

Finance and Performance Committee
MINUTES ATTACHMENTS

Date: Wednesday 27 August 2025
Time: 9.30 am
Venue: Boardroom, Fendalton Service Centre, Corner Jeffreys
and Clyde Roads, Fendalton

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Memo

Date: 22 August 2025
From: Ellen Cavanagh, Senior Policy Analyst
To: Mayor and Councillors
Cc:
Reference: 25/1685036

Development Contributions Policy - staff advice on central city cap

1. Purpose of this Memo Te take o tēnei Pānui

- 1.1 At the 20 August Council meeting, an amendment to the report on the 2025 Development Contribution Policy (draft policy) was raised to provide a 30% cap on development contribution charges incurred for development occurring in the central city.
 - 1.1.1 *Agrees to cap the per-HUE development contributions charges for properties within the central catchment at 30% of the charges set out in Appendix 1 of the draft Development Contributions Policy*
- 1.2 As staff advice could not be provided during the Council meeting, a decision on the draft policy was deferred to allow staff time to prepare this advice.
- 1.3 The information in this memo is not confidential and can be made public.

2. Central city catchments

- 2.1 There is no 'Central City' catchment.
 - 2.1.1 Developments west of Manchester Street are part of the Central catchment for neighbourhood parks and road network.
 - 2.1.2 Developments east of Manchester Street are part of the East catchment for neighbourhood parks and road network.
 - 2.1.3 The central city¹ is in the urban catchments for three waters, Christchurch catchment for public and active travel and district wide catchments for all other activities.
- 2.2 The Central and East catchment maps are included as Attachment A to this memo.
- 2.3 Given the direction of discussion at the 20 August meeting, the advice in this memo is based on Council looking to explore a cap for the central city.

¹ The central city is the area within the four avenues: Bealey Avenue, Fitzgerald Avenue, Moorhouse Avenue and Deans Avenue.

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3. Financial impact of adopting a 30% cap on central city development contributions

- 3.1 A 30% development contributions cap for the central city will result in forgone revenue of between \$6.0m and \$7.9m per year to Council, with a rates impact of between 0.04% - 0.05% per year.
- 3.2 Staff note the below financial implications are best estimates only and cannot account for timing of when development contributions are paid and whether a development receives the benefit of any special assessment provisions in the policy including small unit and impervious surface area adjustments.

Central city development contribution charges

- 3.3 A 30% cap on development contribution charges for central city development will result in the following charges:

Table 1 – Central city development contribution charges per HUE with a 30% cap (GST exclusive)

Activity	DC Charge per HUE Central City (West of Manchester Street)		DC Charge per HUE Central City (East of Manchester Street)	
	Proposed	30% Cap	Proposed	30% Cap
Active Transport	1,553.36	466.01	1,553.36	466.01
Public Transport	879.82	263.95	879.82	263.95
Road Network	2,162.36	648.71	1,905.74	571.72
Neighbourhood Parks	551.88	165.56	556.81	167.04
Garden and Heritage Parks	275.91	82.77	275.91	82.77
Regional Parks	121.52	36.46	121.52	36.46
Sports Parks	928.03	278.41	928.03	278.41
Stormwater and Flood Protection	5,581.14	1,674.34	5,581.14	1,674.34
Water Supply	3,760.08	1,128.02	3,760.08	1,128.02
Wastewater	6,551.38	1,965.41	6,551.38	1,965.41
Community Infrastructure	3,028.84	908.65	3,028.84	908.65
Total	25,394.32	7,618.30	25,142.63	7,542.79

Forecast revenue forgone as a result of a 30% cap

- 3.4 As the underlying modelling does not allow us to split development in the central city between West and East of Manchester Street, Table 2 assumes development will occur on a 50:50 split in each year.

