

24 April 2019

Response - Official Information Request

I refer to your request for information received on 5 April 2019. Your request has been considered under the Local Government Official Information and Meetings Act 1987 (LGOIMA) and I provide the following information in relation to the questions you have asked.

What are the benefits to the current community of ratepayers that supersede the necessity of collection of the Development Contributions?

Council made the decision as part of the development of its Long Term Plan 2015-2025 that it would no longer charge a Development Contribution. There were a number of reasons that informed Council's decision at the time, some of the key ones included:

- There was low growth and new developments were not using up existing infrastructure capacity
- New ratepayers who come into the community, even if they do pick up a share of the unutilised infrastructure capacity, also increase the number of ratepayers available to share rates across Council's Development Contributions were seeing as proportionality high in comparison to property prices and this was creating uncertainty for developers and in some cases was an obstacle to development occurring.
- There was a considerable cost to Council to administer the Development Contributions Policy and revenue from Development Contributions had not been as high as anticipated.

In recent years population growth has increased and Council is anticipating the higher level of growth to continue in the immediate future.

From our previous correspondence you will be aware Council discussed Development Contributions at the August and November 2018 Strategy Committee meetings. Although it was concluded that it is not currently necessary to charge Development Contributions, Council will continue to investigate and consider whether it needs to introduce new policy tools (such as Development Contributions) to help fund infrastructure upgrades going forward.

What specifically are the benefits of the current community of ratepayers in new subdivisions and/or land developments, where Development Contributions have not been sought?

The benefits of new subdivisions and/or land developments are that additional ratepayers are welcomed to our District and can be accommodated in the district. These new ratepayers will increase the number of ratepayers available to share the cost of rates, effectively reducing the proportion of rates paid by existing ratepayers.

New ratepayers also pick up a proportionate share of existing debt which is often incurred on capital items that were not designed to meet growth requirements. In doing so they lower the average cost for existing ratepayers.

New subdivisions and land development create choice and opportunities for the existing community of ratepayers. Not all new subdivisions are solely occupied by new residents to the district. In many cases those people moving into the new developments are existing residents in the district taking advantage of being able to transition to a different type of housing or part of the district. In doing so this creates additional opportunities for the community by freeing up existing housing stock.

Why is it necessary that the current ratepayers have to pay the approximately \$15,000 per allotment for the land developers Development Contributions?

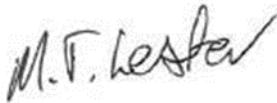
I am not aware of current ratepayers paying \$15,000 per new allotment created. I have surmised that the reference to \$15,000 was in relation to the approximate Development Contribution that was previously charged as part of the 2012-2022 Long Term Plan. (Noting the Development Contribution amounts ranged from \$5,465 to \$18,294 (excl. GST) depending on the location of the development in the district).

Development Contributions were deemed necessary to meet the capital expenditure resulting from growth. The Development Contributions taken by the Council under this policy relate directly to the assessed cost of development on current and future infrastructure networks. The water, wastewater, roading and reserve infrastructure integrated into the development of any subdivision, is funded directly by the developers.

In the absence of charging Development Contributions Council continues to look to Private Developer Agreements as the tool to obtain a contribution to the infrastructure network costs. Where there are developments of a scale that require growth of the infrastructure network (i.e. upgrade of pump stations or pipes) a Private Developer Agreement can be used in order for the developer to contribute to these costs, in addition to the infrastructure costs directly associated with the development.

If you have any queries regarding this information please contact David McCorkindale – Group Manager Strategy & Development on 06 366 0999 or email davidbm@horowhenua.govt.nz.

Yours sincerely



Mark Lester
Acting Chief Executive