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ORDINARY MEETING OF COUNCIL

Open Minutes

Revenue & Finance, Rates Remission, Rating, and Financial Contributions Policies

Meeting Date:	Tuesday 1 June 2021
Time:	9.00am – 11.50am
Venue	Large Exhibition Hall Napier War Memorial Centre Marine Parade Napier
	Livestreamed via Council's Facebook site

Present	Mayor Wise, Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Crown, Mawson, McGrath, Price, Simpson, Tapine, Taylor and Wright
In Attendance	Chief Executive (Steph Rotarangi) Director Corporate Services (Adele Henderson) Director Infrastructure Services, (Jon Kingsford) Director City Strategy (Richard Munneke) Manager Communications and Marketing (Craig Ogborn) Investment and Funding Manager (Garry Hrustinsky) Manager City Development (Paulina Wilhelm) Chief Financial Officer (Caroline Thomson) Senior Advisor Policy (Matt Adamson) Team Leader Development and Standards (Retha du Preez)
Administration	Governance Advisors (Anna Eady and Carolyn Hunt)

Apologies

Nil

Conflicts of interest

Nil

Announcements by the Mayor

Nil

Announcements by the management

Nil

AGENDA ITEMS

VERBAL SUBMISSIONS

Johan Ehlers (Infir Ltd) spoke to his submission on the Financial Contributions Policy highlighting that:

- Financial contributions are intended to fund the needed Council infrastructure in new developments.
- The submitter proposed a mechanism to maintain equity between unfinished developments that are already consented and those yet to gain consent.
- The consent variation processing cost should sit with the developers. It is the cost of doing business.
- Detail in the draft policy about what capital costs financial contributions fund is out of date. The current District Plan was completed in the late 1990s. The development outlined in this was divided into two main tranches of work. The first tranche was for scheduled from 2000 to 2020 and much of that development and infrastructure work is complete. As such funding requirements have changed. For example, funding for roads has dropped from 50% to 5%, which is reflected in the Long Term Plan (LTP). Council needs to bring the Financial Contributions Policy in line with the LTP.

The Council Officer noted a review of the District Plan is on hold awaiting the Resource Management Act (RMA) reform. How financial contributions are allocated will remain as is until the reform is completed.

Adjournment 9.14am – 9.31am

Cameron Ellis presented on behalf of Phil Ellis. He spoke to Phil's submission on the Rates Remission Policy stating that:

- Point six in the draft policy talks about smoothing large rates increases over a three year period. This does not allow for properties whose rates are increasing 100-200% plus. For example over the three year period the submitters rates will increase 60% each year. They suggest a compounding 10% capped increase per year until the rates reach the level they should be at.
- The land value of their property has increased markedly due to a QV valuation based on the property's potential to be subdivided. Many land owners have no desire to subdivide, or subdivision is not possible despite the land size. The submitters suggest a remission scheme be developed that allows for this scenario, which would cease if the owner proceeded with a subdivision. If land cannot be developed it is unfair to charge rates based on the potential to subdivide. There is no extra burden on the city until the land is subdivided and people are in residence.
- Some land owners have been on their property for a number of years and now they are faced with having to sell because they cannot afford the rates.
- Although QV's method of valuing may encourage people to develop their land it does not take into account the cost of development. It is also a challenging prospect for owners who are not savvy in land development, or do not want to develop their land, so it is unfair to charge them with this potential in mind.

