

Notice of Meeting:

I hereby give notice that an ordinary meeting of the Economic Development Committee will be held on:

Date: Wednesday 18 June 2025
Time: 10.00 am
Venue: Council Chamber, Dunedin Public Art Gallery, The Octagon, Dunedin

Sandy Graham
Chief Executive Officer

Economic Development Committee

SUPPLEMENTARY AGENDA

MEMBERSHIP

Chairperson	Cr Andrew Whiley	
Deputy Chairperson	Cr Christine Garey	
Members	Cr Bill Acklin	Cr Sophie Barker
	Cr David Benson-Pope	Cr Kevin Gilbert
	Cr Carmen Houlahan	Cr Marie Laufiso
	Cr Cherry Lucas	Cr Mandy Mayhem
	Cr Jim O'Malley	Mayor Jules Radich
	Cr Lee Vandervis	Cr Steve Walker
	Cr Brent Weatherall	

Senior Officer Nicola Morand, Manahautū (General Manager Māori Partnerships and Policy)

Governance Support Officer Jennifer Lapham

Jennifer Lapham
Governance Support Officer

Telephone: 03 477 4000
governance.support@dcc.govt.nz
www.dunedin.govt.nz

Note: Reports and recommendations contained in this agenda are not to be considered as Council policy until adopted.

ITEM	TABLE OF CONTENTS	PAGE
PART B REPORTS (Committee has power to recommend only on these items)		
6	Development Contributions - Options	4

PART B REPORTS

DEVELOPMENT CONTRIBUTIONS - OPTIONS

Department: Civic

EXECUTIVE SUMMARY

- 1 The Draft Development Contributions Policy (draft Policy) was consulted on as part of the 9 year plan. Council received 15 submissions on the draft Policy, 13 of which were opposed to the increases in the proposed development contribution charges.
- 2 At its meeting on 26 May 2025, Council considered the submissions received, and asked staff to prepare options for capping and/or phasing in the proposed increases in development contribution charges.
- 3 An option to cap development contribution charges for the Warrington, Seacliff, Karitane, Waikouaiti, and Middlemarch areas of benefit, to align with the Dunedin Central Greenfields area of benefit is presented, and these are shown in Table 3 of the report.
- 4 Phasing in the increases in development contribution charges are also discussed, with two options presented. Phasing increases over a two year period is shown in Table 4 and phasing over three years is shown in Table 5 of the report.
- 5 The Committee is asked to consider the options and make recommendations to the 24 June 2025 Council meeting.
- 6 Council's decisions on the options will be included in the draft Policy, in time for its adoption on 30 June 2025, as part of the 9 year plan 2025-34.

RECOMMENDATIONS

That the Committee:

- a) **Recommends** capping to \$27,170, development contribution charges for the Warrington, Seacliff, Karitane, Waikouaiti, and Middlemarch areas of benefit, to align with the Dunedin Central Greenfields area of benefit.
- b) **Recommends** phasing in increases in development contribution charges of \$6,000 or more.
- c) **Recommends** phasing increases in development contributions over a two or three year period.
- d) **Notes** that following a decision by Council, the Development Contributions Policy will be updated to reflect the decisions made by Council.

BACKGROUND

- 7 Section 197AA of the Local Government Act 2002 sets out the purpose of development contributions as:

“The purpose of the development contribution provisions in this Act is to enable territorial authorities to recover from those persons undertaking development a fair, equitable, and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term”.

