



TE KAUNIHERA O TE AWA KAIRANGI | HUTT CITY COUNCIL

KOMITI ITI MAHERE Ā-NGAHURUTANGA / MAHERE Ā-TAU
LONG TERM PLAN/ANNUAL PLAN SUBCOMMITTEE

Meeting to be held in the Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt

on

Tuesday 4 June 2024 commencing at 1.00pm.

SUPPLEMENTARY ORDER PAPER

PUBLIC BUSINESS

5. RECOMMENDATION TO TE KAUNIHERA O TE AWA KAIRANGI |
COUNCIL – 4 June 2024

- a) Financial decisions on the Long Term Plan 2024-2034

Appendix 2: Draft of Final Long Term Plan 2024-2034

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- b) Final Development and Financial Contributions Policy 2024

Report No. LTPAP2024/3/142 by the Manager Financial Strategy and
Planning

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CHAIR'S RECOMMENDATION:

“That the recommendations contained in the report be discussed.”

Kate Glanville
SENIOR DEMOCRACY ADVISOR

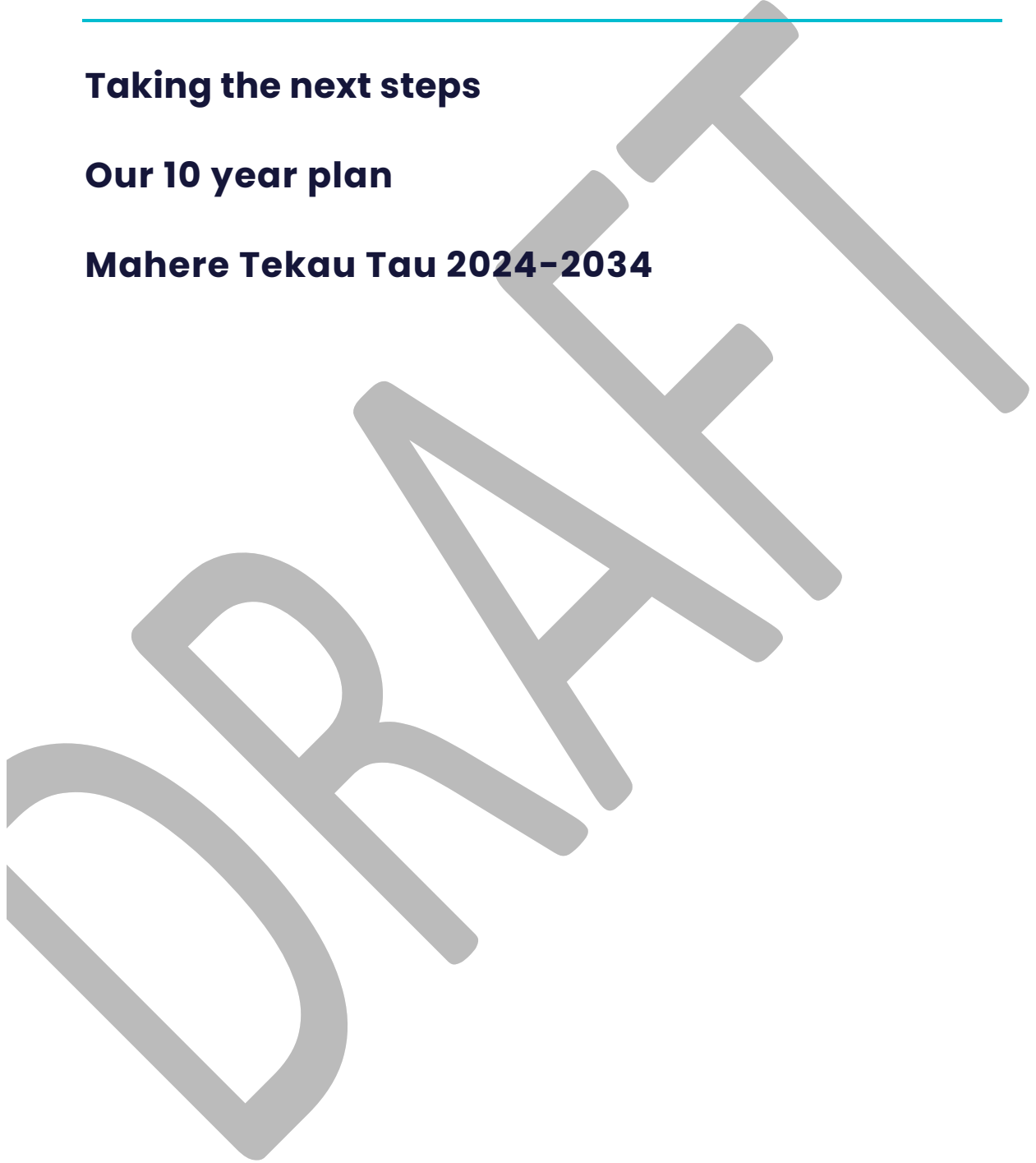


DRAFT LONG-TERM PLAN 2024-2034

Taking the next steps

Our 10 year plan

Mahere Tekau Tau 2024-2034



28 May 2024**Report no: LTPAP2024/3/142**

Final Development and financial contributions policy 2024

Purpose of Report

1. The purpose of this report is to seek approval from Council of the final Development and financial contributions policy 2024 following the public consultation process and ahead of the Long Term Plan 2024-34 being adopted on 27 June 2024.

Recommendations

That the Subcommittee recommends that Council:

- (1) notes that the final Development and financial contributions policy 2024 has been updated to reflect the decisions and direction provided by Council on 17 May 2024, refer to Section B of the officer's report for further details;
- (2) notes that a separate policy on a proposed Development Contributions Remission for Community Housing providers will be presented separately to Council for approval on 27 June 2024;
- (3) approves the final Development and financial contributions policy 2024, attached as Appendix 1 to the report; and
- (4) approves the Chief Executive and the Chair of the Policy, Finance and Strategy Committee to make minor editorial changes to the Development and financial contributions policy 2024.

For the reasons outlined in the report.

Acronyms

DCP 2024 - Development contributions and financial contributions policy

DLTP - Draft Long Term Plan 2024-2034

FLTP - Final Long Term Plan 2024-2034

LTP21 - Long Term Plan 2021-2031

RFP - Revenue and Financing Policy.

LGA – Local Government Act 2002

EHU - Equivalent Household Unit

IAF – Infrastructure Acceleration Fund

WWL – Wellington Water Limited

Section A - Executive summary

