

Before the Independent Hearings Panel
Upper Hutt City Council

under: the Resource Management Act 1991

in the matter of: Submissions and further submissions in relation to the
Intensification Planning Instrument to the Upper Hutt
City Council's District Plan

and: **Retirement Villages Association of New Zealand
Incorporated**
(Submitter 64)

and: **Ryman Healthcare Limited**
(Submitter 57)

Supplementary statement of evidence of **Gregory Michael
Akehurst** on behalf of the Retirement Villages Association of New
Zealand Incorporated and Ryman Healthcare Limited

Dated: 17 May 2023

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**SUPPLEMENTARY STATEMENT OF EVIDENCE OF GREGORY
MICHAEL AKEHURST ON BEHALF OF THE RETIREMENT
VILLAGES ASSOCIATION OF NEW ZEALAND AND RYMAN
HEALTHCARE LIMITED**

INTRODUCTION

- 1 My name is Gregory Michael Akehurst and I am a founding Director of Market Economics.
- 2 I have previously provided economic evidence to the Hearing Panel and I confirm my qualifications and experience as set out in paragraphs 1-9 of my evidence dated 14 April 2023.
- 3 I also confirm that I have read and agree to comply with those parts of the Environment Court Practice Note that bear on my role as an expert witness, in accordance with paragraph 10 of that evidence.
- 4 My original evidence addressed Upper Hutt City Council's (*Council*) proposed changes to the Financial Contributions (*FCs*) policy in its Intensification Planning Instrument (*IPi*). I recommended a more nuanced and clearer policy with a robust methodology to determine *FCs* and a specific assessment for retirement villages given their low demand on council infrastructure.
- 5 At the hearing, Ryman and the RVA offered to provide the Panel with proposed interim changes to the *FC* policy provisions. This relief was to address my key concerns with the Council's proposed *FC* policy. I understood it could be used until the Council undertakes a more comprehensive review of its infrastructure needs and the distribution of costs to beneficiaries. I supported that approach based on what I knew at the time.
- 6 Since the hearing, the Council has published its draft Development and Financial Contributions Policy for 2023-2024 (*Draft Policy*).¹ I have reviewed the Draft Policy. In my opinion, it does not address the key concerns raised in my original evidence. In particular, I remain concerned that the Council has not undertaken a robust and holistic assessment of the needs and benefits that would underpin the *DC* and *FC* policy. Further, the Draft Policy does not fully recognise the unique characteristics of retirement villages. It therefore does not set levies that fully reflect the significantly lower demand placed on council infrastructure. Further, it now seems that the Council intends to use the *FC* regime as the primary method to fund development infrastructure. However, there still appears to be overlaps between both regimes, so I remain concerned that there is a real risk of 'double dipping'.

¹ <https://letskorero.upperhuttcity.com/dfc-policy>

- 7 I therefore now support a more comprehensive approach to the FC policy provisions in the IPI for retirement villages.

KEY CONCERNS WITH THE FC POLICY FOLLOWING THE RELEASE OF THE DRAFT POLICY

- 8 The Council published its Draft Policy on 20 April 2023 and is currently seeking feedback on the policy. The submissions period closes on 21 May 2023.² At the time of the hearing, I was not aware that the Council had published the Draft Policy and therefore did not provide any comments on it.
- 9 I have now reviewed the Draft Policy. I am currently preparing economic advice for the RVA and Ryman to support their submissions on it. I note, however, that I have been unable to undertake a comprehensive assessment due to material gaps in the information released by the Council relating to the Draft Policy. I understand that the RVA and Ryman have submitted an official information request seeking all further information. As of the date of this supplementary evidence, I understand no response has been received.
- 10 I remain concerned with the Council's proposed FC policy as part of its IPI. My evidence therefore remains largely unchanged. In particular, it appears that a holistic assessment of the needs and benefits has not been undertaken through the Draft Policy. The FC (and DC) policy regimes remain unclear. This approach provides no certainty to developers. And the regimes do not appropriately recognise the lower demand of retirement villages on council infrastructure relative to other residential uses.
- 11 I also identified some inconsistencies between the Council's Evidence Report (s42A report) and the Draft Policy. As I mentioned in my original evidence, the Council Officer stated that once the Council updates its DC Policy, DCs will be the method used rather than FCs.³ However, according to the Draft Policy and the IPI, the FC regime will be the main method to seek contributions. The DC regime is limited to setting levies to help fund transport and district wide community infrastructure.⁴ The FC regime, however, is intended to be used to fund reserves, leisure facilities, water, wastewater, stormwater, transport infrastructure, site formation and development works, electricity, gas and telephone supplies, as well

