

Planners Report 27A

Variation 1: Lifestyle Zones and Minden Structure Plan Area

Appendix 7 – Financial Contributions Schedule

1.0 Background - Financial Contributions Schedule

1.1 Introduction

1.1.1 The Financial Contributions Schedule notified within Appendix 7 (Structure Plans) outlines the total funding required for the different types of infrastructure planned for the Minden Lifestyle Zone and the source from which these funds are to be generated. The Schedule is shown in Table 1 below.

Table 1: Financial Contribution Schedule as Notified

PROJECT		FUNDING SOURCE (%)			
		Developer or External Agency	Council Financial Contributions	Council Rates	Value \$
Water Supply	Reticulation and storage – Central Scheme Network		100% as part of Central Water Supply		2,600,000
Transport	Local road connections	15%	85% Rural Rooding District Financial Contribution		6,500,000
	Minden/SH2 intersection – part of strategic roading				To be negotiated with NZTA
Walkways/Bridleways		80%	20%		11,200,000
Storm Water	Area 1B				To be determined
Storm Water	Full area				To be determined

1.1.2 However, Table 1 above had to be updated due to:

- Proposed amendments to the walkways and bridleways infrastructure as a result of submissions received. These proposed amendments are covered in Reports 3A and 15A.

- Additional and refined information on costs requested by Council.

1.1.3 These amendments are included in Table 2: Updated Financial Contribution Schedule.

Table 2: Updated Financial Contribution Schedule

PROJECT		FUNDING SOURCE (%)			
		Developer or External Agency	Council Financial Contributions	Council Rates	Value \$
Water Supply	Reticulation and storage – Central Scheme Network		100% as part of Central Water Supply		2,600,000
Transport	Local road connections	15%	85% Rural Roding District Financial Contribution		6,500,000
	Minden/SH2 intersection – part of strategic roading				To be negotiated with NZTA
Walkways/Bridleways		30%	70%		7,450,000
Storm Water	Area 1B				To be determined
Storm Water	Full area				To be determined

1.1.4 It is important to note that;

- The funding for infrastructure projects outlined in this Schedule will be generated from District-wide and catchment based Financial Contributions i.e. there are no specific Financial Contributions introduced for the Minden Lifestyle Zone.
- Financial Contributions per additional lot have not increased as a result of this Schedule. They will be the same as if under a Rural Zoning without a Structure Plan.

1.1.3 A more detailed explanation of how this infrastructure will be funded and a summary of the Financial Contributions payable for each new lot are provided in 2.0 below.

1.2 Preparation

- 1.2.1** During the preparation of the Structure Plan, Council had considered “basic” and “enhanced” options for the provision of infrastructure for the Minden Lifestyle Zone.
- 1.2.2** Council had also considered funding infrastructure for either option through specific Minden Lifestyle Zone Financial Contributions rather than funding this infrastructure through wider catchment and District-wide based Financial Contributions.
- 1.2.3** The basic option was to develop the zone with essential infrastructure but exclude walkways and bridleways.
- 1.2.4** The enhanced option was to provide the essential infrastructure and also create a zone with a large number of interconnected walkway and bridleway networks. This had always been the intention for the zone since its inception under the District Plan Review.
- 1.2.5** This enhanced option however involved significantly higher capital costs than the basic option and was considered to be unfeasible. As a consequence, Council abandoned the enhanced option and instead selected a smaller number of specific walkways and bridleways. This reduced capital costs while still retaining the vision for the zone to have these networks established.
- 1.2.6** Council also decided that it would be inappropriate for infrastructure to be funded solely through targeted “Minden only” Financial Contributions and that it should instead be funded by catchment and District-wide based Financial Contributions. This is the approach used for other Rural and Rural-Residential Zones.
- 1.2.7** This is why Financial Contributions per additional lot will remain the same as what they would have been under the previous Rural Zoning with no Structure Plan.