2. Council progressed a formal public consultation for the DLTP which included the draft DCP 2024. Feedback and results of the consultation were reported to Council on 17 May 2024.
3. Based on the review processes since the consultation and engagement and feedback on the draft DCP 2024, a range of decisions were progressed on 17 May 2024 relating to:
 - amendments to some project costs and/or growth cost assumptions included in the policy schedule which reduced the charges across all catchments.
 - inclusion of provision to transition the charges over three years for the Valley floor catchment.
 - updates to residential aged care facilities provisions in the policy.
 - inclusion of provision for partial remissions for Community Housing Providers.
4. Details of the revised charges are included in the report and can be summarised as follows, effective from 1 July 2024

	Eastbourne	Stokes Valley	Valley Floor (post transition adjustment)	Wainuiomata	Western Hills	Rural
Charge per EHU (including the district- wide charge)	\$17,037	\$16,038	\$26,487	\$38,498	\$16,663	\$2,681

5. Following direction and decisions by Council on 17 May 2024 regarding a proposed Development Contributions Remission for Community Housing Providers, officers are progressing with the development of this policy and plan to present it to Council for approval on 27 June 2024.

Section B – Updated charges and policy changes implemented

6. Through the DLTP consultation, concern was expressed by developers around the high development contributions charges being proposed in the DCP 2024 policy for consultation. To address these concerns, further reviews of the projects, growth costs and policy remission mechanisms have been carried out. As a result of this, some options were presented to Council and decisions were made on 17 May 2024 as follows:
 - a) project review: The Wellington Water Ltd (WWL) team was asked to review the projects and growth assumptions and update their advice for any new information or changes. This includes a revision of IAF projects growth cost allocation. Refer to Table 1.
 - b) project review: removal of RiverLink, and Subdivision transport improvement projects from the policy schedule due to uncertainties around these projects and timing. Refer to Table 1.
 - c) valley floor catchment transition Option 2 for charges: (a) and (b) above plus 1/3 of the proposed increase charged in year one, 2/3 in year 2 and a full charge in year 3. Refer to Table 3.
7. Since 17 May 2024, WWL has provided a revised capital programme, and this has been factored into the policy and the charges with minor adjustments in three catchments as outlined in Tables 1 and 2.