Table 2 – Forecast central city development contribution collections

Financial Year	Collection West of Manchester Street	Collection East of Manchester Street	Total Collection	DC Collection 30% Cap	Revenue Reduction
2026/27	\$4,411,771	\$4,286,262	\$8,698,033	\$2,609,410	\$6,088,623
2027/28	\$4,607,461	\$4,474,017	\$9,081,478	\$2,724,443	\$6,357,034
2028/29	\$5,356,141	\$5,204,276	\$10,560,417	\$3,168,125	\$7,392,292

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2029/30	\$5,081,992	\$4,943,405	\$10,025,397	\$3,007,619	\$7,017,778
2030/31	\$5,081,762	\$4,943,189	\$10,024,951	\$3,007,485	\$7,017,466
2031/32	\$5,082,617	\$4,943,995	\$10,026,612	\$3,007,983	\$7,018,628
2032/33	\$5,751,301	\$5,575,951	\$11,327,252	\$3,398,175	\$7,929,076
2033/34	\$5,082,014	\$4,943,425	\$10,025,438	\$3,007,631	\$7,017,807
Total	\$40,455,057	\$39,314,520	\$79,769,577	\$23,930,873	\$55,838,704

- 3.5 If a 30% central city development contribution cap was introduced for the central city, the Council would have to increase its borrowing to fund the shortfall in funding for the growth component of the capital programme.
- 3.6 This would result in rates increase to fund the debt repayment and interest expense.

Table 3 – Rates impact of a central city 30% development contribution cap

Financial Year	Rates Increase Period
2026/27	0.01%
2027/28	0.05%
2028/29	0.05%
2029/30	0.05%
2030/31	0.04%
2031/32	0.04%
2032/33	0.04%
2033/34	0.04%
Total	0.32%

4. Staff advice on the ability to cap charges

- 4.1 Development contributions are calculated by dividing the cost to deliver growth infrastructure by projected growth.
- 4.2 The per-HUE charges in the draft policy reflect the Council's cost to deliver growth infrastructure. The Council would need to consider how a cap is reconciled against the purpose of development contributions – to recover from those undertaking development a fair, equitable, and proportionate portion of the total cost of capital expenditure required to service growth². The developments that qualify for the cap would still be using the infrastructure but not paying a fair, equitable and proportionate cost of growth expenditure.
- 4.3 Qualifying developments would also be paying a significantly different charge than other developments in their catchment which may bring into question the fairness of an area-specific cap.

Submitter feedback

Draft policy feedback

- 4.4 The Council consulted on the draft policy between 25 February - 26 March 2025.
- 4.5 While submitters were not specifically asked about the development contributions charges, eight submitters opposed the proposed development contribution charges, citing the increase from 2021 charges.

² s.197AA of the LGA

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- 4.6 Four submitters to the draft policy also noted the connection between development contributions and rates and asked the Council to ensure development contributions are correctly set to avoid additional rates increases. The submitters expressed support for growth paying for growth and that the policy ensure ratepayers do not subsidise growth.
- 4.7 During the April hearings on the draft policy, some submitters commented that the proposed charges in the central city were too high.

Rebate scheme feedback

- 4.8 The Council also consulted on two development contributions rebate schemes between 23 June - 14 July 2025.
- 4.9 During consultation on the proposed schemes, four submitters specifically referenced proposed charges in the central city, stating the proposed increase was too high.

Staff advice

- 4.10 The Council has enough information to decide to cap the development contributions charges if it wanted to.

Suggested alternative to proposed amendment

- 4.11 If the Council were to proceed with a cap on charges in the central city, staff recommend this be done via a remission under clause 5.7 of the draft policy and not with an area-specific cap in the schedule of charges.

- 4.12 A suggested alternative resolution is:

Agrees to provide a remission for development within the Four Avenues of the central city (the area bounded by Bealey, Fitzgerald, Moorhouse and Deans Avenues). Development contributions for these properties will be assessed at 30% of the charges set out in Appendix 1 of the draft Development Contributions Policy. Only properties on the central city side of those roads are eligible for this remission.

5. Next steps

- 5.1 The report on the draft policy is to be considered at the Wednesday 27 August Finance and Performance meeting.
- 5.2 Staff have provided advice that the Council has enough information to make a decision on the proposed amendments relating to the life of existing demand credits.
- 5.3 If the policy is to be adopted next Wednesday, staff recommend the Council resolve for it to come into force on 15 September, instead of the original 1 September date.
- 5.4 If a vote to adopt the policy fails, the 2021 policy will remain in place as the status quo.