1.3 Calculation of “Project” Values

1.3.1 Water Supply

-	New pipes	\$1.59m
-	New pump stations x 2	\$150k
-	New reservoirs x 2	\$200k
-	Reservoir land purchase	\$200k
-	TOTAL (with 20% contingency)	\$2.57m

1.3.2 Transport

- Ainsworth/Minden Road connection \$3.0m
(excluding the "Developer Road" section)
- Munro Road extension \$3.0m
- Clarke Road extension \$500k
- Minden Road and State Highway 2 intersection (to be negotiated with NZTA and separately funded).

1.3.3 Walkways and Bridleways

Table 3 is a summary of the land and construction costs for the proposed bridleways and walkways.

Table 3: Development costs for shared bridleways and walkways

Project		Distance (km)	Area	Costs	Funding source
Shared Bridleways	Land through subdivision	2.6	1.82ha	\$750,000 ¹	Developer
	Land to be purchased	1.25	0.88ha	\$400,000 ¹	Recreation & Leisure F/C
	Paper roads	2.85	-	-	-
	Existing roads	3.5	-	-	-
	Structure Plan roads	1.13	-	-	Roading F/C
Construction costs 11.33km bridleways		11.33		\$4.3m	Rates & Roading F/C (4.63km) Recreation & Leisure F/C (6.7km)
Sub-total Bridleways		11.33	2.7ha	\$5.45m	-
Walkways	Land through subdivision	5.18	3.63ha	\$1.5m ¹	Developer
	Land to be purchased	0.05	0.04ha	\$20,000 ¹	Recreation & Leisure F/C
	Paper roads	1.15		-	-
Construction costs 5.18km walkways				\$450,000	Recreation & Leisure F/C
Sub-total Walkways		6.4	3.67ha	\$2m	
TOTAL		17.73	6.37ha	\$7.45m	

Note

¹ The land value varies significantly due to topography, access, views, practicality, size, current land use, amenity etc. Therefore a nominal value of \$400,000/ha has been used to calculate an indicative cost for land required for walkways and shared bridleways. This figure cannot be used in negotiations with individual land owners, as it will be based on the actual value of the land required.

2.0 Background - Financial Contribution Calculations

2.1 General Introduction

2.1.1 The purpose of this section is to give an overview of how the Financial Contributions for the Minden Lifestyle Zone will be calculated for each additional lot to be created.

2.1.2 It is important to note that:

- The formula for calculating Financial Contributions is contained within Section 11 of the District Plan.
- Financial Contributions are reviewed annually through the Annual Plan process and may vary from year to year.
- The Financial Contributions shown are GST exclusive.
- The amounts shown below are for the 2010/2011 financial year.

2.2 Transportation

2.2.1 The roads included on the Minden Structure Plan form part of the District's rural roading network and therefore Financial Contributions for transportation are taken from a rural roading contribution of \$11,801. A District-wide strategic roading contribution of \$994 is additional to this.

2.2.2 The Transportation contribution is a total of **\$12,795**.

2.2.3 The funds obtained from the rural roading contribution are used for rural roading upgrades and seal extensions. Council's adopted seal extension and widening programme mainly determines the order of works.

2.2.4 In the case of Minden Lifestyle Zone, five new transportation Structure Plan projects have been identified. These are shown in 1.3.2 above.

2.2.5 However, since the development of the Structure Plan, Council has identified that the Clark Road Extension project will not be required, but as no submission has been received to withdraw to project, it has to remain in the Plan until the next Plan Change.

2.2.6 Council resolved that for these projects 85% will be funded from the rural roading contribution. The remaining 15% will be funded by the developer. The above transportation projects will be added to the Rural Financial Contributions model during the 2012 Long Term Plan and Annual Plan process.

2.2.7 Council and NZTA are currently considering the design and costing of upgrading the Minden Road and State Highway 2 intersection. The funding of this upgrade is currently being negotiated with NZTA and the financial impact of this upgrade will only be available at a later stage. This funding is included in the Strategic Roding Financial Contribution.

2.3 Water supply

2.3.1 Future development in the Minden Lifestyle Zone will be connected to Council's central water supply network. Future construction of this infrastructure (estimated at \$2,600,000) will be funded in full through Water Financial Contributions, which are in this case **\$3,472**. The future construction costs will be added to the Water Financial Contribution calculations during the 2012 Long Term Plan and Annual Plan process. Note that the 'level of service' for the Minden Lifestyle Zone will be a "trickle" supply and not a full pressure supply.

