that lot size can be effectively considered.

Proposed Rule 11.5.5 – Per hectare charge for other subdivision and four or more units

Western Bay of Plenty District Council (15.9) request that this rule also applies to small infill subdivisions of one or two additional vacant lots.

Kāinga Ora (FS 70.6) support this as it would achieve a more balanced and equitable approach.

Western Bay of Plenty District Council (15.10) also seek an amendment to clarify that an HHE will not be payable for the existing lot or first residential unit on a site, as landowners would have already paid a financial contribution for these at time of subdivision.

Ōmokoroa Country Club (FS 74.1) support Council's submission but seek that financial contributions are not calculated on a per hectare basis.

Jace Investments (58.19) support financial contributions being charged per hectare as it creates an incentive for intensification and a disincentive if yield targets are not met.

Kāinga Ora (29.11) consider that the way in which financial contributions are calculated is overly complicated and seek that Rule 11.5.5 is deleted and replaced with Rule 11.5.3 (charging through building consent based on gross floor area / building footprint) as amended by their submission.

Ōmokoroa Country Club (FS 74.11) support this point from Kāinga Ora.

A number of submitters request that the definition of "developable area" exclude local purpose stormwater and neighbourhood reserves to be vested and pedestrian accessways to be vested. They note that this would be consistent with the current practice of excluding such areas from the charging of financial contributions. These submitters are Urban Taskforce (39.2), Vercoe Holdings (40.2), Brian Goldstone (42.2) and Classic Group (26.1). Further submissions in support are from Ōmokoroa Country Club (74.4 and 74.29), The North Twelve Limited Partnership (78.2).

The North Twelve Limited Partnership (47.4) believe that charging financial contributions per hectare is inequitable between infill and greenfield development and that "developable area" should exclude internal public roading to be vested and any reserve land to be vested. They request the deletion of Rule 11.5.5 and to retain or improve existing rules to allow a special assessment.

Ōmokoroa Country Club (FS 74.36) oppose this point seeking the deletion of Rule 11.5.5 but support amendments to reflect the lower occupancy rate of retirement villages.

Retirement Villages Association (34.7) oppose a per hectare charge on the basis that it does not allow a reduced financial contribution if the number of residential units is less than assumed. They submit that the calculation methodology takes into account the costs of the works undertaken as

part of development and that a retirement village specific regime is provided for which takes into account their lower demand profile compared to standard residential developments.

Ōmokoroa Country Club (FS 74.19) support this point from Retirement Villages Association.

Proposed Rule 11.5.7 – Retirement villages

Ōmokoroa Country Club (56.3) oppose the change as the Section 32 is silent with respect to retirement villages and because they believe that financial contributions are being used for an ulterior purpose being the encouragement of density which goes beyond any stated purpose. They seek reinstatement of the 0.5 of an HHE for retirement village dwellings and independent apartments and request provisions that provide for lower financial contributions to reflect the lower occupancy and demand on infrastructure created by retirement villages and rest homes.

Retirement Villages Association (FS 76.5) and Ryman Healthcare (FS 77.6) support the Ōmokoroa Country Club submission in part but they also seek charges of lower than 0.5 of an HHE for retirement villages to recognise their lower impact on infrastructure. Retirement Villages Association (34.8) also made this point in their original submission.

OPTIONS

Option 1 – Retain the rules as proposed.

Option 2 – Amend Rule 11.5.5 to apply the per hectare charge to all subdivision and to ensure financial contributions are not charged for an existing lot or first residential unit.

Option 3 – Delete Rules 11.5.4 and 11.5.5 and charge through the building consent process for all subdivision and residential units based on gross floor area and building footprint.

Option 4 – Delete Rules 11.5.4 and 11.5.5 and revert to existing rules (11.5.2) including removing roads, reserves and accessways from the developable area and allowing a special assessment.

Option 5 – Amend Rule 11.5.7 to reinstate 0.5 of an HHE for retirement village dwellings and independent apartments and a specific assessment for other facilities.

Option 6 – Amend Rule 11.5.7 to allow further reductions that reflect the lower occupancy and demand on infrastructure from retirement villages and rest homes.