- 8 Development contributions are used to fund growth related infrastructure. The contribution is a one-off charge payable by developers. The subsequent operation and maintenance of such infrastructure is funded by the DCC through rates and other charges.
- 9 The draft Policy was presented to Council on 11 February 2025, and was approved for consultation purposes as part of the 9 year plan 2025-34.
- 10 Development contribution charges included in the draft Policy are calculated on capital expenditure apportioned to growth and based on the draft 9 year plan capital budgets.
- 11 Proposed changes to the Policy consulted on through the 9 year plan process included:
- a) Significant increases in charging proposed for some areas, based on the level of growth expenditure planned for those areas.
 - b) The inclusion of retirement villages and aged care facilities as separate land use categories for charging development contributions, and their proposed factors for charging.
 - c) The ability to inflation adjust development contribution charges annually, in line with the Producers Price Index Outputs for Construction.
 - d) The ability to apply an inflation adjustment to an assessed charge, if the time between the initial development contribution assessment and the the time that Council would normally invoice for the development contribution exceeds 24 months.
 - e) Renaming the “Unusual Developments” section of the current policy to “Special Assessments” and providing more clarity as to where these would apply.
- 12 Section 102 of the Local Government Act 2002 requires the Policy to be adopted to provide predictability and certainty about sources and levels of funding.
- 13 At its meeting on 26 May 2025, Council considered the feedback received from the consultation process. Council received 15 submissions on the draft Policy, 13 of which were opposed to the increases in the proposed development contribution charges. At that meeting, Council resolved the following:

Moved (Mayor Jules Radich/Cr Steve Walker):

That the Council:

- a) **Notes the Development Contributions – Feedback and Next Steps report.**

- b) **Directs** staff to prepare options for capping and/or phasing in increases in development contribution charges for consideration at a committee meeting to be held in June 2025.

Motion carried (CNL/2025/141)

- 14 This report presents options for capping and/or phasing in the increases in proposed development contribution charges, for the committee's consideration.

DISCUSSION

- 15 The schedule of development contribution charges included in the draft Policy have been calculated based on the draft 9 year plan capital expenditure programme that is apportioned to growth, and the current growth projections for the city. The charges have been calculated for specific geographical areas as appropriate.
- 16 Table 1 below shows the total proposed development contributions payable by area of benefit (excl. GST), as per the draft Policy.

Table 1 – proposed development contributions payable by area of benefit

Area of Benefit	Water Supply \$	Waste Water \$	Storm water \$	Transport \$	Reserves \$	Community Infrastructure \$	Total Contribution by Area of Benefit \$
Allanton	-	-	-	2,760	550	1,820	5,130
Dunedin Central Brownfields	7,380	8,410	2,540	2,760	550	1,820	23,460
Dunedin Central Greenfields	9,120	10,380	2,540	2,760	550	1,820	27,170
Outram	7,380	-	-	2,760	550	1,820	12,510
Waitati	7,380	-	-	2,080	160	630	10,250
Warrington	7,380	20,210	-	2,080	160	630	30,460
Seacliff	7,380	20,210	-	2,080	160	630	30,460
Merton	7,380	-	-	2,080	160	630	10,250
Karitane	15,220	20,210	-	2,080	160	630	38,300
Waikouaiti	15,220	20,210	-	2,080	160	630	38,300
Middlemarch	-	45,030	-	2,080	160	630	47,900
Rockland Rural	-	-	-	2,080	160	630	2,870
West Taieri	10,820	-	-	2,080	160	630	13,690
All other Dunedin Metropolitan properties	-	-	2,540	2,760	550	1,820	7,670
All other Dunedin other properties	-	-	-	2,080	160	630	2,870

- 17 Table 2 compares the 2021-31 Development Contribution Policy (the current Policy) charges and draft Policy charges for each area of benefit.

Table 2 – overall increases proposed development contributions payable by area of benefit

Area of Benefit	Total Contribution 2025-34 \$	Total Contribution 2021-31 \$	Increase \$	Increase %
Allanton	5,130	3,900	1,230	32%
Dunedin Central Brownfields	23,460	13,660	9,800	72%
Dunedin Central Greenfields	27,170	15,540	11,630	75%
Outram	12,510	7,060	5,450	77%
Waitati	10,250	5,200	5,050	97%
Warrington	30,460	14,740	15,720	107%
Seacliff	30,460	8,750	21,710	248%
Merton	10,250	5,200	5,050	97%
Karitane	38,300	4,940	33,360	675%
Waikouaiti	38,300	4,940	33,360	675%
Middlemarch	47,900	11,010	36,890	335%
Rockland Rural	2,870	2,040	830	41%
West Taieri	13,690	12,020	1,670	14%
All other Dunedin Metropolitan properties	7,670	6,520	1,150	18%
All other Dunedin other properties	2,870	2,040	830	41%