² <https://letskorero.upperhuttcity.com/dfc-policy>

³ Statement of Evidence, Gregory Akehurst, at [20]. Council's Evidence (s42A) Report, Upper Hutt City Council's IPI, at [1099].

⁴ Draft Policy, paragraph 2, page 7.

as “to offset any adverse environmental effects that cannot otherwise be avoided, remedied, or mitigated”.⁵

- 12 The wide scope of FCs, as proposed in the IPI, is not accurately represented in the Draft Policy, which simply notes that FCs will be used to primarily fund “reserves and local leisure facilities”.⁶ This discrepancy between the IPI and the Draft Policy is misleading, and it is not clear what the Council’s funding policy is. This creates uncertainty and, in my opinion, will represent a significant barrier to development.
- 13 Further, there appears to be overlaps between what the Council is proposing to charge through FCs and DCs. As noted, both the proposed DC Policy and the FC provisions in the IPI plan change look to collect fees for transportation projects and community infrastructure. Further, the FC policy states that the fees collected for community infrastructure can be used anywhere in the city,⁷ and the Council’s proposal includes a ‘catch-all’ policy and rule to use FCs to offset “any adverse environmental effects that cannot otherwise be avoided, remedied or mitigated”. This raises a real risk of ‘double dipping’ as it may result in a fee being charged under the DC policy that facilitates a development that Council decides is generating an impact in excess of earlier estimation leading to a second pass at the developer under the FC provisions.
- 14 The lack of clear delineation and clarity as to exactly which categories are covered by the DC policy and which by the FC policy will potentially lead to conflict and challenge.

PROPOSED RELIEF

- 15 To address my concerns with the proposed FC policy, Ms Williams has proposed, and I have reviewed, a number of changes to the financial contributions policies and rules in the IPI (**Appendix D** to Ms Williams’ supplementary evidence).
- 16 In my opinion, and as explained in my original evidence, a case-by-case assessment is very inefficient, and will lead to debates and challenges. I therefore consider the changes proposed in Appendix D will provide more certainty and recognise the significant lower demand of retirement villages.
- 17 The proposed changes are based on data I have collated from the industry in terms of load placed on Council infrastructure by the retirement sector. Given the lack of Council information on the infrastructure needs and benefits, including of specific types of

⁵ IPI, proposed policy DC-P7 and rule DC-R2E, pages 106 and 109.

⁶ Draft Policy, pages 7 and 22.

⁷ IPI, page 104.

developments, I consider that the approach adopted in Appendix D is appropriate as it is based on the wide experience of the retirement sector across the country. Subject to any future more robust and holistic assessments undertaken by the Council, I consider the proposed changes are the more appropriate framework for FCs.

CONCLUSION

- 18 Overall, the Draft Policy does not address the concerns raised in my original evidence. I remain concerned that some of the key process requirements to set an FC policy have not been completed. The Draft Policy does not provide any further clarity and fails to appropriately recognise the lower demand profile of retirement villages.
- 19 I consider that the proposed changes to the FC policy, set out in Appendix D to Ms Williams' supplementary evidence, will provide a more robust and clear approach to the assessment of FCs, particularly with respect to retirement villages.

Gregory Michael Akehurst

17 May 2023