2.4 Walkways and Bridleways

2.4.1 Walkways and bridleways in the Minden Lifestyle Zone have a total length of 17.73km and will mainly be used for recreational purposes.

2.4.2 Table 3 provides a breakdown of the costs and funding source.

2.4.3 Developers will contribute \$2.25m of the \$7.45m in the form of land, which is equal to a cost split of 30% developer and 70% Council.

2.4.4 However, it is important to note that some of the proposed shared bridleways may not be achieved due to the terrain and will only become walkways. This may result in a reduction in construction costs.

2.4.5 The current formula for the Recreation and Leisure Financial Contribution is:

5% of the section's sale price which is capped at a section price of \$255,000.

2.4.6 For the purpose of making this calculation for the Minden Lifestyle Zone, it is assumed that all sections will be above the capped price; and on this assumption the Recreation and Leisure Financial Contribution will therefore be **\$12,776**.

2.5 Stormwater

2.5.1 In the Rural and Lifestyle Zones the impact of development on stormwater has to be dealt with on-site and as a result no Financial Contributions of this nature have currently been put in

place for the Minden Lifestyle Zone. However, depending on the development uptake and the need for stormwater infrastructure, this may be reviewed in future.

2.6 Ecological

2.6.1 Council currently requires an Ecological Financial Contribution of **\$491** per additional lot.

2.7 Summary of financial contribution (per additional lot)

2.7.1 The financial contributions to be paid to Council, as per the adopted Fees and Charges for 2010/11, are:

Transportation***	12,795
Water supply	3,472
Walkways and Bridleways	12,776
<u>Ecological</u>	<u>491</u>
Total	29,534

Note:

**** This excludes the contribution for the Minden Road/State Highway 2 intersection, which will be determined at a later stage.*

3.0 Issues

3.1 Five submission points were received in opposition to the Financial Contributions Schedule. One was received in support with an amendment.

3.2 The main issues raised by submitters can be summarised as follows:

3.2.1 Proposed additional roads that are the key to the concept need to be fully funded by Council.

3.2.2 Financial Contributions seem excessive considering areas such as Minden Road have no water, stormwater, sewerage reticulation and the road itself is unaffordable to widen and upgrade.

3.2.3 The financial contributions are on top of costs to purchase transferable subdivision entitlements.

3.2.4 Pirirakau oppose the non-inclusion of cultural advisory costs in the schedule.

4.0 Options

4.1 Option 1

4.1.1 Retain the Financial Contributions Schedule as notified.

4.2 Option 2

4.2.1 Reduce the amount of financial contributions.

4.3 Option 3

4.3.1 Provide reimbursement for each protection lot provided and each walkway/bridleway vested in Council.

4.4 Option 4

4.4.1 Council fully funds proposed structure plan roads.

4.5 Option 5

4.5.1 Add cultural advisory costs for monitoring to the schedule.

5.0 Discussion

5.1 Options 1 and 2 – Retain the Financial Contributions Schedule as notified vs. reducing the amount of Financial Contributions

5.1.1 It is important to understand that the Financial Contributions Schedule and the actual Financial Contribution to be paid at the time of subdivision are two separate things.

5.1.2 The purpose of the Schedule is to show the cost of capital works and land purchases required for the development of infrastructure in the Minden Lifestyle Zone.

5.1.3 The Financial Contributions are the means by which these capital works and land purchases are to be funded.

5.1.4 Financial Contributions are taken at the time of subdivision. Specifically, they are required to be paid prior to the issue of a s224 certificate under the RMA.

5.1.5 For clarity, Financial Contributions per lot for the Minden Lifestyle Zone have not been calculated based on the estimated total yield (number of lots) for the zone.

5.1.6 Instead, for the purpose of calculating Financial Contributions, the Minden Lifestyle Zone is treated the same as the Rural Zone. This means that for a subdivision in the Minden Lifestyle Zone and a subdivision outside of the zone (Rural Zone), developers will pay the same Financial Contributions per additional lot.

