

Property Council New Zealand

Submission on

Christchurch City Council's Draft Long Term Plan 2024-34

19 April 2024

For more information and further queries, please contact

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Christchurch City Council's Draft Long Term Plan 2024-34

1. Summary

1.1 Property Council New Zealand South Island Region Branch ("Property Council") welcomes the opportunity to provide feedback on Christchurch City Council's Draft Long Term Plan 2024-34.

2. Recommendations

2.1 At a high level, we recommend that Christchurch City Council:

- Investigate city and regional deals as an alternative source of funding;
- Commissions an independent report to analyse the rating differential and its economic impact;
- Discontinue the vacant site differential and not extend this to the commercially zoned areas of New Brighton, Sydenham and Commercial Banks in Linwood Village; and
- Outline information relating to the impacts of the vacant site differential since its implementation.

3. Introduction

3.1. Property Council is the leading not-for-profit advocate for New Zealand's most significant industry, property. Our organisational purpose is, "Together, shaping cities where communities thrive".

3.2. The property sector shapes New Zealand's social, economic and environmental fabric. Property Council advocates for the creation and retention of a well-designed, functional and sustainable built environment, in order to contribute to the overall prosperity and well-being of New Zealand.

3.3. Property is the largest industry in Canterbury. The property industry in Canterbury provides a direct contribution to GDP of \$4.7 billion (14 percent) and employment for 31,380 Canterbury residents.

3.4. We connect property professionals and represent the interests of 232 Christchurch based member companies across the private, public and charitable sectors.

3.5. This document provides Property Council's feedback on [Christchurch City Council's Draft Long Term Plan 2024-34](#). Comments and recommendations are provided on issues relevant to Property Council's members.

4. Rates increase

4.1. We are concerned to see that the Council has proposed a rates increase of 13.24% for 2024/25, with commercial property owners facing a proposed increase of 14.2%.

4.2. The proposed rates increase along with other costs such as; the 2.22 rating differential, the 4.523 vacant site differential, and increased insurance costs will have a notable effect on business vibrancy for Christchurch. We are also concerned that this may not attract future investment in the city.

5. Alternative funding methods

- 5.1. Property Council advocates for all local authorities throughout New Zealand to investigate alternative funding methods. We support the use of transparent, user-pays funding models for local government. Examples of these models include targeted rates, user-pays and special purpose vehicles. These alternative models meet the legislative principles of transparency and objectivity for funding local government set out in both the *Local Government Act 2002* and *Local Governing (Rating) Act 2002*. Our approach is also consistent with the recommendation of the New Zealand Productivity Commission that local government should adopt a more transparent approach to rating tools and other funding sources¹.
- 5.2. We also recommend that the Council investigate city and regional deals between central and local government which could unlock funding and create certainty for future infrastructure investment. City and regional deals are a long-term agreement between central and local government to establish shared infrastructure investment and an agreed pipeline of funding. Having greater financial support and investment from central government will drive improved infrastructure outcomes across Christchurch. This will also help unlock Christchurch as an exciting place to live, work, play and shop, as well an attractive destination for investment and development.

6. Rating Differential

- 6.1. While we are pleased to see that the rating differential has not increased since the last year's Annual Plan, we do not support it as a funding tool given that rating differentials do not explicitly account for, or demonstrate, the services consumed by businesses or the direct benefit to businesses of the increased rates burden.
- 6.2. We note that in the past, the differential for businesses was increased based on the comparative increase in residential versus commercial values, leading to a greater proportion of the rate burden falling on residents. Based on this logic, should there be a decrease in residential versus commercial values, we would expect to see the rating differential also decrease.
- 6.3. We recommend that an independent report be commissioned to analyse the rating differential and its economic impact. It is vital that Council adopts a model that is fair and equitable across all ratepayers. In the absence of such a report, we endorse the view of the Shand report which stated that, "In the interests of transparency and equity *the Panel recommends that the power to set differential rates and to use UAGCs should be removed*".²