Capping

- 18 Setting caps is proposed for areas of benefit that are more expensive to service with infrastructure, and / or have lower levels of expected growth in EHU's, over which to spread the growth costs. Applying caps means that development contributions collected from those areas will not cover their full cost of growth.
- 19 Capping is recommended for those areas of benefit that have the most significant increases in charges. The option provided is that no area should pay a development contribution greater than the proposed total charge to the Dunedin Central Greenfields area of benefit of \$27,170.
- 20 On this basis, caps would apply to Warrington, Seacliff, Karitane, Waikouaiti and Middlemarch as follows:

Table 3 – proposed caps by area of benefit

	2025-34 Draft Policy \$	Reduction \$	Capped Contribution \$
Warrington	30,460	3,290	27,170
Seacliff	30,460	3,290	27,170
Karitane	38,300	11,130	27,170
Waikouaiti	38,300	11,130	27,170
Middlemarch	47,900	20,730	27,170

- 21 It is proposed that the reduction in development contributions would be allocated across the Water Supply and Wastewater infrastructure charges, noting that the transport, reserves and community infrastructure proposed charges are lower than those for the Dunedin Central Greenfields area of benefit, as shown in Table 1.
- 22 Introducing caps in these areas will help address some of the concerns raised by submitters on the 9 year plan. Comments from submitters included:
- for areas such as Middlemarch, the proposed contribution is an amount that is economically unsustainable relative to land values.
 - the increase in charges for Middlemarch is unsustainable and poses a significant barrier to growth. The fee represents approximately half the value of an average section in Middlemarch, and risks making development in the area unviable.
 - the increase of \$30,000 per EHU in Warrington, Seacliff, Waikouaiti and Karitane will stop development from occurring there.

Phasing

- 23 Consideration has been given to how Council may phase in the proposed increases in development contributions, rather than introduce the full increases from 2025/26. Two scenarios for phasing are presented below, the first is to phase the increases in over two years, and the second scenario phases the increases in over three years.
- 24 The tables below do not provide for annual inflation adjustments, as allowed for in the draft Policy.
- 25 For both scenarios, if the increase in development contribution is less than \$6,000, it is recommended that the full increase is introduced in the first year (2025/26).
- 26 Both scenarios assume the proposed caps as discussed above are implemented.

Scenario 1

- 27 Scenario 1 proposes phasing in the increase in development contributions over two years as follows:

Table 4 – proposed development contributions phased over 2 years

Area of Benefit	Total Contribution 2021-31 \$	Contribution (incl. caps) \$	Increase in Contribution \$	Annual Increase in contributions \$	Year 1 2025/26 \$	Year 2 2026/27 \$
Allanton	3,900	5,130	1,230	No phasing	5,130	5,130
Dunedin Central Brownfields	13,660	23,460	9,800	4,900	18,560	23,460
Dunedin Central Greenfields	15,540	27,170	11,630	5,815	21,355	27,170
Outram	7,060	12,510	5,450	No phasing	12,510	12,510
Waitati	5,200	10,250	5,050	No phasing	10,250	10,250
Warrington	14,740	*27,170	12,430	6,215	20,955	27,170
Seacliff	8,750	*27,170	18,420	9,210	17,960	27,170
Merton	5,200	10,250	5,050	No phasing	10,250	10,250
Karitane	4,940	*27,170	22,230	11,115	16,055	27,170
Waikouaiti	4,940	*27,170	22,230	11,115	16,055	27,170
Middlemarch	11,010	*27,170	16,160	8,080	19,090	27,170
Rockland Rural	2,040	2,870	830	No phasing	2,870	2,870
West Taieri	12,020	13,690	1,670	No phasing	13,690	13,690
All other Dunedin Metropolitan properties	6,520	7,670	1,150	No phasing	7,670	7,670
All other Dunedin other properties	2,040	2,870	830	No phasing	2,870	2,870

