

Special assessment of development contributions Hot Water Beach Holiday Park

TO Judicial Committee
FROM Michael Eastwood - Policy Analyst - Development Contributions
DATE 11 May 2016
SUBJECT **Special assessment of development contributions for Hot Water Beach Holiday Park for overflow campsite**

1 Purpose of Report

To determine whether or not to accept the special assessment of development contributions on a Resource Consent to be applied for in the future, that will enable the Hot Water Beach Holiday park to increase the number of tent lots within its campground by 85 lots for one month per annum to cover the overflow from its existing sites during the peak season. The applicant has further requested the Committee consider an additional reduction of 50% of the development contribution levy due to the economic benefit that the campground brings to the district and their contention that a number of the development contribution activities being levied should not apply to them.

2 Background

The applicants Grant and Sheree Webster own the Hot Water Beach Top 10 Holiday Park. Since 2008 the Websters have grown the park from a predominantly camping orientated facility to a holiday park containing many different forms of accommodation ranging from motel units and self-contained villas to cabins, powered and non-powered sites. Mr and Mrs Webster have continued to expand their holiday park on an annual basis. It should be noted that the holiday park is not connected to Council water or wastewater systems and have their own on-site containment and disposal systems.

On 1 April 2016, Mr and Mrs Webster met with development contributions staff, Councils business broker and acting chief executive officer to discuss what development contributions would be payable on a successful Resource Consent application to increase the number of tent sites in their campground by 85 sites during the busiest month of the camping season, between 29 December through to 30 January. This was followed up with a formal request to the Judicial Committee on 11 May 2016 (**Attachment A**).

While the current development contributions policy does have provision for campgrounds, the truncated timeframe over which the resource consent would allow camping on the site meant that officers needed to prepare a special assessment for this proposal. The applicants have requested that officers obtain Judicial Committee resolution to the methodology of the calculation prior to them proceeding with application for resource consent so they might derive some certainty prior to committing to the increase in sites.

In order to determine a reasonable methodology, officers needed to relate the usage of the 85 sites to a full occupation equivalent. This required information from the applicant stating an estimate of when the park was likely to be at full capacity over the month and when occupancy would drop off. The applicants used information from their booking system to achieve this.

In addition to the 85 campsites being proposed, the applicant also proposes a mixed use building to serve as a shop, office, guest computer area, lounge and 2 residential units for the use of bus drivers and/or security units. This building would be subject to all year use

and therefore would not attract the reduced levies that are proposed for the camp site. An indicative calculation based on the current levies is attached to this report (**Attachment B**). However the applicant would like this levy to also be considered for a reduction of development contributions due to the economic benefit that the campground brings to the district.

The applicants have expressed their opinion that some development contribution activities should not apply to their site:

The applicants consider that these activities are either not available for use by the visitors that stay in their holiday park or where they are used, are not used in great numbers.. The applicants have upgraded the access to their facilities to a sealed road standard with two way traffic, the intersection that leads onto the access way has also been designed to a high standard which reduces the impact of traffic turning into the site. A flow on effect of this has been increased sight lines for users crossing the single lane bridge from the north. The applicant has requested that this benefit be considered.

The applicants also contend that the holiday park also operates as an informal I-Site. The closest official I-Site is located in Whitianga and the holiday park is routinely used to pre-book accommodation at other locations, book tours and generally to collect information on other attractions throughout the Coromandel. The applicant does not argue that this benefits the holiday park however Mr and Mrs Webster consider that this information and service could be considered a significant public benefit to the Coromandel.

In addition to the request for reduction of development contributions, the applicant has requested a payment plan. As this will be dependent on the final amount it will be dealt with at a future point in time.

3 Issue

While the Development Contributions Policy now has a published levy for the assessment of campgrounds, the applicant has requested a special assessment based on several points and actions that may minimise the campgrounds potential demand on Council infrastructure. In regard to the 85 new non-powered sites, the applicants intend to apply for a truncated usage timeframe in their resource consent meaning that the sites are only available for use for a little over one month per year. The applicant also contends that several activities levied through development contributions should not be applicable to their holiday park as they are unavailable or not used by their clientele. Additionally the applicant considers that their operation provides or has provided a public good in three main areas. Firstly, the applicants have upgraded the intersection that leads to their holiday park meaning improved traffic flows into the park and laterally provides for greater visibility to those crossing the single lane bridge on Hot Water Beach Road; secondly, the applicants considers that the Holiday Park brings in economic benefit by providing accommodation to tourists and employing approximately 25 full time staff which increases to 38 in the high season; and lastly the applicants maintain that they operate an informal I-Site which similarly should be treated as a public good in terms of any development contributions levied upon their development.

