

## SUBMISSION

IN THE MATTER OF:	Draft Development Contributions Policy 2021
TO:	Marlborough District Council
FROM:	Summerset Group Holdings Limited
DATE:	5 May 2021
BY EMAIL:	<a href="mailto:longtermplan@marlborough.govt.nz">longtermplan@marlborough.govt.nz</a>

## INTRODUCTION

1. Summerset Group Holdings Limited (*Summerset*) is pleased to have the opportunity to submit on the Draft Development Contributions Policy 2021 (*Policy*) proposed by Marlborough District Council (*Council*).

## BACKGROUND

2. Summerset is New Zealand's second largest developer and operator of retirement villages, which makes it one of New Zealand's largest home-builders. Summerset currently operates 29 villages across New Zealand and provides a range of living options for more than 6,200 residents.
3. Summerset develops and operates comprehensive care retirement villages, that provide a continuum of care, with its villages containing independent (villas, townhouses and apartments) and assisted living units and residential care (rest home, hospital and dementia level care) for those who require greater assistance. The average age of a resident entering Summerset's villages is 81 years. This resident demographic is associated with a typically low pattern of demand on community infrastructure, amenities and facilities.
4. Over the next 50 years the number of people over 75 in New Zealand is expected to grow by 245% from 315,000 in 2018 (6% of the population) to more than one million in 2068 (17% of the population). It is therefore vital that the regulatory environment recognises and provides for the development that is required to meet this growing demand, and funding for associated infrastructure, but does so on a fair and proportionate basis.

## LOWER OCCUPANCY AND DEMAND PROFILE

5. Summerset considers that the Policy fails to take into account the characteristics of comprehensive care retirement villages and their occupants that, on their own or cumulatively with those of other developments, substantially reduce the impacts of development on requirements for infrastructure and community facilities in the district or parts of the district both at a citywide and local area level.
6. “Retirement village” is an umbrella term given to all types of retirement living, encompassing both “comprehensive care” and “lifestyle” retirement villages.
  - 6.1. As discussed above, comprehensive care retirement villages provide a full range of living and care options from independent living through to assisted living, rest home, hospital and memory care (dementia). The residential care component makes up a relatively high percentage of the overall unit mix.
  - 6.2. Lifestyle retirement villages focus mostly on independent living units with occasionally a small amount of serviced care on a largely temporary basis. When a resident becomes frail over time, usually they would be forced to move from a lifestyle village. This is because care provision is minimal and not suitable as a long-term solution.
7. There is a fundamental difference between a comprehensive care retirement village (as Summerset’s new villages are) and a lifestyle retirement village. Each village attracts a very different resident demographic. As discussed above, the average age of a resident entering Summerset’s villages is 81 years. For completed and fully occupied villages, the average age across all residents is closer to mid-80s. Residents are typically people that chose to live in their own homes for as long as possible and have moved to a retirement village primarily due to a specific need (such as deteriorating health or mobility challenges, or for companionship – many of Summerset’s residents are widows). By contrast, lifestyle villages cater for a younger, more active early retiree, with a higher proportion of couples. The average age of a resident moving into a lifestyle village is more mid-to-late 60s.
8. Summerset’s villages typically provide an extensive range of on-site amenities that are suited to the older residents’ specialist physical and social needs – including on-demand mini-vans for residents’ shopping and outings, a bar, café and restaurant, small residents’ convenience shop, pool, gym, activities room, pool table, piano, hairdressing and beauty salon, treatment room, bowling green, hobbies shed, meeting rooms, theatre, library, communal sitting and lounge areas, residents’ vegetable gardens and large park-like landscaped gardens. These on-site amenities greatly reduce, and in some cases eliminate, usage of Council’s community amenities and facilities by Summerset’s residents.
9. Summerset’s average occupancy for its independent units is 1.3 residents per unit regardless of the number of bedrooms in the unit. Summerset’s average occupancy for its care units is 1 resident per unit. The reduced occupancy per unit, together with the reduced demand per occupant, results in a reduced demand on both local infrastructure and community facilities when compared against the demand assumptions for a typical household unit.
10. Summerset notes that the reduced occupancy, and demand per occupant, for comprehensive care retirement villages has been thoroughly tested and is now provided for by Auckland Council which has defined “Retirement Villages” in the Auckland Unitary Plan and its Development

Contributions Policy. This approach recognises the reduced demand placed on local infrastructure and community amenities.

11. Summerset considers that Council, in developing the Policy, has not given adequate consideration to the unique characteristics of comprehensive care retirement villages, and the significantly lower demand profile when compared to lifestyle retirement villages, particularly due to:

- 11.1. lower occupancy levels (1.3 residents per independent unit and 1 resident per care unit);
- 11.2. reduced activity levels of the residents due to their age and frailty; and
- 11.3. the provision of specialist on-site amenities provided to cater for the residents' specific needs.