* Capped contributions

Scenario 2

28 Scenario 2 proposes phasing in the increase in development contributions over three years as follows:

Table 5 – proposed development contributions phased over 3 years

Area of Benefit	Total Contribution 2021-31 \$	Contribution (incl. caps) \$	Increase in Contribution \$	Annual Increase in contributions \$	Year 1 2025/26 \$	Year 2 2026/27 \$	Year 3 2027/28 \$
Allanton	3,900	5,130	1,230	No phasing	5,130	5,130	5,130
Dunedin Central Brownfields	13,660	23,460	9,800	3,267	16,927	20,193	23,460
Dunedin Central Greenfields	15,540	27,170	11,630	3,877	19,417	23,293	27,170

Area of Benefit	Total Contribution 2021-31 \$	Contribution (incl. caps) \$	Increase in Contribution \$	Annual Increase in contributions \$	Year 1 2025/26 \$	Year 2 2026/27 \$	Year 3 2027/28 \$
Outram	7,060	12,510	5,450	No phasing	12,510	12,510	12,510
Waitati	5,200	10,250	5,050	No phasing	10,250	10,250	10,250
Warrington	14,740	*27,170	12,430	4,143	18,883	23,027	27,170
Seacliff	8,750	*27,170	18,420	6,140	14,890	21,030	27,170
Merton	5,200	10,250	5,050	No phasing	10,250	10,250	10,250
Karitane	4,940	*27,170	22,230	7,410	12,350	19,760	27,170
Waikouaiti	4,940	*27,170	22,230	7,410	12,350	19,760	27,170
Middlemarch	11,010	*27,170	16,160	5,387	16,397	21,783	27,170
Rockland Rural	2,040	2,870	830	No phasing	2,870	2,870	2,870
West Taieri	12,020	13,690	1,670	No phasing	13,690	13,690	13,690
All other Dunedin Metropolitan properties	6,520	7,670	1,150	No phasing	7,670	7,670	7,670
All other Dunedin other properties	2,040	2,870	830	No phasing	2,870	2,870	2,870

* Capped contributions

- 29 The 9 year plan budgets have not provided for an increase in development contribution revenue, as it is not known when development will take place over the 9 year period, and when increased charging would have an impact development contribution income. This approach means that if caps and phasing are introduced, no amendment to the financial statements for the 9 year plan will be required.
- 30 The introduction of caps and phasing of increases does mean that the full charges provided for in the draft Policy would not be received but given the uncertainties around the timing of development it is not possible to assess what that amount might be. There would be a public good contribution for development as any reduction in income would be paid for by ratepayers in terms of interest on debt, and debt repayment. The introduction of caps and phasing would also respond to the views of submitters and would be seen as enabling development.

OPTIONS

- 31 Options 1 and 2 consider capping development contributions payable by certain areas of benefit, and options 3 and 4 consider phasing in the proposed increases in development contributions over a two or three year period.
- 32 Both options would be subject to the annual inflation adjustment provided for in the draft Policy.

Option One – Apply caps so no area of benefit pays a development contribution greater than \$27,170, or another amount to be specified (Recommended Option)

- 33 The total development contribution payable for the Dunedin Central Greenfields area of benefit is \$27,170. If no area is to pay a development contribution greater than this, then caps would apply to Warrington, Seacliff, Karitane, Waikouaiti and Middlemarch.

Impact assessment

Debt

- The portion of growth not funded from development contributions will be debt funded.

Rates

- Rates will be required to fund the interest costs and debt repayment on the portion of growth funded by debt.

Zero carbon

- There are no zero carbon impacts when considering capping development contributions.

Advantages

- Introducing caps will help address some of the concerns raised by submitters on the draft Policy, as part of the 9 year plan.
- Introducing caps in the proposed areas of benefit will reduce barriers and help support growth in those areas.

Disadvantages

- Debt will be required to fund the portion of growth not funded by development contributions.
- Rates will be required to fund the interest costs and debt repayment on the portion of growth funded by debt.

Option Two – Do not apply caps to the development contribution charges (Status Quo)

Impact assessment

Debt

- No debt funding is required for this option.