Cameron Ellis presented on behalf of Phil Ellis. He spoke to Phil's submission on the Financial Contributions Policy stating that: • Based on their time doing developments in Napier they have contributed approximately $300,000 in financial contributions. It would be fair and transparent for a developer to know what financial contributions are being used for. • To encourage housing developments a collaborative approach could be adopted by Council. Instead of the developer paying a large financial contribution upfront, Council could offer discounts on projects of social and economic benefit to the city, or offer low interest loans. One example could be the developer pays 50% of the financial contribution upfront, and then another 50% once the development is completed and the dwellings have been sold to private individuals.
Judith Guy on behalf of Napier Branch Labour LEC spoke to her submission and displayed a PowerPoint presentation *(Doc ID: 1321433)* stating that: • The submitter suggests Napier City Council should provide more housing for the community as a whole, not just the older population. • There is a need for low cost housing. Council land developments in recent history have targeted middle income Napier, rather than low income residents. Land needs to be freed up for low cost housing developments which are controlled by Council rather than a developer who will increase the cost to the home buyer. • Covenants over properties, which dictate building styles, house size, garaging, fencing, and the timing of improvements, also raise costs for residents. • Higher density housing would help to alleviate some of the housing shortage. • Council needs to address the disparity in the proposed rates increases. Currently the lower socio-economic suburbs of Maraenui and Marewa will have high rates hikes than suburbs like the Napier Hill. In response to the Submission it was noted a review of the District Plan will address some of the points made. Also there is direction at a national level to address the housing shortage by the use of infill housing and higher density housing.
Oliver Boyd on behalf of Summerset Group Holdings (Young Yoon & Aaron Smail) (via Zoom) spoke to their submission stating that: • Summerset is the second largest developer and operator of retirement villages in New Zealand, and in the next 10-25 years there will be a large wave of people seeking a place in a retirement village, inflating the need for new developments. • The average age of new residents is 81 years of age. This older population group place much less demand on a city's infrastructure. Residents tend to stay within the village, not using external city facilities. They also place less demand on water and wastewater networks. • Summerset does not support the policy as it stands. It does not recognise the lower demand on a city's infrastructure. • There are less people on average in a retirement unit as opposed to a residential dwelling, irrespective of how many bedrooms it has. • Auckland City Council has the best example of a Financial Contributions Policy in the submitters opinion, as it reflects the difference between retirement villages demand on infrastructure and other dwellings. • The Summerset village developments are larger than most other retirement villages as they provide a continuum of care, with its villages containing independent and assisted living units, and residential care for those who require greater assistance.

It is a much different model than a lifestyle village which caters for younger residents who still utilise a lot of a city's infrastructure.
- Summerset want to pay their fair share, but the policy needs to be fair to all.

In response to questions the submitter clarified:

- Christchurch and Wellington are moving towards Financial Contributions Policies which reflect a retirement village's lower demand on infrastructure.
- Staff at Summerset villages are factored into the lower wastewater usage. The other demands on infrastructure only take residents into account.
- The majority of residents in the Summerset villages would have owned their own home. Most of these people have sold their house to finance their unit in the village. They have also usually moved to the village due to being unable to be in their own home anymore. There is a base amount the residents have to contribute.

The meeting adjourned for morning tea 10.15am - 10.49am

Item 2 – Financial Contributions – With the agreement of the meeting this report was taken out of order.

2. FINANCIAL CONTRIBUTIONS

Type of Report:	Legal and Operational
Legal Reference:	Local Government Act 2002
Document ID:	1315883
Reporting Officer/s & Unit:	Paulina Wilhelm, Manager City Development

2.1 Purpose of Report

This report seeks to provide a summary of the submissions received on the Financial Contributions Policy and to recommend adopting the new Financial Contribution Policy.

After assessing the public feedback received, the Officer recommendations are to make no changes to the Policy as publicly notified.

Officer Comments

The Council Officer spoke to the report and in response to verbal submissions noted:

- It is possible to apply exemptions to existing consents under the draft policy where construction has not begun, this will support Council's aims to revitalise the CBD. A variation to consent or a new resource consent could be applied for to utilise this exemption. Retrospective refunds of financial contributions on completed developments would not be supported.
- The purpose of collecting financial contributions has not changed, they fund required infrastructure and the amount collected remains the same. The weighting given to

different activities has altered since the District Plan was written, for example the main focus 20 years ago was transport and roads, this has moved to 3 waters.

- The use of financial contributions ideally would align with what is set out in the District Plan; when the District Plan is reviewed this break down can be updated. The shift in use on the funds cannot be legally challenged because the purpose for the collection has not changed.
- Having a comprehensive Development Contributions Policy is considered more transparent under the Local Government Act 2002. The use of financial contributions is a short-term measure and Council will look at moving to development contributions once there is more certainty about the RMA and 3 waters reforms.
- The lower residential use of retirement complexes is already recognised in the existing policy and discounts are available.
- Many of the external facilities, such as libraries and sports grounds, Summerset Group Holdings identified their residents would not use are not part of the financial contributions calculations. Roads are part of the calculation, but it could be argued that visitors, service providers, and resources coming into a retirement village for residents use roads.
- There is a clause in the policy which allows for a case-by-case reduction in financial contributions and can be used as appropriate.
- The payment structure of financial contributions is set in the District Plan and complies with the RMA. If Council deviates from this payment structure it could be legally challenged.
- Council is currently working on its Spatial Plan.
- Council incentivises denser development in strategic areas across the city by giving a discount on the financial contribution. Some of the benefits of this is it revitalises the city centres, also public transport and service providers are more accessible to residents.
- As part of the District Plan review process Council is proposing changes to the engineering code to accommodate onsite storm water solutions, and is promoting small scale renewable energy solutions.