## **POLICY NOT FAIR AND PROPORTIONATE**

12. The Policy treats retirement villages as a residential activity and does not distinguish retirement villages from standard residential developments. The Policy therefore does not account for:

- 12.1. the lower occupancy rate of retirement units and aged care rooms as compared to standard residential dwellings;
- 12.2. the unique characteristics of comprehensive care retirement villages, as compared to lifestyle retirement villages;
- 12.3. the demographic characteristics of retirement unit and aged care room residents; or
- 12.4. the extensive on-site amenities and facilities provided by comprehensive care retirement village operators.

13. Summerset notes that the draft Policy (at paragraph 5.1) states Council may exercise its discretion to make a special assessment for minor homes with one bedroom and a floor area of less than 65m<sup>2</sup> (which attracts a 0.5 HEU), or for small homes with two bedrooms and a floor area of less than 110m<sup>2</sup> (which attracts a 0.75 HEU).

14. Summerset submits that the Council needs to provide more certainty by defining categories of activities that are considered as having a lesser impact than an average HEU (such as retirement villages) and provide a specific HEU calculation for that category of activity as a starting point. It should not be left for each applicant to rely on Council's discretion for special assessment, as that approach produces administrative inefficiencies and allows for potential inconsistencies. In the case of retirement villages and in particular comprehensive care retirement villages, number of bedrooms and floor area per retirement unit or aged care room are not the best indicator of demand and the discounts offered under special assessment does not go far enough to address the reduced impact on infrastructure that retirement village developments have.

## **RELIEF SOUGHT**

15. To fairly account for the lower demand profile, both a population per unit discount (to account for the lower occupancy) and a demand factor discount (to account for the older demographic

and on-site amenities) should be applied to set specific contribution calculations for comprehensive care retirement villages.

16. Summerset requests that a separate rate is set for retirement villages, consistent with development contribution policies being developed by other councils. This should distinguish retirement units, and aged care rooms, and provide separate rates for each.
17. Water and wastewater contributions should be assessed according to the demand factors for comprehensive care retirement villages calculated and agreed with Council at resource consent stage against those assumed for typical household equivalent units, to recognise the lower demand on those reticulated services.
18. Stormwater contributions should be assessed according to the demand factors for comprehensive care retirement villages based on the site-specific stormwater management outlined and agreed with Council at resource consent stage. Council need to clearly demonstrate the causal connection between any public stormwater infrastructure required as a result of the increase in demand (if any) directly attributable by the retirement village.
19. Taking into account both population per unit/room, and demand factors, Summerset suggests the rates in the table below. These are based on the equivalent rates in the current Auckland Council development contribution policy, which were established after robust hearings processes including the calling of expert evidence in relation to demand.

Development type	Activity	Units of demand
Retirement unit	Transport	0.3 HEU per unit
	All others	0.1 HEU per unit
Aged care room	Transport	0.2 HEU per room
	Community infrastructure	0.1 HEU per room

## TIMING

20. Summerset submits that the Policy should be explicit about the assessment and timing of payment for large staged projects that require both land use resource consent(s) and building consent(s). Summerset submits that where both a land use resource consent and a building consent are required, the activity should be assessed for development contributions based on the relevant Policy applicable at the time that the resource consent application is lodged, with payment of the total assessed development contributions staged such that a proportionate amount is payable prior to uplift of the code of compliance certificates for each staged building consent. That manner of assessment and payment is fair and reasonable and gives developers certainty of the development contributions payable on large, staged projects such as comprehensive care retirement villages.
21. Section 9 of the Policy provides that development contributions on resource consents (other than subdivision consents) are payable on the earlier of 180 days from granting the consent, or prior to the commencement of the consent. Development contributions on building consents

are payable on the earlier of 180 days from granting the consent, or prior to issue of the code compliance certificate. Summerset requests clarification of section 9 of the Policy as follows, in line with the above approach.

21.1. Where a building consent is required to be issued for the development proposed, then the development contributions should be payable on the issue of associated code compliance certificate(s). That is the point at which the land use could lawfully be given effect to without breaching the Building Act 2004. Given occupancy is permitted at that point, it is also the time at which any additional demand on Council infrastructure would arise. In a larger staged development, this may mean a series of payments over time as the building work under each staged building consent is completed and signed off.

21.2. In terms of the timing of the assessment and the version of the policy that applies, the development contributions would be calculated and assessed against the relevant Policy at the time that the land use consent application was lodged but payable at the time of code compliance certificate(s).

## **FINAL COMMENTS**

22. Summerset is grateful for the opportunity to submit on the Policy and looks forward to engaging with the Council during the consultation process. Summerset would be happy to meet with the Council or attend at a hearing to discuss this submission further if that would assist.



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