DISCUSSION

Proposed Rule 11.5.4 – One or two additional vacant lots from sites of less than 1,400m²

This rule is for 'vacant' lots but the term was not used because it can carry different meanings. In Schedule 3A of the RMA, "vacant allotments" is understood to mean new lots that are not "for the purpose of the construction of residential units" which is why this wording was used. This rule is not intended to enable infill subdivision for "non-residential activities" as suggested by Kāinga Ora.

The support for charging small infill subdivisions on a per hectare basis instead of one HHE is acknowledged. One HHE would not always be fair as both the existing rules (based on average net lot area) and the proposed per hectare charge allow reductions for smaller lots. This would

require the deletion of Rule 11.5.4 and inclusion of these small infill subdivisions in Rule 11.5.5. The request is therefore addressed under Rule 11.5.5 as is the request for a special assessment.

Proposed Rule 11.5.5 – Per hectare charge – clarifying applicability

The inclusion of small vacant lot subdivisions into the per hectare charge of Rule 11.5.5 would require the heading of this rule to be changed from “all other subdivision” to “all subdivision”. Also, to ensure fairness for all subdivision and development, Rule 11.5.5 (if retained) should be amended to clarify that an HHE will not be payable for the existing lot or first residential unit on a site. This is on the basis that landowners would have already paid a financial contribution for these at time of subdivision.

Proposed Rule 11.5.5 – Per hectare charge – encouraging density

Jace Investment’s support the per hectare charge as a means of encouraging density and a disincentive for not meeting density targets is recognised. It is acknowledged that this charge could serve this function. It is important to ensure that land is used efficiently to meet potential yield to enable housing supply. Encouraging density is however considered secondary to the main purpose of Rule 11.5.5 which is to set financial contributions at a level which recover the costs of providing infrastructure based on the level of development expected in each area. This proposed approach is therefore generally consistent with the existing approach of the District Plan which charges based on density as outlined in the “introduction” earlier.

Proposed Rule 11.5.5 – Per hectare charge – instead use the building consent process

Kāinga Ora oppose the use of a per hectare charge due to concerns that the rule is overly complicated. Their request to instead use Rule 11.5.3 to charge subdivision and residential units through the building consent process is not considered to provide a clearer or easier method. The reasons for this are explained in Topic 2 above.

Proposed Rule 11.5.5 – Per hectare charge – developable area

The various requests to remove public roads, local purpose stormwater reserves, neighbourhood reserves and pedestrian accessways from being charged financial contributions are supported. This would be consistent with the existing rules for urban growth areas which charge based on net lot area. The definition of net lot area is limited to the land which is available for development i.e., housing, roads, reserves and accessways are not part of the net lot area and would not be charged. In the existing rules, land needed for these is assumed to account for 25% of a gross hectare. This is why 12 dwellings per hectare is the equivalent of an average net lot area of 625m². The calculation being $12 \times 625\text{m}^2 = 7,500\text{m}^2$ (with the remaining 2,500m² or 25% being deemed undevelopable and therefore not able to be charged).

Proposed Rule 11.5.5 – Per hectare charge – special assessment

The North Twelve Limited Partnership also request the re-introduction of the special assessment by retaining or improving existing rules. The submission point is supported in part as it would be beneficial to retain this ability and it would also be consistent with the approach for other urban growth areas. The per hectare charge does not provide for a special assessment and it could result in developers significantly exceeding density (there are no maximum densities proposed) without paying for the extra pressure on Council’s infrastructure. This would likely result in an under-recovery of costs for Council.

The submitter has however indicated that the intention of this submission point is to retain the ability for financial contributions to be reduced below 1 HHE per lot/unit when exceeding 12 lots/units per hectare and to trigger a special assessment when exceeding 15 lots/units per hectare. This purpose is not supported as these existing triggers reflected the lower densities and infrastructure planned for at that time (2016) and are no longer considered appropriate.

The Plan Change now targets minimum yields of 15, 20 or 30 lots/units per hectare and the charges for financial contributions need to be adjusted accordingly. Under current conditions, Council is no longer expected to need to encourage developers to exceed 12 lots/units per hectare as this is now a very low density but Council would still want to encourage developers to exceed the new minimum yields. The special assessment also wouldn't be needed as early as 16 lots/units per hectare as Plan Change 92 has provided for new and upgraded infrastructure to support a greater level of density. The special assessment will be needed at some point after the new minimum yields are exceeded. Council's infrastructure is capable of accommodating more than the minimum yields but only to an extent.