Rates

- There are no impacts on rates.

Zero carbon

- There are no zero carbon impacts when considering capping development contributions.

Advantages

- Additional debt or rates will not be required for growth not funded by development contributions.

Disadvantages

- Concerns raised by submitters on the draft Policy, as part of the 9 year plan will not be addressed.
- The level of development contributions may be seen as a barrier to enabling new development in certain areas of benefit.

Option Three – Phase in the increases in development contribution charges over a period of two or three years (Recommended Option)

- 34 Option three proposes phasing in the proposed increases in development contributions, rather than introduce the full increases from 2025/26. It is further proposed that any increase in development contributions that are less than \$6,000 will be introduced in the first year of the new Policy (2025/26).
- 35 If introduced, the Committee is asked to consider whether the increase in charges are to be phased in over a period of two or three years.

Impact assessment

Debt

- The portion of growth not funded from development contributions will be debt funded.

Rates

- Rates will be required to fund the interest costs and debt repayment on the portion of growth funded by debt.

Zero carbon

- There are no zero carbon impacts when considering capping development contributions.

Advantages

- Introducing phasing will help address some of the concerns raised by submitters on the draft Policy, as part of the 9 year plan.
- Introducing phasing will reduce barriers and help support growth in those areas.

Disadvantages

- Debt will be required to fund the portion of growth not funded by development contributions.
- Rates will be required to fund the interest costs and debt repayment on the portion of growth funded by debt.

Option Four – Do not apply phasing to the development contribution charges (Status Quo)

Impact assessment

Debt

- No debt funding is required for this option.

Rates

- There are no impacts on rates.

Zero carbon

- There are no zero carbon impacts when considering capping development contributions.

Advantages

- Additional debt will not be required for growth not funded by development contributions.

Disadvantages

- Concerns raised by submitters on the draft Policy, as part of the 9 year plan will not be addressed.
- The level of development contributions may be seen as a barrier to enabling new development in certain areas of benefit.

NEXT STEPS

36 The recommendations of the Committee will be presented to the 24 June 2025 Council meeting.

37 The final Development Contribution Policy will be presented to the 30 June 2025 Council meeting, to be adopted as part of the 9 year plan.

Signatories

Author:	Sharon Bodeker - Special Projects Manager
Authoriser:	Sandy Graham - Chief Executive Officer

Attachments

There are no attachments for this report.

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This decision enables democratic local decision making and action by, and on behalf of communities.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	<input type="checkbox"/>	<input type="checkbox"/>	✓
Economic Development Strategy	<input type="checkbox"/>	<input type="checkbox"/>	✓
Environment Strategy	<input type="checkbox"/>	<input type="checkbox"/>	✓
Arts and Culture Strategy	<input type="checkbox"/>	<input type="checkbox"/>	✓
3 Waters Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Future Development Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Integrated Transport Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Parks and Recreation Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Other strategic projects/policies/plans	✓	<input type="checkbox"/>	<input type="checkbox"/>

The Development Contributions Policy supports the infrastructure related strategies by providing a mechanism to fund infrastructure related growth costs.

Māori Impact Statement

Mana whenua and Māori have had the opportunity to provide feedback through the 9 year plan consultation process.

Sustainability

Funding growth infrastructure through development contributions creates a mechanism for development to occur in an efficient and cost-effective way.

Zero carbon

There are no zero carbon impacts in terms of the Development Contributions Policy.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

This Policy forms part of the 9 year plan.

Financial considerations

Financial considerations are discussed in the report.

Significance

The draft Policy has been consulted on as part of the 9 year plan, using the special consultative procedure.

Engagement – external

Engagement on the draft Policy has been undertaken. This report provides feedback on that engagement.

Engagement - internal

Staff from across council have been involved in the review of the draft Policy.

SUMMARY OF CONSIDERATIONS

Risks: Legal / Health and Safety etc.

There are no identified risks.

Conflict of Interest

There are no known conflicts of interest.

Community Boards

The application of the Policy is of interest to Community Boards where growth/development is occurring within their Board areas.