In response to questions from Elected Members the following was clarified:

- For financial contributions there is differentiation between residential care facilities and retirement complexes in the District Plan. The policy also has an Extraordinary Circumstances provision which would allow a developer to enter into specific one-off arrangements with Council if they do not think their development is accommodated in the standard conditions of the policy.
- If payment of financial contributions was split, as suggested by one submitter, into an upfront payment and a payment on issue of title, Council would have no leverage to collect the final payment. There is no mechanism under the Building Act to withhold Resource Consent.

Council resolution

Councillors Taylor / Chrystal

That Council:

a. Note the summary of feedback received on the Financial Contributions Policy.

b. Endorse the Financial Contribution Policy in its current state.

c. Note that the Financial Contribution Policy may be subject to minor changes arising from the Long Term Plan hearings.

d. Note that the final policy will be brought back to Council for adoption on 30 June, in line with the timeframes for the adoption of the Long Term Plan 2021-2031.

Carried

1. SUBMISSIONS ON THE PROPOSED AMENDMENT OF THE REVENUE & FINANCING POLICY, RATES REMISSION POLICY AND RATING POLICY

Type of Report:	Legal and Operational
Legal Reference:	Local Government Act 2002
Document ID:	1312648
Reporting Officer/s & Unit:	Garry Hrustinsky, Investment and Funding Manager

1.1 Purpose of Report

To present the submissions received on the Revenue & Financing Policy, Rates Remission Policy and Rating Policy following public consultation on proposed amendments.

To present final recommendations to Council following public submissions.

At the Meeting

Officer Comments

The Council Officer spoke to the report and noted:

- There was an error in the draft Rates Remission Policy, on page 52 of the agenda (page 2 of the draft policy), in section 2. ‘Remission for Farmland Under 5 Hectares’ it refers to a Semi-Rural differential. This will be amended to a Rural Residential differential.

In response to questions from Elected Members it was clarified:

- In the Rating Policy the phasing over three years for differential rates has been applied to all residential properties by Council as it cannot be implemented on one group of properties without putting pressure on other properties.
- The phasing is limited to three years as revaluation occurs every three years, and rates are linked to valuations.
- The Rates Remission Policy relates to changes in Council policy not revaluation of residences, as the two things are covered by different Acts.
- About 2700 properties have applied for a remission due to using a reduced refuse collection service (putting out their bins 26 or less times a year). Detailed information about this remission will be provided to Elected Members to consider for the 30 June 2021 Council meeting.

- Adopting the inclusion of a General Rates funding source for capital expenditure on Council housing activities is not to make General Rates the primary source of funding for Council housing.

Council resolution

Mayor Wise / Councillor Taylor

That Council:

a. Adopt the following Officer recommendations arising from the consideration of all submissions to proposed amendments for the Revenue & Financing Policy, Rates Remission Policy and Rating Policy.

Revenue & Financing Policy

i. That Council adopt the inclusion of loan funding for operational expenditure and General Rates funding for capital expenditure for Council housing activities.

ii. That Council adopt the Revenue & Financing Policy in this amended form.

Carried

Deputy Mayor Brosnan voted against the motion

Council resolution

Mayor Wise / Councillor Taylor

That Council:

Rates Remission Policy

iii. That Council adopt the proposed removal of the Remission for Residential Land in Commercial or Industrial Areas.

iv. That Council adopt the delegation of sign-off for the Remission of Refuse Collection and/or Kerbside Recycling Targeted Rates to the Chief Financial Officer.

v. That Council adopt the Rates Remission Policy in this amended form.

Rating Policy

b. That Council direct Officers on the following items:

i. Confirm the unconnected (but within 100m) Fire Protection Rate for Other Rating Units should remain at 50%.

ii. Confirm whether the Storm Water Rate for Commercial & Industrial be increased to 260% - in line with the proposed differential rate.

iii. Confirm the phasing in over three years for differential rates.

c. That once agreed, Council adopt items *b.i.* through *b.iii.*

Carried

The meeting closed with a karakia at 11.50am

Approved and adopted as a true and accurate record of the meeting.

Chairperson ....

Date of approval ....