Attachments Ngā Tāpirihanga

No.	Title	Reference
A	Central and East catchments under DCP2025	25/1698591

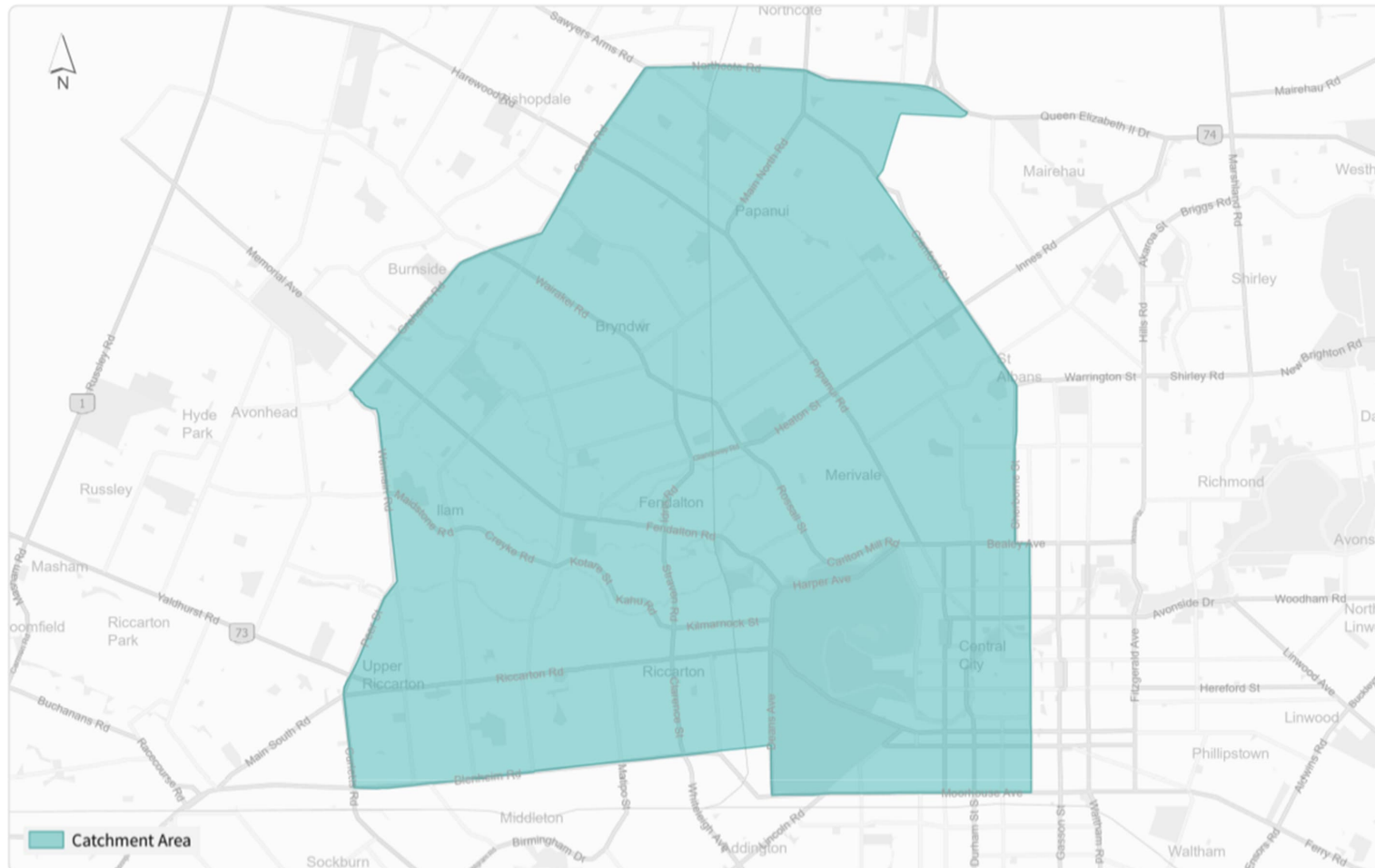
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Signatories Ngā Kaiwaitohu