Proposed Rule 11.5.5 – Per hectare charge – retirement villages

Retirement Villages Association and Ōmokoroa Country Club oppose a fixed charge per hectare in situations where the number of units is less than assumed. This is because retirement villages would typically achieve a lower density than other developments. However, the view of Council staff is that land should be used more efficiently to meet the needs for this housing type. For this reason, it is proposed that retirement villages need to achieve a minimum number of units per hectare. This coupled with their need to occupy larger sites is also why retirement villages are included in the proposed per hectare charge. This is to manage Council's risk of not being able to recover the costs yet providing infrastructure particularly if large areas are used for retirement villages.

A per hectare charge is considered to be an appropriate way of charging financial contributions and is aligned with stated purposes in the District Plan. It is also already used in the District Plan (albeit using other terms) so is an accepted method. However, the submitters' views are also acknowledged which is that the existing rules for retirement villages better reflect the purpose of financial contributions to manage effects relating to use of infrastructure. These existing rules recognise that retirement village dwellings and independent apartments have less people than the average household and have a lower demand on infrastructure on this basis. They also provide a specific assessment for other facilities so that their impacts can be determined on a case-by-case basis.

While a per hectare charge may encourage more efficient land use and help Council to recover its costs, this approach (in general) is not recommended to proceed for a number of reasons, including whether it is the most appropriate way to charge retirement villages. The recommendation is therefore to continue to apply the existing rules for retirement villages instead of moving these to a per hectare charge. These existing rules, including requests for specific amendments, are discussed below.

Proposed Rule 11.5.7 – Retirement villages

Retirement Villages Association and Ōmokoroa Country Club oppose the exemption which would no longer allow this rule to apply to retirement villages in the Ōmokoroa and Te Puke Medium

Density Residential Zones. They seek reinstatement of the 0.5 of an HHE for retirement village dwellings and independent apartments and the ability for specific assessment for rest homes.

These existing rules were introduced in 2016. They specifically recognised that retirement village dwellings and independent apartments for 1-2 bedrooms have less people than a typical household (1.3 persons instead of 2.7 persons) and on that basis have a lower demand on Council infrastructure. Prior to 2016, retirement villages were subject to rules requiring 1 HHE per unit and applicants and Council needed to debate the appropriate financial contributions for each proposal. The 2016 rules provided certainty of the amount to be charged for the units and resolved the need for debate. At that time a fixed HHE was not introduced for other facilities (including rest homes) because the effects of these other facilities on Council infrastructure differ on a case-by-case basis. In practice, the 0.5 of an HHE has been consistently applied to dwellings and independent apartments and has been widely accepted. The specific assessments for other facilities have also resulted in appropriate financial contributions (in terms of reflecting use).

Requests to retain the existing rules are therefore supported for the reasons above.

It is not considered appropriate to make any further changes, such as lowering the set charge of 0.5 of an HHE for dwellings and independent apartments or to introduce a set charge for other facilities including rest homes. The submission from the Retirement Village Association confirms that retirement village units continue to be occupied by an average of 1.3 people. This still aligns with an HHE of 0.5 given that a full HHE is the equivalent to a household of 2.7 people.

Further reductions below 0.5 of an HHE are sought by the submitters on the basis that residents in retirement villages do not use Council services as much as other residents in the community. For example, their residents being less active and not using Council roads and reserves (and/or having recreation on-site) or having different living needs and using less water and wastewater. It is not clear whether the submitter is referring in this case to residents in independent living situations or those being cared for in a serviced apartment, rest home or hospital.

It is the view of Council staff that those living independently are still going to use Council services just as much as any other independent residents living in a community and it would be fair that they be treated as such. A specific assessment is otherwise provided for all other facilities in a retirement village which would include serviced apartments, rest homes and hospitals as well as the likes of cafes or restaurants. This often results in lower financial contributions as requested. However, it would be difficult to know the effects of each of these in advance due to their varying nature and scale. The experience of Council staff is that the HHEs will and should vary from consent to consent based on the particular circumstances. There is also a risk of setting a fixed rate too low and under-recovering the cost of the infrastructure.

Redrafting of provisions

In light of the discussion above, the overall recommendation is as follows:

- For all subdivision (including small infill subdivision) to be subject to the same method of calculating financial contributions.
- To not proceed with the per hectare charge as drafted, however, to carry the intent of this into the existing rule framework for urban growth areas which are also based on planned density and capacity of infrastructure.

