

Elected Member Briefing – 28 August 2019
Committee Room 1

Time	Topic	HCC Presenter(s)	Open / Closed	Time Req'd (mins)
10.30am	Infrastructure Funding and Financing (IFF) and Special Purpose Vehicle (SPV) work programme (Growth & Infrastructure Committee)	Blair Bowcott	Open	30
11.00am	Development Contributions Policy Review – Strategic Roadmap and 2019/2020 Policy Submissions (Growth and Infrastructure Committee)	Greg Carstens/Stafford Hodgson	Open	30
11.30am	Your Neighbourhood Community Engagement Framework (Community, Services and Environment Committee)	Natalie Palmer/Sean Hickey	Open	45
	The Four Wellbeings and their consideration in decision making	Julie Clausen/Sean Hickey	Open	
12.15pm	MEETING ENDS			

Infrastructure Funding and Financing (IFF)

Elected Member Briefing

28 August 2019

Recap

New funding and financing tool to utilise

Introduces off balance sheet financing

Creates debt capacity for re-investment, (e.g. Peacocke)

Advances Rotokauri timing

Options for future growth cell development (e.g. R2)

Lowers DC risk profile

Transparent, user pays

Value capture including properties not actively developing

IFF Project

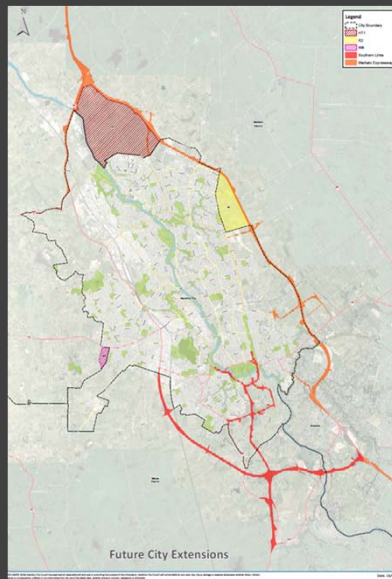
Iterative and exploratory

Scope definition expanding

Emerging work programme,
piloting and confronting issues

HCC outcomes vs. CIP outcomes

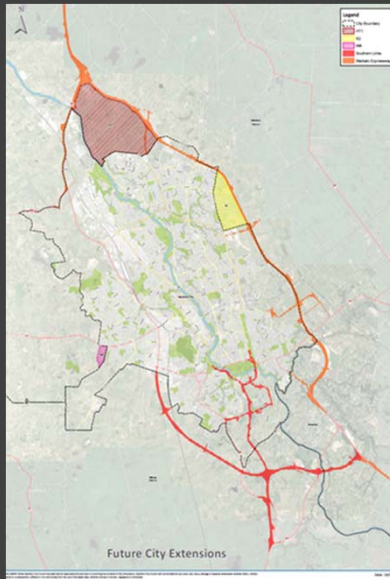
HCC Considerations



Lots to consider

- IFF link to H2A and Metro Spatial Plan
- IFF requires a different approach from Council:
 - More than funding and financing
 - Business case approach – 4 Wellbeings approach
 - Spatial view of growth area vs. infrastructure project
 - IFF a new tool for the LTP
 - Evolution of HCC growth and financial planning
 - Lots of lens to consider – risk, financial due diligence, business case, affordability, feasibility, economics, infrastructure, legal etc

HCC Considerations cont'd



Lots to consider

- DC's still apply (mainly citywide component)
- Funding still a consideration:
 - Ahead of IFF – enabling work to be “game ready”
 - Non IFF share
- Major landowners are key stakeholders
- Affordability and market impact a key factor – economics assessment
- Community financial strategy
- Ensuring adequate education of the market on IFF
- Regular reports to Council
- Staged/gateway approach, non-binding to binding stages

Recap – work to date

What we've been doing

- Project team established (and key advisors)
- Enabling plans
- Significant CIP team engagement
- CIP Board meeting
- Treasury discussions (legislation)
- Preliminary feasibility – 2 areas
- Link to Metro Spatial Plan and “City Deal”

What we are
doing

Learning,
agile and
flexible

Peacocke

- Portion of HIF \$180m debt to IFF (approx. \$75m)
- Free up debt capacity which can enable investment in other areas (e.g. Rotokauri)
- Testing eligible projects, yield and beneficiaries
- Developer meetings