Extension of the vacant site differential

- 6.4. We submitted at length on the Council's use of the vacant site differential as part of submissions in 2022/2023 and 2023/2024 and we continue to stand by the views expressed. It is therefore disappointing to see that the vacant site differential may be extended to the commercially zoned areas of New Brighton, Sydenham and Commercial Banks in Linwood Village.
- 6.5. When the vacant site differential was first introduced two years ago, our members understood the need to beautify the CBD and to ensure that vacant sites do not have a negative impact on

¹Local government funding and financing. Retrieved from <https://www.productivity.govt.nz/inquiries/local-government-funding-and-financing/>

²https://ndhadeliver.natlib.govt.nz/delivery/DeliveryManagerServlet?dps_pid=IE12126512

the amenity of the city and on demand generally. However, imposing a differential was (and still is) not the solution.

- 6.6. We are concerned that extending the vacant differential to the suburbs of New Brighton, Lyttleton, Sydenham and Linwood Village may not only affect smaller owner developers who may not have the sufficient resource to face the burden of additional costs, but further entrench the vacant site differential as a revenue stream.
- 6.7. Ultimately, ensuring Christchurch remains a vibrant city is crucial to encouraging future development. It is important that the Council creates confidence for the private sector to continue to invest in Christchurch however increasing the vacant site differential and proposing to extend it, will not provide the reassurance the commercial sector needs.
- 6.8. Given that the vacant differential has been implemented for two years, we ask the Council for more transparency on what impacts this has had in the CBD. For example;
 - What has the vacant differential funded since its implementation?
 - Is the differential ringfenced?

Having transparency with these issues, will help the industry understand the imposition of additional costs to business.

7. Bid funding for major and business events

- 7.1. Property Council recognises the work done by Council, Venues Otautahi and ChristchurchNZ in securing major and business events for the city. The economic impact of such events is significant and there is a real sense of momentum gathering. As such while Property Council supports the Council's preferred option to spend \$4 million for major and business events, we would not oppose additional bid funding in the first three years of the plan. Council has a key role in leading and driving growth meaning such an investment will continue to see investment by the private sector into the regeneration and recovery of the city post-earthquakes. We look forward to seeing Christchurch appropriately unlock the benefits of its anchor projects once open – including Te Kaha and Parakoire.

8. Accelerating adaptation efforts

- 8.1. In principle, we support the Council's option to accelerate adaptation planning by bringing forward an additional \$1.8 million annually to 2024/25. However, we note that this spending needs to be purposeful, in that any expenditure should be outcomes driven. We look forward to seeing completed adaptation plans in the near future.

9. Climate Change Resilience Fund

- 9.1. We support the creation of a climate change resilience fund in principle, given that it will help with ensuring community facilities exposed to climate hazards are more resilient. While we are pleased to see that this fund will be ringfenced, we cannot comment further without knowing how the fund will be established, managed, and governed.

10. Conclusion

- 10.1. Property Council advocates for the creation of a well-designed, functional and sustainable built environment. While we understand that Council is operating in a tough economic environment,

we are concerned that some of the Council's proposals, such as the vacant site differential, may negatively impact businesses and property owners in Christchurch. We ask that Council be transparent on the impacts on such issues, specifically given that one of the Council's strategic priorities for 2022-2025 is building trust and confidence in the Council through meaningful partnerships and communication.

10.2. Property Council members invest, own, and develop property in Christchurch. We wish to thank Christchurch City Council for the opportunity to submit on Christchurch City Council's Draft Long Term Plan 2024-34 as this gives our members a chance to have their say in the future of our city. **We also wish to be heard in support of our submission.**

10.3. Any further enquires do not hesitate to contact Sandamali Ambepitiya, Advocacy Advisor, via email: sandamali@propertynz.co.nz or cell: 0210459871.

Yours Sincerely,



James Riddoch
South Island Committee Chair
Property Council New Zealand