- Note that using the existing rule framework would also mean that:
 - Existing lots and first units would not be charged (Rule 11.5.2 (b) (ii)).
 - Roads, reserves and accessways would not be part of the net lot area and therefore would not be charged (see definition of net lot area in Section 3 - Definitions).
 - Other land not suitable for development due to geotechnical constraints or would also be excluded from being charged (Rule 11.5.2 (a) (i-ii)).
 - The special assessment is triggered when exceeding density (Rule 11.5.2 (b) (iv)).
 - Residential units of 60m² would be charged 0.5 of an HHE (Rule 11.5.6).
- Revert back to the existing rules for retirement villages which charge 0.5 of an HHE for dwellings and independent apartments and allow a special assessment for other facilities.

It is important to note that the rules for the per hectare charge could be retained and redrafted to give effect to the same outcomes above. However, that approach would essentially result in Ōmokoroa and Te Puke having the same rules as Waihi Beach and Katikati but expressed in different terms. This is not considered to be efficient as it would require plan users to become familiar with two separate ways of calculating financial contributions in urban growth areas.

The main difference will be that Ōmokoroa and Te Puke will need specific consideration of the higher densities that are now being planned for which is a minimum of 15, 20 or 30 lots/units per hectare depending on the development potential of the specific area. It is not considered appropriate to rely on an average net lot area or dwelling envelope of 625m² as these equate to a much lower density of 12 units/lots per hectare. This would however need to remain in place for Waihi Beach and Katikati until such time as these settlements are subject to a Plan Change.

The updated average net lot areas and dwelling envelopes for Ōmokoroa and Te Puke would be as follows:

Area	Anticipated density per ha / equivalent average net lot area or dwelling envelope 1 HHE	Max density per ha without need for special assessment / equivalent average net lot area or dwelling envelope 0.8 of an HHE	Special assessment is triggered above max density to assess impacts on capacity No less than 0.5 of an HHE
Waihi Beach and Katikati	12 / 625m ²	15 / 500m ²	<500m ²
Ōmokoroa Stage 3A	15 / 500m ²	18.75 / 400m ²	<400m ²
Ōmokoroa Stage 3B Ōmokoroa (Outside of Stage 3) Te Puke	20 / 375m ²	25 / 300m ²	<300m ²
Ōmokoroa Stage 3C	30 / 250m ²	37.5 / 200m ²	<200m ²

Ōmokoroa Mixed Use Precinct			
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RECOMMENDATION

That Options 4 (in part) and 5 be accepted.

Delete Rules 11.5.4 and 11.5.5 to revert to existing rules (11.5.2) including removing roads, reserves and accessways from the developable area and allowing a special assessment.

Amend Rule 11.5.7 to reinstate 0.5 of an HHE for retirement village dwellings and independent apartments and a specific assessment for other facilities.

This would require that the District Plan be changed as follows:

11.5.2 Subdivision or additional dwellings inside **identified** urban growth areas of **Katikati and Waihi Beach (including Bowentown, Island View and Athenree)**

Explanatory Notes:

- a. For the purpose of calculating average *lot* size to determine financial contributions, the following area(s) shall be excluded from the *lot* size calculations; provided that no *dwelling* is constructed in the area:
- i. area(s) that are within a natural hazard identified in Section 8 of the District Plan, or
 - ii. as part of a resource consent, areas identified as unsuitable for the construction of a *dwelling* by a suitably qualified and experienced geotechnical engineer or equivalent.
- 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 *net lot area* of 625m² (as specified in the table below) will only be applied to that *lot* once future subdivision or land use consent is applied for.
- i. The rules in this section apply to a subdivision or land use consent for an additional *dwelling* in the following zones:
 - Residential
 - Medium Density Residential
 - Commercial Transition

within the following urban growth areas:

- Waihi Beach
- Katikati
- Ōmokoroa
- Te Puke

- ii. Each additional *lot* or additional dwelling shall be charged a financial contribution for ecological protection equal to one *household equivalent*.
- iii. The financial contribution calculations for recreation and leisure, transportation, water supply, wastewater, and stormwater in *urban growth areas* are based on an average net lot area size or dwelling envelope. One *household equivalent* is equal to a net lot area or dwelling envelope of 625m² (as specified in the table below) and all additional lots and dwellings will pay a financial contribution proportional to this figure.
- iv. ~~A density of 15 lots or dwellings per hectare equates to an average net lot area or dwelling envelope of 500m².~~ In the Residential Zone and Medium Density Residential Zone, financial contributions for a subdivision or development with an average net lot area or dwelling envelope smaller than that specified in the table below 500m², shall be determined by a special assessment.
- v. ~~The financial contribution for a land use consent for an additional dwelling is based on the size of the dwelling envelope. As in the case of a subdivision, One household equivalent is equal to a dwelling envelope of 625m².~~ In the Residential Zone the *dwelling envelope* shall not have a minimum average less than 500m².
- vi. The minimum financial contributions for an additional *lot* or additional *dwelling* in the Residential, Medium Density Residential and Commercial Transition Zones are 0.5 of a *household equivalent*.

<u>Area</u>	<u>Average net lot area and dwelling envelope (1 HHE)</u>	<u>Average net lot area and dwelling envelope (0.8 of an HHE)</u>	<u>Average net lot area and dwelling envelope for which a special assessment is required</u>
<u>Waihi Beach and Katikati</u>	<u>625m²</u>	<u>500m²</u>	<u><500m²</u>
<u>Ōmokoroa Stage 3A</u>	<u>500m²</u>	<u>400m²</u>	<u><400m²</u>
<u>Ōmokoroa Stage 3B</u>	<u>375m²</u>	<u>300m²</u>	<u><300m²</u>
<u>Ōmokoroa (Outside of Stage 3)</u>	<u>375m²</u>	<u>300m²</u>	<u><300m²</u>
<u>Te Puke</u>	<u>375m²</u>	<u>300m²</u>	<u><300m²</u>
<u>Ōmokoroa Stage 3C</u>	<u>250m²</u>	<u>200m²</u>	<u><200m²</u>
<u>Ōmokoroa Mixed Use Residential Precinct</u>	<u>250m²</u>	<u>200m²</u>	<u><200m²</u>

~~11.5.4 One or two additional lots not for the purpose of the construction and use of residential units from sites of less than 1,400m² in the Ōmokoroa and Te Puke Medium Density Residential Zones.~~

~~c. Each additional lot shall be charged a financial contribution for ecological protection, recreation and leisure, transportation, water supply, wastewater and stormwater equal to one household equivalent.~~

~~11.5.5 All other subdivision and four or more residential units on a site in the Ōmokoroa and Te Puke Medium Density Residential Zones~~

~~a. Each additional lot or additional residential unit shall be charged a financial contribution for ecological protection, recreation and leisure, transportation, water supply, wastewater and stormwater based on the number of lots / residential units per hectare of developable area:~~

~~b. The following number of household equivalents that shall be paid per hectare (10,000m²) of developable area:~~

<u>Area</u>	<u>Household equivalents per hectare of developable area</u>
<u>Ōmokoroa Stage 3A</u>	<u>15</u>
<u>Ōmokoroa Stage 3B</u>	<u>20</u>
<u>Ōmokoroa (Outside of Stage 3)</u>	<u>20</u>
<u>Te Puke</u>	<u>20</u>
<u>Ōmokoroa Stage 3C</u>	<u>30</u>
<u>Ōmokoroa Mixed Use Residential Precinct</u>	<u>30</u>

~~c. The number of household equivalents to be paid shall be proportional to the number of hectares of developable area.~~

~~For example, in Ōmōkoroa Stage 3B:~~

- ~~• 0.5 hectares x 20 = 10 household equivalents~~
- ~~• 1 hectare x 20 = 20 household equivalents~~
- ~~• 1.5 hectares x 20 = 30 household equivalents~~

~~d. If the number of lots / residential units per hectare of developable area is less than or exceeds the number of household equivalents required to be paid per hectare of developable area, there shall be no change to the number of household equivalents required to be paid per hectare of developable area as set out in the table in (b) above:~~

~~Therefore:~~

- ~~i. Where the number of lots / residential units per hectare of developable area is less than the number of household equivalents required to be paid per hectare of developable area, each additional lot or additional residential unit shall pay an increased financial contribution greater than one household equivalent;~~
- ~~ii. Where the number of lots / residential units per hectare of developable area exceeds the number of household equivalents required to be paid per hectare of developable area, each additional lot or additional residential unit shall pay a reduced financial contribution. The minimum financial contribution to be paid for an additional lot or additional residential unit shall be 0.5 of a household equivalent.~~