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Approved By	John Higgins - General Manager Strategy, Planning & Regulatory Services Mary Richardson - Chief Executive

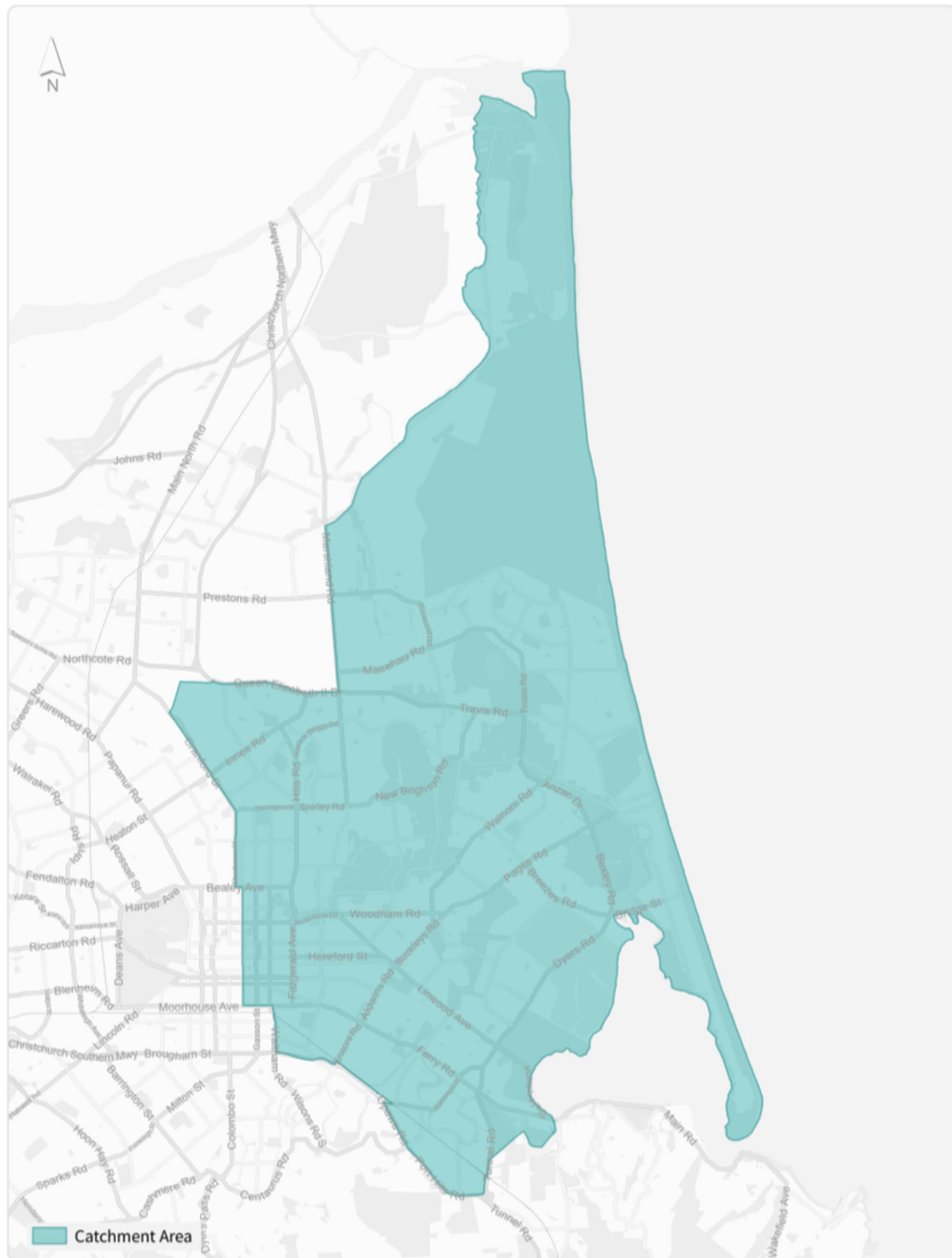
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Neighbourhood Parks Catchments
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