Rotokauri

- \$146m – gross value (IFF portion \$87m-\$95m)
- Swale and arterial road
- Developer meetings
- Designation process
- Other things in Rotokauri and Te Rapa north area e.g.
 - Private Plan change, Te Awa Lakes etc

Next steps

Early days – non-binding

We will come back to Council for decisions

Rotokauri business case

Peacocke investigation (supplementary business case)

Council meeting 17 September 2019:

- Preliminary investigations update
- Note IFF still subject to legislation
- Seek endorsement to continue the work with CIP
- Letter of Support
- Report back at completion of next phase
- Investigate community financial strategy

Summary

IFF a huge opportunity for Hamilton

Work iterative and exploratory for all parties

Legislation still in development

Hamilton leading the way, working with other growth councils

Hamilton strongly committed to piloting and confronting IFF challenges in partnership with CIP

Enables supply of land for housing



Improves affordability of housing



Development Contributions



Proposed:

DC Policy Review Strategic Guidelines

Overview

- The DC Policy is fundamentally connected to capital, growth and financial domains of Council.
- Council can amend its DC Policy at any time, but robust development and review is best achieved with the 10YP
- This Briefing outlines how a strategic approach (“Strategic Guidelines”) to reviewing the policy will deliver better outcomes for the city.

Overview

- Not intended to bind the Council or restrict discretion, but rather provide prudent early advice to inform strategic decision making.
- DC Policy Review Strategic Guidelines will be presented to Council seeking endorsement at the 17 September Meeting

What are the Strategic Guidelines?

High level guidance to inform prudent decisions of whether or not to review the DC Policy, including,

- key guidelines and principles
- can it be dealt with at the LTP stage?
- engagement – development community are highly engaged, there is no “minor review”
- is the review mandatory, or discretionary?
- what risks and benefits exist to the City, the Council, the Policy
- considerations of cost and resource efficiency

1. Review with the 10YP

Key principle – review the DC Policy at 10YP time, with few exceptions. Benefits of doing so include:

- Full public consultation
- Integrated financial decision making (eg relationship between Rates/DCs)
- alignment with capital programme
- Developer certainty
- LGA provides for triannual review
- Cost efficiency
 - last 10YP review cost \$277,000 in legal and consultant costs, and an estimated 2000 hours of staff time.

2. Mandatory exceptions

Exceptions to a '10YP aligned review' principle could include:

- A legislative change that requires an amendment before the next 10YP
- New Infrastructure Funding and Financing (IFF) levy under Kaianga Ora legislation
- A decision by the High Court on Judicial Review of the Policy
- Council amendment to 10YP which causes DC charges to increase
- Change to the city boundaries

3. Discretionary exceptions

- What is the difference between a “Policy Update” and a “Policy Review”?
- A Policy Update typically involves minor policy amendments unlikely to trigger consultation
- Council might consider in the interim if the benefits outweigh the risk and cost

Why have Strategic Guidelines?

Observing the Strategic Guidelines will:

- reduced costs to Council
- ensure consistent decision making
- provide for a more robust statutory process
- enable stability through alignment with the 10YP
- leverage comprehensive community consultation undertaken through the 10YP process

Why have Strategic Guidelines?

Observing the Strategic Guidelines will (ctd):

- provide developers better certainty of DC charges
- direct Council away from ad hoc Policy reviews and/or decision making processes which are likely to have increase Council's legal risk profile
- provide Council increased certainty of its expected DC revenue
- encourage earlier and more meaningful consultation with the development community (CE initiated DC review group)

CE initiated DC review group

- Consistent with the Strategic Guidelines, the CE has proposed a “DC review group” for the next 10YP.
- The outcome will be a well balanced report to council to align with the next 10 year plan

Additional issues raised

April 2018 consultation

Consultation background

The DC Policy was consulted on in April 2019 and adopted effected 1 July 2019

Key changes proposed and consulted on were;

- The inclusion of additional assets in the Schedule of Assets
- CBD remission be retained at 66% reduction until 30 June 2021
- Provide capped development contribution charges for non-residential development in the Rotokauri general catchment

Consultation background

- However, submissions raised a number of issues outside the scope of the consultation
- Elected Members requested a staff report explaining these additional issues to 17 September Meeting

1. Remissions

Issues raised:

- Actual demand remission criteria
- Modelled vs Actual Demand
- Timeframes for remission decisions
- CBD remission accounting
- 5 HUE threshold