~~For example, in Ōmōkoroa Stage 3B where the number of household equivalents required to be paid per hectare of developable area is 20:~~

- ~~• 10 additional lots / units = 2.0 household equivalents each~~
- ~~• 20 additional lots / units = 1.0 household equivalents each~~
- ~~• 40 additional lots / units = 0.5 household equivalents each~~

~~e. Where one or more balance lots are proposed for future subdivision or residential development, a financial contribution equal to one household equivalent will be charged for each balance lot. A financial contribution based on the number of household equivalents per hectare of developable area will only apply to a balance lot during a future subdivision or land use consent for additional residential units:~~

~~For this rule, balance lot shall mean any proposed lot which is~~

~~1,400m² or greater and which is not demonstrated to be for the purpose of the construction and use of residential units under Rules 14A.3.2 (a) – (b);~~

~~f. The financial contributions shall be determined at subdivision or land use consent stage and shall be paid as per the consent conditions~~

11.5.6 Land use consent for minor dwellings Minor dwellings

~~Except for the Medium Density Residential Zones in Ōmokoroa and Te Puke (see 11.5.3 and 11.5.5 above):~~

Minor dwellings in all zones 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*.

~~This rule shall also apply to residential units of 60m² or less in the Medium Density Residential Zones in Ōmokoroa and Te Puke.~~

11.5.7 Land use consent for a retirement village Retirement villages

~~Except for Medium Density Residential Zones in Ōmokoroa and Te Puke (see 11.5.3 and 11.5.5 above):~~

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 and 2 bedroomed *dwellings/apartments*.

~~This rule shall also apply to 1-2 bedroomed residential units within retirement villages in the Medium Density Residential Zones in Ōmokoroa and Te Puke.~~

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

Section 3 – Definitions

"Developable Area" when used in ~~Section 11 (Financial Contributions) and~~ Section 14A (Ōmokoroa and Te Puke Medium Density Residential) means all land zoned Medium Density Residential except for the following:

- Road reserves of Ōmokoroa Road, Prole Road and Francis Road (including its extension to Ōmokoroa Road); Identified structure plan link road between Prole Road and Francis Road;

- Identified structure plan active reserve.
- As part of a resource consent, areas identified as unsuitable for the construction of a residential unit by a suitably qualified and experienced:
 - geotechnical engineer or equivalent, or
 - stormwater engineer or equivalent due to the land having stormwater management as its primary function, or
 - natural hazards engineer or equivalent due to the land being subject to one or more natural hazards.

The following submissions are therefore:

ACCEPTED IN PART

Submission	Point Number	Name
15	8	Western Bay of Plenty District Council
15	9	Western Bay of Plenty District Council
15	10	Western Bay of Plenty District Council
26	1	Classic Group
29	11	Kāinga Ora
34	7	Retirement Villages Association
34	8	Retirement Villages Association
39	2	Urban Taskforce
40	2	Vercoe Holdings
42	2	Brian Goldstone
47	4	The North Twelve Limited Partnership
56	3	Ōmokoroa Country Club
58	19	Jace Investments and Kiwi Green New Zealand
FS 70	5	Kāinga Ora
FS 70	6	Kāinga Ora
FS 74	1	Ōmokoroa Country Club
FS 74	4	Ōmokoroa Country Club
FS 74	11	Ōmokoroa Country Club
FS 74	19	Ōmokoroa Country Club
FS 74	29	Ōmokoroa Country Club

FS 74	36	Ōmokoroa Country Club
FS 76	5	Retirement Villages Association
FS 77	5	Ryman Healthcare
FS 78	2	The North Twelve Limited Partnership
FS 78	11	The North Twelve Limited Partnership

REJECTED

Submission	Point Number	Name
29	10	Kāinga Ora

SECTION 32AA ANALYSIS

The following provides a further evaluation of the changes made to the Plan Change / Proposal since the original evaluation under Section 32 of the RMA. The level of detail corresponds to the scale and significance of the changes.