4 Discussion

Given that the development contributions published levy for the assessment of campgrounds is based on average use over an entire financial year (although it is accepted that the month that the applicant wished to obtain the resource consent for the additional sites by far contains the highest occupancy numbers of the entire year) it would be unfair to attribute an entire year's demand on one month's occupancy. To that end officers obtained from the applicant's information from their bookings system to give some rationale with

which to calculate relative occupancy based on one month's figures. The figures provided were as follows:

Date	Occupancy %
29 Dec – 1 Jan	100%
1 Jan – 7 Jan	75%
8 Jan – 18 Jan	50%
18 Jan – 30 Jan	30%

The applicant further stated that depending on Auckland Anniversary weekend weather, the 30-31 Jan can go back up to 70-80%

Based on the above and building in a factor for Auckland Anniversary weekend, the following calculation was determined.

Number of days	Percentage occupied	Full occupation equivalent
4	100%	4
6	75%	4.5
10	50%	5
9	30%	2.7
3	80%	2.4
<u>32</u>		<u>18.6</u>
Full occupation equivalent days		18.6
Number of days per annum		<u>365</u>
Adjusted occupancy percentage		<u>5.1%</u>

The standard development contribution on non-powered sites is 17% of the relevant residential unit of demand, this equates to an average full occupancy over the entire year of a little over 62 days. As shown above, based on the occupancy figures provided, the full occupation equivalent for late December and January equates to 18.6 days. Based on a full year this will equate to demand per site of 5.1% of the relevant residential unit of demand.

The applicants have expressed their opinion that following development contributions should not apply to their site on the basis that they are not available or not used by the visitors that stay at their park;

- Strategic Land and Buildings
- Community Transportation
- Community Area Parks
- Community Centres and Halls
- Community Area Harbours

The assessment of campground for development contributions is based on the activities associated with residential activities under the current development contributions policy, residential activity is described in Appendix A - Definitions as;

The use of land or buildings as permanent or temporary accommodation such as a dwelling, commercial accommodation, retirement unit and school or camp dormitory.

As a provider of commercial accommodation, the holiday park falls under the definition of residential activity and therefore those activities associated with residential development are attributed to the make-up of the applicant's development contribution.

Officers disagree that any sites associated with the above activities would not be available to visitors as they are all associated with public places such as local roads, footpath construction, playground equipment on reserves, harbour facilities and the Whitianga town hall which holds many events that would be attended by visitors to the area. The levy for strategic land and buildings is a district wide levy that is attributable to all development contributions levies.

The applicants have requested consideration of a waiver of development contributions on the basis of providing a public good. The development contributions policy is a mechanism to enable Council to recover the cost of providing infrastructure from those that create additional demand on infrastructure. A public benefit is discussed in the policy but only in regards to non-profit organisations. Whether or not a development is a public benefit outside of this scenario is not considered as it does not lower the demand on Council infrastructure. It is also important to note that where a reduction or waiver of development contributions is given for a "public benefit" that the difference between what the development should have paid and what is actually paid is funded by the ratepayer to ensure the integrity of the policy. In this instance we need also to consider that any "public benefit" may not be to the local community nor even for the district but for people outside of district. Is it fair that local ratepayers fund the cost of development when any supposed benefit may not actually be of benefit to them? While the applicants have upgraded the entry to their holiday park and the flow on effect of this has resulted in an improvement to safety at the intersection, reductions to development contributions based on the provision of infrastructure can only succeed where the infrastructure being provided was included in the list of projects being funded by development contributions. This intersection was not an identified project to be funded by development contributions.

5 Suggested Resolution(s)

That the Judicial Committee:

1. Receives the 'Special assessment of development contributions for Hot Water Beach Holiday Park for overflow campsite' report dated 11 May 2016.
2. That on receipt of a resource consent application for 85 tent sites which has been limited to occupancy of no more than 32 days, the applicant shall be levied development contributions of 5.1% of the relevant residential development contributions.
3. That all other development contributions apart from the 85 tent sites mentioned above, are levied at the rate applicable at the time the resource consent application is received and accepted for processing.

References-Tabled/Agenda Attachments

Attachment A *Hot Water Beach Holiday Park DC Reduction Proposal*

Attachment B *Indicative Development Contributions Calculation Hot Water Beach Holiday Park*

Attachment A

Attachment A Hot Water Beach Holiday Park Development Contributions Re...

Attachment B Development Contribution Calculation - Hot Water Beach Ho...