2. Gross floor area definition

Developers suggested canopies should be excluded from the GFA definition

3. Milestones when DCs are paid

Submitters suggested:

- To release 224(c) or CCC where DCs are in dispute
- To not use service connection when the development has not progressed past other collection milestones
- Provide provision for the deferral of DCs

4. Third party contributions

Private contributions to infrastructure through private developer agreements not reflected in their DC

5. PPI

Policy/charges should not be reviewed between 10-YP reviews except by the producer's price index (PPI)

6. Refund of DC credits remaining

DCs paid at 224c but not used when the building is completed should be refunded

7. Growth pays for growth

- Submitters questioned what 'growth pays for growth' means?
- DCs are being used as a cost recovery mechanism over and above being a contribution toward growth

8. Model/cost allocations

Submissions questioned the “veracity” of the DC model and its input data.

9. Transparency

- Submissions sought more transparency in the application of the Policy
- Affects business certainty
- Also that the DC Policy and underlying modeling was inaccessible and too complex

Statutory objection trends

- Elected Members requested information relating to assessment and reconsideration trends
- Highest rates of objection since introduced into the LGA over the last 12 months
- Two commissioner hearings in progress, another likely



Questions?

YOUR

**Share your voice.
Shape your city.**

NEIGHBOURHOOD

CAPITAL PROJECTS/
DEVELOPMENT

ROTOTUNA VILLAGE









Community Peacocke

HA

and the
amata



9000+



0

ll be
y



2028

20,000+

will call P

HA

in Peacocke
ully, riverside
bourhood parks,
and sports parks)

2 Pa sites
in Peacocke

(A historic Maaori village
or settlement)



has been received from
the government's 10-
interest free lo

\$110.1M

NZ Transport
Agency subsidies



people

Peacocke is home to



See the
re



try on our
VR headsets.

See what Peacocke

is like on VR
Peacocke and
the city.





Hamilton Zoo



Looking forward...

Questions / Comments

Wellbeing - Our Approach

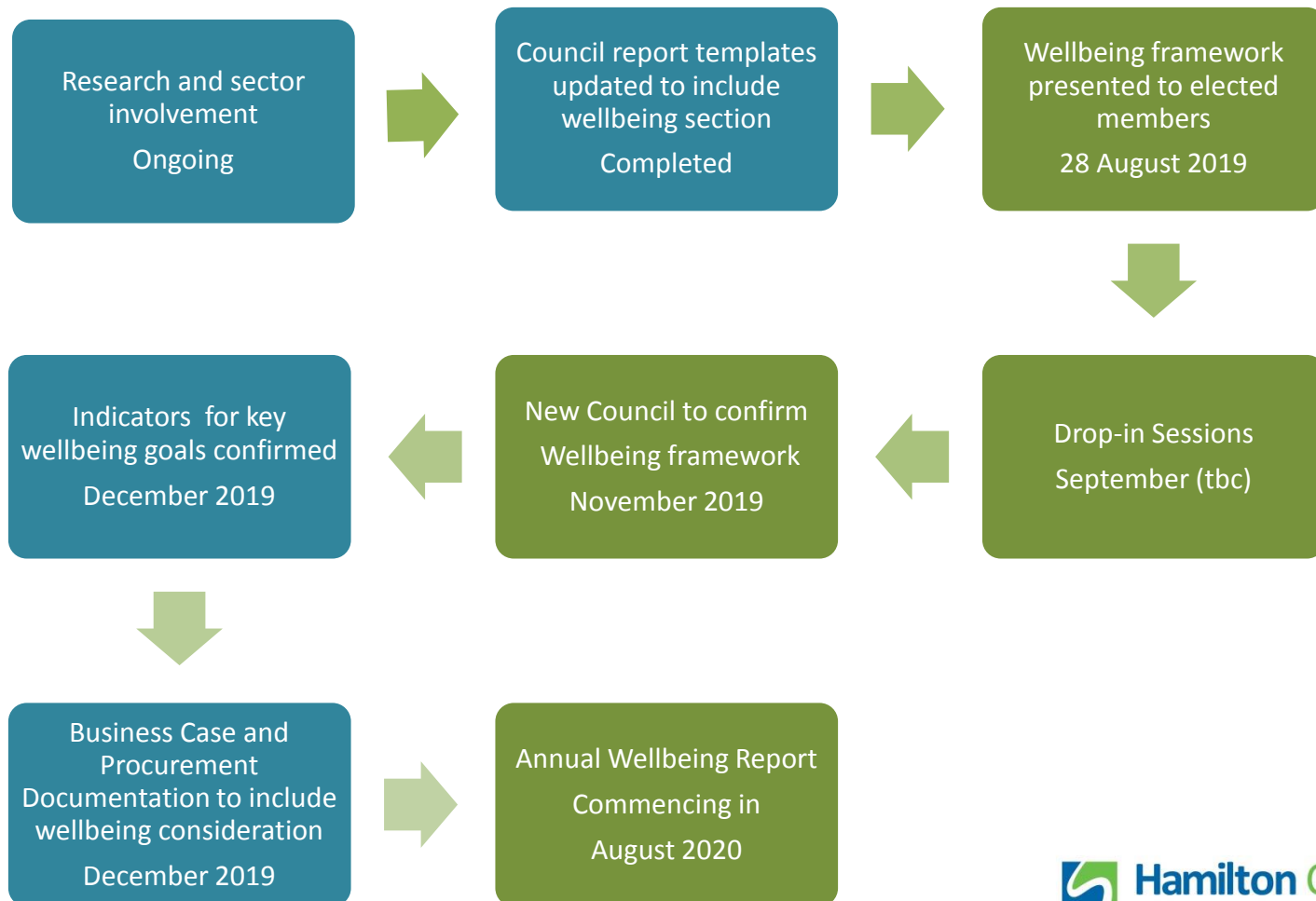
➡ how will Council consider wellbeing
in its decision making processes