<p>Efficiency & Effectiveness in Achieving the Objectives</p>	<p>Delete Rules 11.5.4 and 11.5.5 to revert to existing rules (11.5.2) including removing roads, reserves and accessways from the developable area and allowing a special assessment.</p> <p>Amend Rule 11.5.7 to reinstate 0.5 of an HHE for retirement village dwellings and independent apartments and a specific assessment for other facilities.</p>
<p>Costs</p> <p>Environmental effects</p> <p>Economic effects</p> <p>Social effects</p> <p>Cultural effects</p> <p>Including opportunities for:</p> <p>(i) economic growth that are anticipated to be provided or reduced; and</p> <p>(ii) employment that are anticipated to be provided or reduced</p>	<p>Environmental</p> <p>Removing the per hectare charge may result in a shortfall of financial contributions and an inability to pay for infrastructure needed to manage the environment effects of urban development such as increased stormwater or impacts on ecological areas.</p> <p>Economic</p> <p>Retirement villages are likely to use large areas of land for low density and/or low occupancy housing. Removing the proposed per hectare charge would result in these villages paying at a substantially lower rate than standard developments using that same land. This could result in under-recovery of costs. Low density housing may also result in poor utilisation of the infrastructure provided.</p> <p>Removing the proposed per hectare charge will remove the ability for other developers to provide densities well above the minimum without paying further financial contributions.</p>

	<p>However, it would be a cost to Council if they retained this ability and infrastructure capacity was exceeded without the effects being managed or paid for.</p> <p>Social</p> <p>Removing the per hectare charge may result in a shortfall in financial contributions and an inability to pay for infrastructure needed to provide for social benefit such as reserves, walkways/cycleways and other community facilities.</p> <p>Cultural</p> <p>Removing the per hectare charge may result in a shortfall of financial contributions and an inability to pay for infrastructure needed to manage the environment effects of urban development such as increased stormwater which may affect cultural values.</p>
<p>Benefits</p> <p>Environmental</p> <p>Economic</p> <p>Social</p> <p>Cultural</p> <p>Including opportunities for:</p> <p>(i) economic growth that are anticipated to be provided or reduced; and</p> <p>(ii) employment that are anticipated to be provided or reduced</p>	<p>Environmental</p> <p>Financial contributions will still be collected using the existing rules to manage the effects of growth such as increased stormwater and impacts on ecological areas. New rules that require medium density development to achieve target densities will make it more likely that sufficient financial contributions could be collected compared to current rules which do not require landowners to achieve density.</p> <p>Economic</p> <p>Allowing small infill subdivision to be charged under the existing rules based on net lot area instead of being charged at 1 HHE per lot as proposed will reduce costs for these smaller landowners.</p> <p>Not charging for the existing lot or first unit as per the existing rules would avoid landowners needing to pay for the same charge twice. This has already been paid for when the land was subdivided.</p> <p>Reverting back to the existing rules based on net lot area would mean that developers will not have to pay financial contributions towards land vested for roads and reserves. This would resolve concerns of inequity between greenfield and infill development.</p> <p>Reintroducing the special assessment will allow Council to assess remaining capacity and charge appropriately for its use. Landowners will also benefit from being able to provide</p>

	<p>extra housing with the ability to seek reduced HHEs for these on a case-by-case basis.</p> <p>Allowing residential units of 60m² to be charged under the existing rules (0.5 of an HHE) instead of per hectare as proposed will reduce costs for these landowners.</p> <p>Reinstating the charge of 0.5 of an HHE for retirement village dwellings and independent apartments and a specific assessment for other facilities would reduce costs for retirement village providers.</p> <p>Social</p> <p>The economic benefits above would in turn have positive social effects associated with the provision of more affordable housing.</p> <p>Financial contributions will still be collected using the existing rules to manage the effects of growth such as providing new reserves, walkways/cycleways and other community facilities. New rules that require medium density development to achieve target densities will make it more likely that sufficient financial contributions could be collected compared to current rules which do not require landowners to achieve density.</p> <p>Cultural</p> <p>The economic benefits above would in turn have positive cultural effects associated with the provision of more affordable housing.</p> <p>Financial contributions will still be collected using the existing rules to manage the effects of growth such as increased stormwater and impacts on ecological areas which may affect cultural values. New rules that require medium density development to achieve target densities will make it more likely that sufficient financial contributions could be collected compared to current rules which do not require landowners to achieve density.</p>
Quantification	Not practicable to quantify.
Risks of Acting / Not Acting if there is uncertain or insufficient information about the subject matter	Sufficient and certain information is available.