- 5.1.7** In response to the submitters who have sought a reduction in Financial Contributions for the Minden Lifestyle Zone due to the current lack of infrastructure, it is important to understand that the funds collected from Financial Contributions in the Rural and Lifestyle Zones are spent District-wide in accordance with an adopted capital projects program.
- 5.1.8** For example, the Recreation and Leisure Financial Contribution collected for walkways and bridleways might not be allocated towards that exact purpose until the time at which they are ready to be established. In the meantime, these funds may be spent on other projects throughout the District planned for under this same Financial Contribution.
- 5.1.9** Financial Contributions therefore do not vary between rural areas based on what projects are being undertaken in that area relative to other areas of the District at the time. Financial Contributions carry a long-term purpose and provide funds for whichever projects may be required for a certain area at a certain time.
- 5.1.10** In response to those submitters who wish to reduce financial contributions in general, this cannot be achieved through making changes to the Financial Contributions Schedule. This will not affect the actual Financial Contribution required to be paid to Council at the time of subdivision.
- 5.1.11** In order for Financial Contributions to be reduced, it is the formulas in Section 11 of the District Plan that need to be changed rather than the Schedule. However changes need to be made to reflect the proposed amendments to bridleways and walkway, as included in Tables 2 and 3.

5.2 Option 3 – Financial reimbursement for protection lots and the vesting of walkways and bridleways

- 5.2.1** Landowners with protection lots (from the protection of Significant Ecological Features) do not require financial compensation as protection lots are a form of compensation in their own right. They create extra lot entitlements for the landowner to use or sell.
- 5.2.2** Compensation is also not required for the vesting of walkways and bridleways because landowners will be compensated through the reduction of minimum and average lot sizes allowing a greater subdivision yield. A recommendation has also been made in Report 20 that each "Lot Entitlement" generated from vesting a relevant section of Walkway or Bridleway reduces the need to purchase a "Transferable Subdivision Entitlement" on a one for one basis.

5.3 Option 4 – Council fully funds proposed structure plan roads.

5.3.1 Financial Contributions ensure that those who benefit from development pay for the implications of that development including the required upgrading of infrastructure. Development should not be fully funded by the general ratepayer.

5.4 Option 5 – Cultural advisory costs

5.4.1 These costs are established in agreement between developers and advisors. They do not belong in the Financial Contributions Schedule.

6.0 Recommendation

6.1 That the Financial Contributions Schedule in Appendix 7 (Structure Plans) be amended as per Table 2 to accommodate the recommendations of Report 3A.

6.2 The following submissions are therefore:

6.3 Rejected

Submission	Point Number	Name
11	5	Hart, G & A
73	5	Hume, Cushla
20	5	Hume, Nic
19	11	Pirirakau Incorporated Society
65	2	Reyland, Basil & Joy
64	2	Reyland, Bruce & Jude

7.0 Reasons

7.1 Options 1 and 2

7.1.1 The Financial Contributions Schedule outlines the funding required for the planned infrastructure of the Minden Lifestyle Zone. It does not set the amount of Financial Contributions required per additional lot in the Minden Lifestyle Zone therefore making changes to this Schedule will not reduce the amount payable. Section 11 of the District Plan instead needs to be reviewed which cannot be done through this Variation.

7.1.2 Financial Contributions for the Minden Lifestyle Zone are the same as for other rural areas in the District. Financial Contributions also do not vary between rural areas depending upon the projects that are being undertaken at the time. There is no reason to provide an exemption for the Minden Lifestyle Zone as this is not done for other rural areas.

7.1.3 The Financial Contribution Schedule had to be updated to reflect the proposed amendments to the walkways and bridleways.

7.2 Option 3

7.2.1 Financial compensation does not need to be provided to landowners with protection lots or walkways and bridleways vested in Council because they have already been compensated through extra subdivision lot entitlements.

7.3 Option 4

7.3.1 Development should be paid for by developers rather than ratepayers.

7.4 Option 5

7.4.1 Cultural advisory costs are established in agreement between developers and advisors.