Table 1 – Project review changes included in the final Development Contributions Policy

Project	Change	Catchments affected	Impact on charge per EHU (GST inc)	Est revenue impact years 1-10 (GST exc)
IAF stormwater project	Reduce % attributed to growth from 27% to 18%	Valley Floor	-\$3,587	-\$6.9m
IAF Wastewater project	De-inflate project costs within DC model	Valley Floor	-\$466	-\$0.9m
RiverLink related projects (Eastern Access route, Promenade and Streetscape improvements, and footbridge)	Remove RiverLink related projects from DC calculations	City Wide	-\$529	-\$1.9m
Subdivision Road improvement	Remove from DC calculations	City Wide	-\$2,065	-\$7.5m
Eastern Reservoir	Change costs included in the model for the project	Valley Floor	+\$2,676	\$6m increase in revenue
Eastern Reservoir Pipeline	Change costs included in the model for the project	Valley Floor	-\$3,722	-\$9.6m
Black Creek	Reduce project cost from \$25.5m to \$17.4m and increase percentage attributed to growth from 30% to 37%	Wainuiomata	-\$758	-\$0.5m

Project	Change	Catchments affected	Impact on charge per EHU (GST inc)	Est revenue impact years 1-10 (GST exc)
WWL revisions to programme - largely affecting Stormwater Network renewal/ upgrade and various Wastewater Joint Venture projects.	Update to project costs and phasing.	City Wide (Stormwater and Seaview treatment plant); Stokes Valley, Valley floor and Western Hills (JV trunk works)	City wide - \$105 per EHU Stokes Valley, Valley floor and Western Hills +\$129 per EHU	-\$0.3m

Table 2 - Development contributions charges effective 1 July 2024 except for Valley floor (GST inclusive)

	Eastbourne	Stokes Valley	Valley Floor (<u>before transition</u>)	Wainuiomata	Western Hills	Rural
Charge per EHU (including the district-wide charge)	\$17,037	\$16,038	\$44,776	\$38,498	\$16,663	\$2,681

Table 3 - Valley floor catchment transition for development contributions charges (GST inclusive)

	Effective 1 July 2024	Effective 1 July 2025	Effective 1 July 2026
Charge per EHU (including the district-wide charge)	\$26,487	\$35,631	\$44,776

Section C - Remissions for Community housing providers

8. Council provided initial direction on a remission policy to be developed for Community housing providers. Due to the tight timeframe since the last meeting, this remission policy will be considered by Council as a separate policy at the meeting on 27 June 2024.

Next steps

9. The Development and financial contributions policy 2024 as approved today will be formatted and published and will be in force from 1 July 2024.
10. A separate policy on remission for Community housing providers will be presented for approval on 27 June 2024.

Climate Change Impact and Considerations

11. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.
12. Development Contributions have no direct bearing on Council's or city's emissions or natural environment. It does however, help provide infrastructure support via funding for growth in the city, which puts pressure on existing systems such as transport, increasing congestion. However, Council is obligated to meet expected growth under the National Policy Statement on Urban Development.

Consultation

13. Results of the consultation process were reported separately on 17 May 2024.

Legal Considerations

14. The most relevant legislation includes the Local Government Act 2002, Local Government (Rating) Act 2002 and the Rating Valuations Act 1998. The LTP has been prepared to meet the legislative requirements.
15. The draft DCP 2024 was reviewed by an external legal specialist.

Financial Considerations

16. A full list of projects and programmes proposed to be funded by development contributions is included in Schedule 1 of the draft 2024 DCP (refer to Appendix 1 attached to the report). Please note some of these have changed as discussed earlier in the report.
17. The revenue based on the revised policy is expected to generate revenue ranging between \$10-\$12M per annum on average. It will take several years to rise to the higher end of this range because the current charges apply to any developments that have submitted a compliant application before 1 July 2024. The additional revenue from development contributions will result in reduced debt incurred by Council to fund growth related capital expenditure.
18. The revenue impacts of the revised charges and options are presented below in Table 4. The draft LTP included a DC revenue projection of \$146M over 10 years, whilst the decisions made on 17 May would result in a projected revenue reduction by about \$32M to \$114M over 10 years.
19. Debt levels have increased by an equivalent amount, and this has required adjustments to rates increases from about 2026-27 to offset this loss of revenue. The broader report on the agenda entitled "Final decisions on Long term plan 2024-34" provides further details on rates increases related to changes in debt levels.

Table 4 – Revised Development contributions revenue projections

	2024-25	2025-26	2026-27	2027-28	2028-34	10 year total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021 DCP	2,542	3,231	3,958	4,389	31,311	45,430
Draft 2024 DCP	9,222	11,795	13,440	14,101	96,966	145,524
Revised 2024 DCP revenue for final LTP	4,918	8,727	11,131	11,568	77,950	114,294

Appendices

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1↓	Draft Development and financial contributions policy 2024	370

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Approved By: Jo Miller
Chief Executive