Purpose of this briefing

- To respond to the commitment to bring back to elected members:
 - A wellbeing framework
 - Cost benefit approach
- Today we will introduce how the draft wellbeing framework and cost benefit approach
- Elected members will have opportunity for input on this framework via drop-in sessions
- The wellbeing framework and cost benefit approach incorporating the input for the current elected members, will be presented to the incoming council.

Road for Wellbeing



Staff refinement of definitions

Staff suggestions

Social wellbeing is defined as the capacity of individuals, their families, whaanau, iwi, hapuu and a range of communities to **be connected, safe and healthy.** ~~set goals and achieve them.~~

Economic wellbeing is defined as the capacity of the **city economy** to generate **broadbased** employment, **income** and wealth necessary for present and future financial security.

Environmental wellbeing is defined as the capacity of the natural environment to support, in a sustainable way, the activities **of people and communities.** ~~that constitute community.~~

Cultural wellbeing is defined as the capacity of communities to retain, interpret and express their shared beliefs, values, customs, behaviours, and identities.

Your feedback
via the drop in
session

Wellbeing Framework

The wellbeing framework will provide quantifiable indicators that will assess the contributions being made towards improving the wellbeing of Hamiltonians.

Wellbeing	Outcome	Indicator	Target
Wellbeing statement	The description of what this looks like to our residents	Shows the ways in which we are impacting on the outcome (to be developed in workshops)	The level of achievement (to be developed in workshops)

Social wellbeing is defined as the capacity of individuals, their families, whaanau, iwi, hapuu and a range of communities to be connected, safe and healthy.

Outcome	Indicator	Target
Hamiltonians feel safe in their community	<ul style="list-style-type: none">• % of people who feel safe in their neighborhood after dark	<ul style="list-style-type: none">• 55%
	<ul style="list-style-type: none">• The number of serious accidents and deaths on our roads	<ul style="list-style-type: none">• Zero deaths
Hamiltonians feel represented		
Hamiltonians have access to active choices		

Realising Outcomes

- Wellbeing outcomes will form the basis for the benefit component of the cost benefit assessment
- A benefit assessment will be included alongside the cost section in Business Cases and major council Decision Reports
- We propose to produce a Hamilton's Wellbeing Report annually. It will outline if the 'dial' has moved on the outcome measures.
- Focusing on the movement towards the wellbeing targets will;
 - identify invention opportunities, that is, if an outcome has not been realized, what needs to change.
 - Provide learnings for the next project to improve accountability for delivery of outcomes.

Next Steps

- Feedback from elected members on the general approach today
- Development a list of potential outcomes, indicators and targets by 12 September
- Drop-in sessions with elected members for feedback on these